

## Proposed regulations on mandatory product recycling under new draft decree implementing the new law on environmental protection

A redesigned focus on sustainable solutions under the new Draft Decree implementing the new Law on Environmental Protection

### In brief

The Ministry of Natural Resources and Environment (MONRE) released a draft decree implementing Law No. 72/2020/QH14 on Environmental Protection ("**Draft Decree**"), which introduces Extended Producer Responsibility (EPR). Alongside the introduction of a framework for the recycling of packaging waste (available [here](#)), the Draft Decree also proposes a mandatory recycling framework for products ("**Recycling Obligations**").<sup>1</sup>

Under the Draft Decree, producers and importers subject to product Recycling Obligations will need to do either of the following:

- (i) Recycle or arrange for the recycling of products according to the mandatory recycling rate and specifications.
- (ii) Make a financial contribution to the Vietnam Environmental Protection Fund.

The Draft Decree subjects producers and importers of products in the following categories to Recycling Obligations:

- Electronics - including light bulbs, computers, laptops, tablets, mobile phones, cameras, video recorders, televisions, household appliances, and solar panels (recycling obligations enforced from 01/01/2024)
- Batteries (recycling obligations enforced from 01/01/2024)
- Oils and greases (recycling obligations enforced from 01/01/2023)
- Inner tubes and tires (recycling obligations enforced from 01/01/2023)
- Vehicles, Motorbikes and Heavy Equipment (recycling obligations enforced from 01/01/2025)

This alert will highlight the following topics:

- Recycling obligations in detail
- Product-specific recycling requirements
- Penalties for noncompliance

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<sup>1</sup> Draft Decree implementing Law No. 72/2020/QH14 on Environmental Protection, Art. 87(2).

## Recycling Obligations in detail

Producers of packaging subject to Recycling Obligations will be entitled to select between the following<sup>2</sup>:

- (i) Independently recycling their product packaging provided that they hold an environmental license
- (ii) Authorizing a recycling service to carry out the recycling on their behalf
- (iii) Appointing a qualified third-party not-for-profit organization to organize the recycling of their packaging entirely
- (iv) Contributing to the Vietnam Environmental Protection Fund ("**VEP Fund**").

Importers may only select between options (ii), (iii) and (iv).<sup>3</sup>

All producers and importers subject to Recycling Obligations will be required to register and report on their recycling activities or declare their contribution to the VEP Fund every year before 31 March.<sup>4</sup> If producers or importers hire a third party to recycle on their behalf, the third party is responsible for registering and reporting on recycling activities<sup>5</sup>

Furthermore, importers and producers must hire audit enterprises to perform independent audits and confirm recycling results before submitting them to the Vietnam EPR Office.<sup>6</sup>

### The recycling rate<sup>7</sup>

$$\text{Actual recycling rate (Ra)} = \text{Disposal coefficient of products (D)} \times \text{Collection coefficient of product (T)}$$

The legal requirement for the quantity of each type of product that needs to be recycled will be called 'the required recycling rate.' This quantity will be based on the actual recycling rate of the products (disposal coefficient of the product x collection coefficient of the product), the national recycling target, the environmental protection requirement, and the socio-economic condition of the country.<sup>8</sup> This required recycling rate will be measured and adjusted every three years to reflect the current socio-economic and environmental protection conditions.<sup>9</sup>

If the producer/importer is already recycling at a higher rate than the required recycling rate, the difference can be reserved and carried forward to subsequent years (up to a maximum of three years).<sup>10</sup>

### Financial contribution to the VEP Fund<sup>11</sup>

To make a financial contribution to the VEP Fund, producers and importers must first submit a form declaring the quantity and volume of the produced or imported products to the Vietnam EPR Office every year before 31 March.<sup>12</sup> Within 20 days of receiving the declaration form, the Vietnam EPR Office will send a payment notice to the

<sup>2</sup> *Ibid*, Art. 92(1-2).

<sup>3</sup> *Ibid*, Art. 92(3).

