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**Developing Green Logistics in the Economic Region Northern Focus of Vietnam**

Thinh Cao Anh<sup>1</sup>, Hang Nguyen Thi Thu<sup>2</sup>

<sup>1</sup>National Academy of Public Administration,  
77 Nguyen Chi Thanh, Dong Da, Hanoi, Vietnam

<sup>2</sup>Trade Union University,  
169 Tay Son, Dong Da, Hanoi, Vietnam

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**Abstract**

In order to minimize the negative impacts of the adverse side of the economy on the environment, green economic development is the development strategy that Vietnam is proposing and implementing in the 21st century. In particular, green logistics is the inevitable trend and an important criterion that logistics enterprises must implement together with the State to successfully complete this strategy. This article presents the current state of logistics in the Northern key economic region in Vietnam and proposes some solutions for developing green logistics, towards sustainable development here.

**Keywords:** logistics, green logistics, the Northern key economic region, Vietnam

**1. Introduction**

In the general context of the socio-economic sustainable development strategy, the development of a green economy is one of the optimal solutions for minimizing the impact of economic development on the environment. Specifically, the development of green logistics is an inevitable trend of all countries around the world in general and of Vietnam in particular. This is also an important criterion to evaluate the green economic development and the sustainable development of a country.

The Northern key economic region is a major economic center in the North, which gathers arterial trade routes including road, waterway and air. While the problem of emissions and packaging waste is still an urgent issue for the overall sustainable economic development of Vietnam, the greening of logistics here is also an issue that needs attention.

**2. Some related arguments**

*Sustainable Development:*

Sustainable economic development is understood as rapid development, safety and quality in all aspects of the economy, must create a common prosperity for everyone, not just focusing on a few people. Within the allowable limit of the ecosystem and not infringing upon the basic human rights.

*Logistics:*

Logistics management is a very broad industry that deals with the management of warehousing, transportation, customer consulting, freight forwarding, and distribution. The logistics industry plays a very important role in the economy, especially today the development of goods production changes very quickly in terms of output, design, product cost, consumer habits, or business environment.

Logistics is the process of planning, implementing, and controlling the movement of goods or information related to raw materials (inputs) and final products (outputs) from point of origin to the destination consume.

*Green Logistics:*

According to Liwen Zheng (2010), Changchun University of Science and Technology (China), "Green logistics is the performance of management activities to satisfy customer needs and the goal of social development and connection. green supply and demand, overcome the obstacles of space and time to achieve efficiency in providing goods and services. Green logistics limit environmental damage and make the best use of logistics resources. Green logistics is a concept that encompasses both green logistics business and activities to manage, standardize and control green logistics".

In general, green logistics includes all activities related to reducing and measuring the environmental impact of supply chain activities, creating sustainable development values for businesses, and balancing business efficiency and environmental protection.

**3. Developing logistics in the northern key economic region in Vietnam**

Vietnam has 4 key economic regions including: the Northern key economic region, the Central key economic region, the Southern key economic region and the Mekong Delta key economic region. In particular, the Northern Key Economic Region is considered the nerve center of politics, economics, culture and science-technology of the whole country, where central agencies and regulatory centers gather. operations of many large economic organizations as well as national science and technology training, research and development establishments. This is also a nuclear region, a driving force for the economic development of the Red River Delta.

Vietnam as of 2022 currently has 30,000 enterprises operating in the field of logistics. Among them, more than 5,000 enterprises operate in the field of international logistics, 69 logistics centers are large and medium-sized, attracting investment in many fields. At the same time, 89% are Vietnamese enterprises with small and medium scale; 10% are joint venture enterprises and 1% are 100% foreign owned enterprises providing cross-border logistics services.

The Northern key economic region, consisting of 7 provinces and cities (Hanoi, Hai Phong, Quang Ninh, Hai Duong, Bac Ninh, Hung Yen, Vinh Phuc) is the center of politics, economy and culture. national defense and security. The natural area is about 15,591 km<sup>2</sup> (accounting for 4.7% of the whole country); population size is 16.14 million people (accounting for 17% of the whole country). The economic scale of the region ranks second in the country, accounting for nearly 32% of the country's GDP, budget revenue accounts for more than 31%, annual exports account for more than 30%.

