The Made in Vietnam Energy Plan looks to end reliance on imported energy resources Photo: Le Toan

Natural gas trumps coal in self-sustainable plans

By John Rockhold
Chairman of the Vietnam Business Forum's (VBF) Power and Energy Working Group

Vietnam has a tremendous opportunity to attract foreign direct investment and domestic investment in order to reach its goal of energy security. As the Vietnam Business Forum has expressed, it supports The Made in Vietnam Energy Plan (MVEP).

Natural gas is playing a crucial role in displacing coal-fired power plants, especially in the south. The MVEP strongly supports Vietnam's energy security, as it demonstrates the development of Vietnam's natural resources instead of relying on imports. Importing energy instead of utilising domestic resources can leave us vulnerable.

Under Vietnam's 7th Power Development Plan (PDP), generating capacity is coal-dominated, increasing to over 40 per cent by 2020 and continuing into 2030. To implement a clean coal policy, Vietnam will have to import tens of millions of tonnes of coal. Vietnam's natural coal deposits are limited and current production has fallen short of past targets.

We will have to buy this coal on the world market using US dollar reserves. We will have to bring this coal through the East Sea to coal terminal ports and other transport infrastructure not yet built. The energy security risks are worth noting based on the predatory economics in the region; a country with unlimited dollar reserves could outbid us for years for coal supplies, leaving us nothing to buy. Is it wise to use our dollar reserves for energy needs that we can develop using our own natural resources?

What is the alternative and what is the MVEP suggesting? Vietnam's natural gas deposits are a solution. Critics may say we need to wait, as it will take years to develop these gas fields and we need power now to continue our economic growth and to sustain our GDP. The solution to that would be to buy natural gas on the world market as we develop our own fields, while also building gas-fired power plants that can use imported gas and our own gas once our fields are ready.

But will we not be running into the same problems of coal imports in the short term when buying imported gas? We presently have a US dollar trade surplus of over $30 billion with one of the world's biggest natural gas exporters.

There are other considerations that make this energy security solution even more favourable. For example, a stronger Vietnamese energy plan that places greater emphasis on Vietnam's domestic potential for energy efficiency and renewable energies, to be added to other clean sources of power for consumers and enterprises. Strong Vietnamese companies working with the government to build a better and faster system for energy production that meets Vietnam's climate commitments.

Natural gas is 60 per cent cleaner than coal and we would not be faced with waste such as coal-power waste liquid. Good decision making and new technologies with a gas and renewable energy mix could enable Vietnam to tackle the growing environmental concerns and avoid many of the environmental problems that countries like the United States and China have experienced.

Did you know that you can adjust a gas power plant to work with renewable energy production? This is not possible with a coal-fired plant. Increasing the share of domestic gas in the mix returns funds to the Vietnamese government and domestic enterprises. Under current fiscal terms, around 40 per cent of the revenues from sales of natural gas accrue to the government for spending in Vietnam, up to $7 billion in revenue per 1 gigawatt of power. On the other hand, the International Monetary Fund has estimated the costs of health and environmental impacts of the current PDP could be as high as $15 billion annually by 2030 due to coal.

Vietnam currently ranks as the 20th-largest user of coal-fired plants worldwide. Vietnam under PDP 7 would be burning 15 times more coal, making Vietnam the eighth-largest user in the world.

Energy security is important for any country and we look forward to supporting the government in negotiations for temporary gas imports that look to be coming our way for a cleaner, healthier Vietnam.■

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Japan backs new agricultural tech

By Thanh Van

An increasing number of Japanese investors have been investing in Vietnam's agricultural sector, with a view to creating food value chains in the country.

Good Life is a Japanese pioneer in the development of high-tech agriculture in Vietnam. The firm has built a 2-hectare factory in Ho Chi Minh City's High-tech Agricultural Park to process local fruits like mango, coconut, pineapple, durian, and dragon fruit. Equipped with Japanese vapour heat treatment technology, the factory is expected to raise safety and quality standards for agricultural exports bound for Japan and Europe.

Michi Niimura, deputy general director of Good Life, said that the firm exerts strict control over every step of the production cycle, from planting and harvesting to processing. They also visit the orchards regularly to inspect quality standards in growing and preserving fruits.

"We mainly source fruits from orchards in the Mekong Delta, with export volume reaching 3,000 tonnes per year. The firm has plans to expand its fruit-processing operations in the future," Niimura said.

Similarly, Sojitz Vietnam has actively developed food value chains in Vietnam by providing modern cold chain logistics services, as well as producing prepared food, flour, and compound feed for livestock. The company has diversified its products and services in response to changing shopping habits, as consumers move from traditional markets to supermarkets.

According to Sojitz Vietnam, agriculture and food value chain development is closely linked to food safety and hygiene. Most recently, the firm has supported a Japanese partner in investing in Vietnam with a project meeting Japanese requirements on food hygiene and safety. As a result, in 2017 Sojitz Vietnam was responsible for the first batch of processed Vietnamese chicken products to be exported to Japan.

Meanwhile, the Japan International Co-operation Agency (JICA) recently held a seminar to strengthen agricultural partnerships between Vietnam and Japan, with a focus on private sector investment and food value chains. The seminar garnered the attention of several Japanese investors and Vietnam's local authorities.

To facilitate its goal of becoming a high-value agricultural hub in Southeast Asia, the Central Highlands province of Lam Dong has collaborated with JICA to implement projects such as the Tan Phu agricultural industrial zone, which covers an area of 323 hectares, postharvest centres with an annual processing capacity of 50,000-150,000 tonnes, as well as a flower trading centre worth VND425 billion ($23.36 million).

In addition, JICA has been supporting the central province of Nghe An to develop food value chains since March 2016. This has helped Nghe An establish agricultural marketing platforms to facilitate communication and business matching across the chain.■