<sup>4</sup> *Ibid*, Art. 90.

<sup>5</sup> *Ibid*.

<sup>6</sup> *Ibid*, Art. 90(3).

<sup>7</sup> *Ibid*, Art. 88.

<sup>8</sup> *Ibid*, Art. 88(1).

<sup>9</sup> *Ibid*, Art. 88(6).

<sup>10</sup> *Ibid*, Art. 88(4).

<sup>11</sup> *Ibid*, Art. 89.

<sup>12</sup> *Ibid*, Art. 90(4)(a).

producers/importers<sup>13</sup>. The producers/importers are then responsible for making the payment within 15 days after receiving the payment notice.<sup>14</sup>

$$\text{Financial contribution (F)} = \text{Recycling rate (R)} \times \text{Volume of products (V)} \times \text{Cost norm of recycling products (Fs)} + \text{Cost of recycling management and organization (Fm)}$$

The above formula will determine the financial contribution that producers and importers subject to EPR Obligations must make to the VEP Fund if they choose not to recycle. MONRE will determine the value of the 'cost norm of recycling' (Fs) and the 'cost of recycling management and organization' (Fm) for each type of product.

## Product-specific recycling requirements

Below, product-specific recycling requirements have been identified. All treatment solutions employed must meet the requirements of environmental protection for the collection, storage and treatment of the specified waste.<sup>15</sup> Additionally, producers and importers are responsible for providing information about the product, registering recycling plans, and reporting recycling results annually to the Vietnam EPR Office before 31 March of each year.<sup>16</sup> Information on the performance of producers and importers subject to Recycling Obligations will be registered, gathered, managed and publicized on the National EPR Portal.<sup>17</sup>

Electronic products <sup>18</sup>		
Categories	Scale	Recycling specifications
<b>Compact light bulbs</b>	Applies to all producers and importers	<p><b>Recycling solutions:</b> Dismantle, sort and process into basic scrap (glass powder/cullet, aluminum).</p> <p><b>Specific requirements:</b> Recover at least <b>90%</b> of the total amount of glass in a product unit. It is possible to take back more aluminum and encourage the recovery of more tungsten as scrap usable as raw materials for industrial activities.</p> <p>Safe dismantlement, ensure environmental protection requirements in recycling technology.</p> <p>Recover glass and aluminum in scrap forms useable as raw materials for industrial activities (flakes with aluminum and glass powder).</p>

<sup>13</sup> *Ibid*, Art. 90(4)(b).

<sup>14</sup> *Ibid*, Art. 90(4)(c).

<sup>15</sup> *Ibid*, Appendix 55.

<sup>16</sup> *Ibid*, Art. 90(1) and Art. 97(5).

<sup>17</sup> *Ibid*, Art. 98(1).

<sup>18</sup> *Ibid*, Appendix 55.