Table 2.1: GRDP growth in the Northern key economic region in the period of 2019-2021

Criteria	2019	2020	2021
GRDP	9,68%	5,12%	6,12%

(Source: <https://vioit.org.vn/vn/tin-hoat-dong-nganh/4-vung-kinh-te-trong-diem-viet-nam-va-cac-giai-phap-thuc-day-tang-truong-4697.4056.html>)

According to the Ministry of Industry and Trade, in the period 2014 - 2018, the Northern key economic region is a market with vibrant commercial activities along with the strong development of distribution systems and the richness and diversity of goods. Total retail sales of consumer goods and services in the region in 2018 reached VND 846.73 trillion, an increase of 8.38% compared to 2017, accounting for 19.17% of the total retail sales of goods and services collection of consumer services of the country. In the 5-year period (2014 - 2018), the region's total level increased by an average of 10.74%. Promoting the strength of logistics services, the region has formed a system of warehouses and logistics centers serving commercial activities in general and import and export in particular. By the end of 2018, the whole country had a total of 47 logistics centers in 8 provinces and cities; in which, the SFEZ has 27 logistics centers, accounting for 57.45% of the total number of logistics centers in the country. This system of trade infrastructure and logistics services has made an important contribution to the economic growth of the region as well as the whole country.

With a relatively complete transport infrastructure, there are many large seaports and inland waterway ports, provinces and cities in the Northern Key Economic Zone have enough potential and strengths to promote logistics services. In recent years, localities have prioritized resources and invested in developing logistics services into a spearhead economic sector, making a significant contribution to economic growth. The situation of infrastructure development for logistics services in the Northern key economic region by 2021 has had many achievements such as:

- In Hai Phong: The logistics infrastructure in Hai Phong is getting more and more complete thanks to the city mobilizing resources to invest in the seaport and transport system in a modern and synchronous manner. Along with that, road transport infrastructure is strongly invested, basically meeting and connecting industrial parks with the seaport system. Many logistics centers have been established and put into operation, and about 250 businesses have registered to provide logistics services, including many units of multinational logistics corporations. Cargo throughput through Hai Phong seaports has increased from 79 million tons in 2016 to 142.8 million tons in 2020, an average increase of 17.55% per year. Logistics services grew at an average rate of 23%/year, making an important contribution to production, business, export and import, bringing Hai Phong's economic growth from the beginning of 2021 to now to 12.28% . , 8.65 times higher than the average growth rate of the whole country.

- In Quang Ninh: Quang Ninh is trying to deploy logistics services with specific solutions, focusing on building and planning a synchronous road, sea and air infrastructure system, connecting connecting with international seaports and international border gates, while constantly improving the business investment environment, reforming administrative procedures to attract domestic and foreign investors. In the period of 2016 - 2020, the volume of goods

through the seaport will grow by an average of 16% per year. In the first nine months of 2021, goods through Quang Ninh seaport reached more than 60 million tons, reaching 82% over the same period in 2020.

- In Hanoi: there are Hateco logistics center in Long Bien district and Yen Vien railway logistics center in Gia Lam district.

- In Bac Ninh: there are more than 50 enterprises engaged in logistics activities. In which, there are a number of large enterprises such as: Tan Cang Company in Bac Ninh (Chau Phong commune, Que Vo district), DABACO Group Joint Stock Company in Tan Chi, Tien Du district, Bac Ninh Investment Joint Stock Company. Ky in Tri Phuong commune, Tien Du district and Tien Son industrial park...

Although there is a lot of potential, logistics activities and services in the Northern Key Economic Zone are still small, lack of concentration, and have not formed a continuous chain of logistics activities. In Hai Phong, there is no large logistics center, service costs are high, service quality and professionalism are not synchronized, etc. In Quang Ninh, logistics services only stop at shipping agents and services. towing support, providing some simple services. Services that require high technology such as ship repair and maintenance, underwater hull survey and ultrasonic cargo inspection have not been implemented yet.

#### **4. The role of green logistics development in the Northern key economic region in Vietnam**

Speaking at the Conference on Development of the Northern Key Economic Zone on the morning of June 25, 2019 in Hung Yen, Prime Minister Nguyen Xuan Phuc stated that the development goal of the Northern key economic region must be at the forefront of public science. technology, consider innovation as the key to development, and at the same time clarify the growth model, which is digital economy, circular economy, green growth.

Accordingly, service is the advantage of the region, but the growth rate is not high and unsustainable. The proportion of services in the economic structure tends to decrease. Environmental pollution in rural areas, craft villages and river basins is still complicated. Due to the lack of satellite cities, the large number of migrants into Hanoi causes overload on infrastructure.

The Prime Minister also suggested that the Northern Key Economic Zone should clarify breakthroughs in green growth, such as high technology and environmental protection. In which, it is necessary to take the lead in reducing plastic waste; smart urban development; especially innovative startups. Along with urban development, it is necessary to continue to pay attention to the development of new rural areas, invest more heavily to move towards building a model countryside in this area.

