

A Project Consigned of the Ministry of Environment in 2001

**Overseas Environmental Measures of
Japanese Companies
(Vietnam)**

Research Report on Trends in
Environmental Considerations related to
Overseas Activities of Japanese Companies
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Preface

Japanese companies have been prominent in setting up operations outside of Japan, particularly in Southeast Asian countries.

Associated with rapid economic developments, environmental pollution of various forms is becoming serious in these countries, posing social problems of significant dimensions. Various efforts are being made to resolve these problems, with particular emphasis on countermeasures against industrial pollution. However, these countries have not been able to take sufficient measures against pollution, mainly due to the shortages of financial and human resource, technical expertise and experience.

Against this backdrop, Japanese companies, with their advantages of advanced environmental technologies and previous experience in overcoming various forms of industrial pollution at home, are expected to take positive steps toward tackling environmental issues in Asian developing areas (these countries). Furthermore, Japanese companies are seen as potential leaders in promoting industrial pollution controls by introducing innovative environmental practices. Within Japan, too, there is intensifying public scrutiny of the environmental considerations related to activities of Japanese companies operating in these countries.

Since fiscal 1996, the Ministry of Environment has retained the Global Environmental Forum to conduct a survey on "Research Report on Trends in Environmental Considerations related to Overseas Activities of Japanese Companies." The survey prepares reports, one for each country, on information on and cases of environmental consideration, which should be useful to Japanese companies advancing to other Asian countries in formulation of their environmental conservation measures. The Global Environmental Forum conducted the study for the Philippines, Indonesia, Thailand and Malaysia in fiscal 1996, 1997, 1998 and 1999, respectively, and prepared Guidebook for Environmental Conservation Measures for each country. These guidebooks are distributed to the concerned parties, mainly to the Japanese companies and related organizations operating in these countries, to provide concerned environmental information.

This Vietnamese edition, the fifth in the series, reports concerns the results of the fiscal 2001 work for Vietnam, which the Ministry of Environment has commissioned to the Global Environmental Forum.

Vietnam was selected as the subject for this fiscal year for the following reasons. Recently an increasing number of Japanese companies are advancing to Vietnam. In a study entitled "Study on Environment-friendly Corporate Activities" by the Ministry of Environment in fiscal 2000, Vietnam ranked second only to China in the number of Japanese business enterprises interested in obtaining information on environment in an orderly form.

Increasing number of Japanese business enterprises are expected to advance to Vietnam and to play a role of an engine for economic development of Vietnam through their business activities. We at the Global Environmental Forum would be very pleased if the latest information on environment in Vietnam contained in this report would help assist in further advancement of the Japanese companies in Vietnam, and a large number of Japanese companies intending to advance to Vietnam, in their environmental conservation practices. We also hope this will eventually help promote policy measures against industrial pollution of Vietnam.

We would like to express our deepest appreciation to all those who assisted us in this project. The Japan External Trade Organization (JETRO) and its Hanoi and Ho Chi Minh City offices offered to us their devoted cooperation in introducing companies willing to participate in the survey. We are grateful to very much to a number of Japanese companies in Vietnam, the National Environment Agency of the government of Vietnam, the Departments of Science, Technology and Environment (DOSTE) of Hanoi and Ho Chi Minh City, who gave generously of their time and cooperated in gathering information.

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How to Use This Book

This book consists of two chapters and appendices. Chapter 1 describes the environmental issues that Vietnam now faces, and summarizes Vietnamese laws and regulations on the environment. Chapter 2 presents case studies illustrating the practical environmental measures taken by Japanese companies in Vietnam. The appendices provide useful information for gaining a deeper understanding of the topics raised.

Note that the term *Japanese companies in Vietnam*, as used in this book, refers to the corporate members of JETRO, the Japan Business Association in Vietnam and the Japanese Business Association of Ho Chi Minh City, irrespective of any special criteria such as percentage of equity invested from Japan.

It should also be noted that the Japanese companies who took part in the field research for this survey were all manufacturing companies except for industrial estate managing companies. Therefore, the cases of environmental conservation measures presented in Chapter 2 are mostly on manufacturing industry, which make this book oriented toward manufacturing sector.

This book is so designed that each chapter, and each section within a chapter, is independent and can be read independently. Readers may select relevant information according to their particular needs.

The following describes how this book is organized.

Chapter 1 presents the latest information on the present status of environmental problems and recent trends of legal regulation on environmental control. Chapter 1 contains following seven sections.