			There must be solutions for separating, storing, and treating hazardous waste (mercury vapor, fluorescent powder).
<b>Florescent light bulbs</b>	Applies to all producers and importers	<b>Recycling solutions:</b> Dismantle, sort and process into basic scrap (glass powder/cullet, aluminum).	<b>Specific requirements:</b> Recover at least <b>90%</b> of the total amount of glass in a product unit. It is possible to take back more aluminum and encourage the recovery of more tungsten as scrap usable as raw materials for industrial activities.  Safe dismantlement  Recover glass and aluminum in scrap forms usable as raw materials for industrial activities (flakes with aluminum and glass powder).  There must be solutions for separating, storing, and treating hazardous waste (mercury vapor, fluorescent powder).
<b>Desktop computers</b> of all kinds (including CPU servers)	Applies to all producers and importers	<b>Recycling solutions:</b> Dismantle and recover components and accessories for controlled reuse, separate hazardous waste (circuit boards, screens), crush, and cut and classify basic materials: metals of groups, plastic and glass in the form of scrap useable as raw materials for industrial activities.  Directly dismantle, crush, cut and classify basic materials: metal groups, plastics in the form of scrap usable as raw materials for industrial activities.	<b>Specific requirements:</b> Recover at least <b>70%</b> of the total amount of metal, glass and plastic materials in a product unit to meet the requirements of scrap usable as raw materials in industrial activities.  Separate hazardous waste during recycling: electronic circuit boards, lead-containing glass (if any), other electronic components containing heavy metals, PCB oil, and solutions for collection and treatment according to regulations.  There must be solutions for recycling leaded glass and electronic circuit boards.
<b>Laptops</b> of all kinds	Applies to all producers and importers	<b>Recycling solutions:</b> Dismantle and recover components and accessories for controlled reuse, separate hazardous waste (circuit boards, screens), crush, and cut and classify basic materials: metals of groups, plastic and glass in the form of scrap usable as raw materials for industrial activities.  Directly dismantle, crush, cut and classify basic materials: metal groups, plastics in the form of scrap usable as raw materials for industrial activities.	<b>Specific requirements:</b> Recover at least <b>80%</b> of the total amount of aluminum/aluminum alloy, magnesium, glass materials in a product unit to meet the requirements of scrap usable as raw materials in industrial activities  Separate hazardous waste during recycling: electronic circuit boards, lead-containing glass (if any), other electronic components containing heavy metals, PCB oil, and solutions for collection and treatment according to regulations.  There must be solutions for recycling leaded glass and electronic circuit boards.
<b>Mobile phones</b> of all kinds	Applies to all	<b>Recycling solutions:</b> Dismantle and recover components and accessories for controlled reuse,	<b>Specific requirements:</b> Recover at least:

<p><b>Tablets of all kinds</b></p> <p><b>Cameras and video recorders</b></p>	<p>producers and importers</p>	<p>separate hazardous waste (circuit boards, LCD screens and batteries), crush, and cut and classify basic materials: metals of groups, plastic and glass in the form of scrap useable as raw materials for industries, and recycle disposal batteries.</p> <p>Directly dismantle, crush, cut and classify basic materials: metal groups and plastics in the form of scrap useable as raw materials for industrial activities.</p>	<p><b>- 60% for mobile phones and tablets</b> <b>- 50% for cameras and video recorders</b></p> <p>of the total amount of metal in a product unit to meet the requirements of scrap usable as raw materials in industrial activities. There must be a stage to recover metal from batteries.</p> <p>Separate hazardous waste during recycling: electronic circuit boards, other electronic components containing heavy metals, LCD screens, batteries and solutions for collection and treatment according to regulations.</p> <p>There must be solutions for recycling electronic components, LCD screens and lithium batteries.</p>
<p><b>Televisions</b></p>	<p>Applies to all producers and importers</p>	<p><b>Recycling solutions:</b> Dismantle and recover components and accessories for controlled reuse, separate hazardous waste (circuit boards, loose electronic components containing heavy metals and PCB oils, all kinds of screens), crush, and cut and classify basic materials: metal groups, plastics and glass in the form of scrap useable as raw materials for industrial activities.</p> <p>Directly dismantle, crush, cut and classify basic materials: metal groups, plastics in the form of scrap useable as raw materials for industrial activities.</p>	<p><b>Specific requirements:</b> Recover at least <b>50%</b> of the total amount of metal, plastic and glass in a product unit to meet the requirements of scrap usable as raw materials in industrial activities.</p> <p>Separate hazardous waste during recycling: circuit boards, loose electronic components containing heavy metals and PCB oils, all kinds of screens and solutions for collection and treatment according to regulations.</p> <p>There must be solutions for recycling electronic components, LCD screens and lithium batteries.</p>
<p><b>Fridges and freezers</b></p> <p><b>Fixed and portable air conditioners</b></p> <p><b>Washing machines</b></p> <p><b>Dishwashers</b></p> <p><b>Ovens, microwaves</b></p> <p><b>Induction, infrared cooktops</b></p>	<p>Applies to all producers and importers</p>	<p><b>Recycling solutions:</b> Dismantle and recover components and accessories for controlled reuse, separate hazardous waste (circuit boards (if any), screens (if any), refrigerants, lubricating oils, lights and mercury-containing heat), crush, cut and sort base materials: group metals, plastics in the form of scrap useable as raw materials for industrial activities.</p> <p>Directly dismantle, crush, cut and classify basic materials: metal groups, plastics in the form of scrap useable as raw materials for industrial activities.</p>	<p><b>Specific Requirements:</b> Recover at least:</p> <ul style="list-style-type: none"> <li>- <b>50% for fridges and freezers;</b></li> <li>- <b>80% for air conditioners;</b></li> <li>- <b>75% for washing machines;</b></li> <li>- <b>70% for dishwashers;</b></li> <li>- <b>60% for ovens and induction/infrared cooktops,</b></li> </ul> <p>of the total amount of metal, plastic and glass (if any) in a product unit to meet the requirements of scrap usable as raw materials in industrial activities.</p> <p>Separate hazardous waste during recycling: circuit boards (if any), screens (if any), refrigerants, lubricating oils, mercury-containing heat lamps and solutions for collection and treatment according to the law.</p>
<p><b>Solar panels of all kinds</b></p>		<p><b>Recycling solutions:</b> Dismantle parts (remove labels, aluminum frames, separate glass,</p>	<p><b>Requirements:</b> Recover at least <b>80%</b> of the total amount of metal, plastic and glass in a product</p>