With the theme "*Green logistics*", on November 26, 2022 at the Vietnam Logistics Forum 2022 by the Ministry of Industry and Trade and Hai Phong City People's Committee, Politburo member, Head of the Central Economic Commission Tran Tuan Anh stated, Ministries and functional agencies need to urgently develop and issue a strategy for the development of Vietnam's logistics industry, ensuring the new development requirements of this field. The strategy should focus on developing green logistics development orientations and environmentally friendly solutions, perfecting institutions and policies on logistics services,

multimodal transport, cross-border transport, and legalizing commitments. international logistics ... creating a favorable legal basis for logistics activities. *“It is necessary to implement a digital transformation and green transformation program in the logistics industry, considering this as both a requirement and a driving force for innovation and sustainable development. Implement green logistics in a new context on the basis of technology application to promote innovation and deep international integration”*.

In fact, the role of green logistics also creates many benefits for regional logistics businesses such as:

- Limiting the impact on the environment such as minimizing industrial waste when businesses are encouraged to use materials that can be reused, recycled and easily decomposed in the natural environment; reduce CO<sub>2</sub> and waste of natural resources when green logistics will prioritize the use of fuel-efficient means of transport; use energy efficiently, exploit and expand clean energy, reduce the proportion of non-renewable energy (oil, coal, gas);
- Green logistics improves the living environment and people's health: In green logistics, products are produced environmentally friendly and delivered to consumers by green logistics services;
- Increase the efficiency of vehicles, save costs and time of waiting, picking up goods, contributing to limiting traffic congestion, reducing fuel and energy consumption of vehicles and equipment, reducing emissions environment;
- Green logistics contributes to the reduction of social costs such as costs of improving and restoring water, land, forests, etc., improving and enhancing people's health and quality of life.
- Minimizing industrial waste: Packaging is one of the most used and discharged industrial and domestic waste today. With green logistics, businesses are encouraged to use packaging made from recycled or easily degradable materials in the natural environment; or use pallets (wooden, plastic, ...) to place products instead of packaging that takes up warehouse space and affects the greening level of the logistics industry.

### **5. Some proposed solutions to develop green logistics in the Northern key economic region in Vietnam**

- The Northern key economic region needs to take the lead in terms of institutions, that is, the institution must be modern and able to lead the development of the region. Along with that, regional links must be more clearly expressed instead of just normal cooperation or a "memorandum of understanding" cooperation. Along with that is to perfect the institution for the Regional Council. The promulgation of mechanisms and policies that clearly stipulate regional linkages must give priority to the development of the knowledge economy and to continue the 4.0 technology revolution.
- Should focus on developing the digital economy, circular economy towards green growth and promoting the development of logistics services such as:
  - + Promote administrative reform and digital transformation in the field of seaports and logistics;
  - + To plan and build centralized, large-scale logistics zones associated with a system of seaports, industrial parks and economic zones with synchronous, modern and smart infrastructure.

- Develop logistics service infrastructure in the direction of modernization, adapting to the development trend of world trade. Vice Chairman of Hai Phong City People's Committee Nguyen Duc Tho said, Hai Phong strives to become a key marine economic center of the country by 2025, a national logistics service center; Hanoi also aims to develop into one of the three major logistics centers of the country and the region. Quang Ninh province issued a plan to improve competitiveness and develop logistics services...
- Building and developing services in the chain of logistics activities, and at the same time, having policies to encourage multimodal transport activities in the locality; mechanism to mobilize all resources to invest in projects to develop warehouse systems, communications, logistics service centers, information technology infrastructure systems...
- Create close links and coordination between logistics transport infrastructure systems (bridges, ports, yards) with logistics service centers; develop digital platforms, connect to the global logistics network.
- Enhance investment attraction, trade promotion, formation of specialized logistics service chains, with high added value and regional linkages.
- Regional planning and connection of modes of transport. In addition to each locality building its own planning, it is necessary to solve the problem of regional planning, towards the common logistics center of these localities, thereby connecting all modes of transport.
- Need to improve the quality of logistics human resources, need more than large enterprises in this field in the localities; training network development.
- It is necessary to develop a cooperation program between logistics associations/industry associations of localities, thereby promoting connections between businesses. Building a framework mechanism to attract large logistics enterprises to invest and operate in the region.

### **Acknowledgments**

The Northern key economic region is formed by localities that have important contributions to the Vietnamese economy. With special geographical characteristics, logistics services in the Northern Key Economic Region are extremely developed and diverse in methods. Facing such economic development, the problem is to transform previous logistics services into green logistics models in localities and green the entire Northern Key Economic Region. This helps promote green economy and sustainable development in Vietnam.

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