- Section 1: Vietnam and Japanese Companies
- Section 2: Current Environmental Issues in Vietnam
- Section 3: Environmental Policies and Legislation in Vietnam
- Section 4: Water Pollution Management
- Section 5: Air Pollution Management
- Section 6: Industrial Waste Management
- Section 7: Environmental Impact Assessment in Vietnam

Section 1, Vietnam and Japanese Companies, sketches the historical relation between Vietnam and Japan, and the process of advancement of Japanese companies to Vietnam. Section 2 explains present status of environmental problems in Vietnam, dealing separately with water pollution, air pollution, and waste problem. Sections 3 to 7 explain in detail information on environment-related laws and regulations, organizations, and various environmental regulations by sector, the kinds of information indispensable to environmental conservation measures by Japanese companies.

Section 3 presents items of importance in environmental policies and environment administrative system of the government, legal regulative system on industrial pollution, and various environment-related procedures that must be followed when a business enterprise advances to Vietnam.

Section 4 to 6 explain the system of legal control and the contents of standards for the three major areas of pollution; namely, water pollution, air pollution and industrial wastes, respectively, all these being essential to controlling industrial pollution. Section 7 presents the system of environmental impact assessment.

The information contained in Chapter 1 was compiled mainly from interviews with the National Environment Agency (NEA) of the Ministry of Science, Technology and Environment (MOSTE) of the government of Vietnam, and the Departments of Science, Technology and Environment (DOSTE) of Hanoi and Ho Chi Minh City, both being representative of local administrative offices for environmental conservation.

Chapter 2 summarizes in Section 1 characteristics of environmental conservation measures by Japanese companies, mostly engaged in manufacturing sector. Chapter 2 presents 16 cases of innovating environmental conservation measures by Japanese companies broken down in the following sections.

- Section 2: Cases of Meeting Strict Effluent Standards (four example)
- Section 3: Cases of Establishing an Environmental Management System (three example)
- Section 4: Cases of Taking Positive Measures against Industrial Wastes (four example)
- Section 5: Cases of Innovative Environmental Conservation Measures (five example)

The environmental measures taken by the Vietnamese manufacturing industries are presently centered on countermeasures against water pollution; therefore, cases cited in the report are also on countermeasures against water pollution. Measures against industrial wastes are expected to become increasingly important. Accordingly, cases for countermeasures against industrial wastes are dealt with in one section. Reflecting endeavors by Japanese companies to establish environmental management systems, which include acquisition of the ISO14001 certification, concerned cases are presented in Section 3.

Section 5 presents cases of innovating endeavors to forestall occurrence of environmental contamination.

At the end of the book, the following appendices are given.

- Appendix 1: Law on Environmental Protection (LEP) (effective since January 10, 1994) (full text)
- Appendix 2: Government Decree on Providing Guidance for the Implementation of the Law on Environmental Protection (October 18, 1994; Government Decree No. 175/CP) (Excerpt)
- Appendix 3: Regulation on Hazardous Waste Management (July 16, 1999; Decision No. 155/1999/QD-TTg)(except Annex)
- Appendix 4: Circular Letter of Guidance on Setting Up and Reviewing the Environmental Impact Assessment Report for Investment Projects (April 29, 1998; Circular No. 490/1998/TT-BKHCHMT)
- Appendix 5: Water Quality - Surface Water Quality Standards (TCVN5942-1995)
- Appendix 6: Air Quality - Ambient Air Quality Standards (TCVN5937-1995)
- Appendix 7: Sources of Environmental Information in Vietnam and Japan

Appendix 1 carries the full text of the Law on Environmental Protection to help a better understanding of the law, which was mentioned in Chapter 1 Section 3. Appendix 2 presents excerpts from the Government Decree on Providing Guidance for the Implementation of the Law on Environmental Protection (Government Decree No.175/CP), which is the implementation rule of the law. Appendix 3 gives the main body of the Regulation on Hazardous Waste Management (Decision No. 155/1999/QD-TTg) that should be referred to when planning measures against industrial wastes. Appendix 4 is the Circular Letter of Guidance on Setting Up and Reviewing the Environmental Impact Assessment Report for Investment Projects (April 29, 1998; Circular No. 490/1998/TT-BKHCHMT). This presents procedures related to environmental impact assessments, necessary to follow when Japanese companies are required to prepare as they plan to implement projects, including plant construction. Though not directly related to controls on industrial pollution, Appendix 5 and Appendix 6 respectively show environmental standards for such surface waters as river waters and the atmosphere, or desirable quality levels of the two.

The currency exchange rate used in this report is that one Vietnamese Dong (VND) is equal to about 0.009 yen or (1U.S. dollar is nearly equal to 15,000VND) (as of February 2002).

The Vietnamese laws have acronyms of their Vietnamese names ahead of their law numbers. This book puts such Vietnamese acronyms to law numbers in case law numbers are indicated after the law names, to facilitate identification of these laws.

The acronyms seen with the law names given above have their particular meanings; “CP” means the government, “QD” the decision, “TTg” the prime minister, “TT” letter, “BKHCHMT” the Ministry of Science, Technology and Environment, “TCVN” Vietnam (VN) and Standard (TC), all being acronyms of these words.