		peel silicon and peel off photovoltaic cells) and create scraps useable as raw materials for industrial activities: Cullet glass, frames aluminum, glass, plastic and renewable photovoltaic cells.	unit to meet the requirements of scrap usable as raw materials in industrial activities.
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Batteries <sup>19</sup>			
Categories	Scale	Recycling specifications	
<b>Lead-acid batteries</b>	Applies to all producers and importers	<b>Recycling solutions:</b> Safely dismantle, segregate basic materials, and clean materials in the form of scrap useable as raw materials for industrial activities: PP and PE plastics, lead, and acid/sulfate salts.	<b>Specific requirements:</b> Recover at least <b>80%</b> of lead and <b>60%</b> of plastic in a product unit to meet the requirements of scrap usable as raw materials in industrial activities.  There must be solutions to recover acid in the form of products.
<b>Alkaline batteries</b> of all kinds	Applies to all producers and importers	<b>Recycling solutions:</b> Safely dismantle, segregate basic materials and clean materials in the form of scrap useable as raw materials for industrial activities: PP and PE plastic, metal recycling of Fe, Ni, Cd, Ag, Zn (depending on the type) into scrap, and K/Na compounds based on hydrometallurgy and fire smelting methods.	<b>Specific requirements:</b> Recover at least <b>80%</b> of lead and <b>60%</b> of plastic in a product unit to meet the requirements of scrap usable as raw materials in industrial activities.  There must be solutions to recover acid in the form of products.
<b>Large batteries</b> of all kinds (Li, NiMH, v.v.) for means of transport, electricity storage, etc.  <b>Medium batteries</b> for other electronic devices	Applies to all producers and importers	<b>Recycling solutions:</b> 1. Safely dismantle and segregate basic materials, and clean materials in the form of scrap useable as raw materials for industrial activities: PP and PE plastic, metal recycling Fe, Co, Al, Cu, Mn, Cd, Ni and Li (depending on the type of battery) into scrap based on hydrometallurgical and fire-smelting methods.  2. Safely dismantle and export if it is not possible to economically recycle such batteries in Vietnam.	<b>Specific requirements:</b> For solution 1: recover at least <b>50%</b> of the total amount of metal in a product unit meeting the requirements of scrap usable as raw materials for industrial activities.

<sup>19</sup> Draft Decree implementing Law No. 72/2020/QH14 on Environmental Protection, Appendix 55.



Oils and greases <sup>20</sup>		
Categories	Scale	Recycling specifications
<b>Machine oils</b> of all kinds  <b>Grease</b> of all kinds	Applies to all producers and importers	<p><b>Recycling solutions:</b> Base oil recovery  Oil recovery fractions</p> <p><b>Specific requirements:</b> Recover at least <b>80%</b> of the waste oil volume in base oils form, and oils must meet market standards.</p>

Tubes and tires <sup>21</sup>		
Categories	Scale	Recycling specifications
<b>Inner tubes</b> of all kinds  <b>Tires</b> of all kinds	Applies to all producers and importers	<p><b>Recycling solutions:</b> 1. Cut, recover rubber powder and make aggregates.  2. Fractional distillation to oil (<b>for tubes</b>) or fuel recovery fractional distillation (<b>for tires</b>).</p> <p><b>Specific requirements:</b> For solution 1: Recover at least 70% of the tube volume in the form of rubber powder and scrap metal usable for industrial activities.  For solution 2: Recover at least 50% of the tube volume in the form of heavy oil, light oil that must meet the market standards.</p>

Means of transport and heavy equipment <sup>22</sup>		
Categories	Scale	Recycling specifications
<b>Motorbikes</b>	Applies to all producers and importers	<p><b>Recycling solutions:</b> Safe dismantlement, inspection and recovery of parts for reuse, segregation of materials and recovery of metals, plastics and rubber in the form of scraps usable as raw materials for industrial activities.  Crush and cut the whole vehicle, separate materials, and recover metal, plastic and rubber in the form of scrap usable as raw materials for industrial activities.</p> <p><b>Specific requirements:</b> Recover at least 80% of metal and 50% of plastic, rubber in a product unit in the form of reusable parts or usable scrap as raw materials for industrial activities.  There must be a solution to treat and recycle the hazardous waste generated (lubricating oil, lubricating oil, batteries, etc.).</p>
<b>Electric motorbikes, electric bikes</b>  <b>Household cars</b>	Applies to all producers and importers	<p><b>Recycling solutions:</b> Safe dismantlement, inspection and recovery of parts for reuse, segregation of materials and recovery of metal, plastic, glass and rubber in the form of scraps</p> <p><b>Specific requirements:</b> Recover at least 90% of metal, 80% of glass, and 50% of plastic and rubber in a product unit in the form of reusable parts or usable</p>

<sup>20</sup> Draft Decree implementing Law No. 72/2020/QH14 on Environmental Protection, Appendix 55.

<sup>21</sup> Draft Decree implementing Law No. 72/2020/QH14 on Environmental Protection, Appendix 55.

<sup>22</sup> Draft Decree implementing Law No. 72/2020/QH14 on Environmental Protection, Appendix 55.

<b>Passenger-carrying vehicles</b>		usable as raw materials for industrial activities.	scrap as raw materials for industrial activities.
<b>Trucks, lorries</b>		Crush and cut the whole vehicle, separating materials, and recovering metal, plastic and rubber in the form of scrap usable as raw materials for industrial activities.	There must be a solution to treat and recycle the generated hazardous waste (oil, lubricating oil, batteries, circuit boards, electronic components, etc.).
<b>Heavy machinery</b>			
<b>Construction vehicles</b>			

## Penalties for noncompliance

Producers and importers who do not meet the Recycling Obligations will be subject to the costs of recycling all products that have not been recycled and an additional 30% of the arrears on top of those costs.<sup>23</sup> If payment is not made before the next three-year period, an additional 10% of the arrears may be imposed<sup>24</sup>.

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Please note that the Draft Decree is open to public comments until 15 August 2021. If you would like assistance to provide feedback on the Recycling Obligations for packaging waste or developing an EPR-compliant recycling plan, please let us know.

## Contact Us

<sup>23</sup> Draft Decree implementing Law No. 72/2020/QH14 on Environmental Protection, Art. 91(1).

<sup>24</sup> *Ibid.*





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