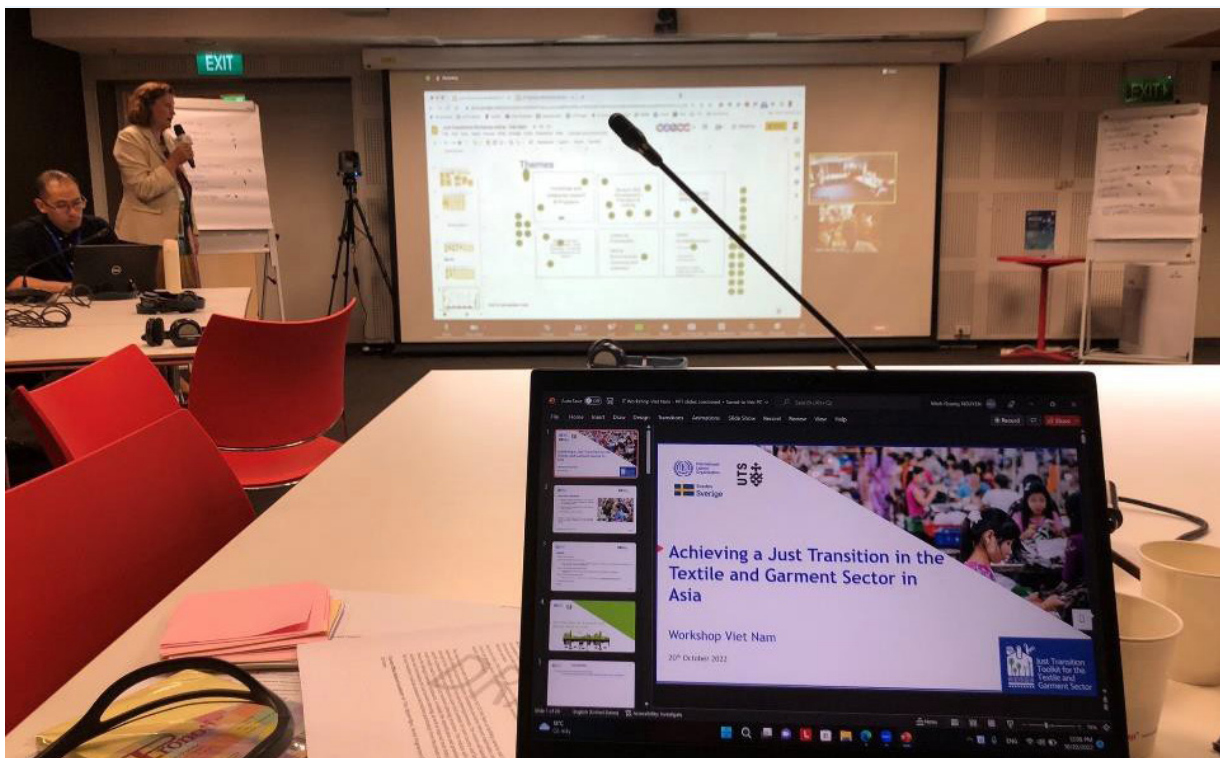


► **Achieving a Just Transition
in the Textile and Garment
Sector in Viet Nam Technical
Stakeholder Workshop**

20 October 2022, UN House, Hanoi

Key messages

- Tripartite stakeholders in the garment sector in Vietnam embrace social dialogue in creating decent jobs that are green, while ensuring that workers impacted in the garment sector contribute meaningfully to the planning for a just transition
- Social dialogue among industry partners is a key prerequisite of realistic Just Transition planning, whilst the Government should create - and enforce - an enabling legal and regulatory environment.
- The Just Transition priorities of stakeholders are: i) mobilizing incentives for enterprises and workers to invest in greener business models and work-place practices, ii) skills development for managers and workers to enable the sourcing and adoption of improvements, and iii) targeting senior managers to take action by showing the business case of greening and the emphasizing the importance for due diligence all along the value chain.
- A core group of partners (such as VCCI, VGCL, ILO) should initiate a network or platform - or using existing mechanisms where relevant - for exchange, dialogue and joint initiatives.



1. Context

Economic outlook

Vietnam's economy has overcome difficulties and challenges after nearly three years affected by many factors. As a highly open economy, Vietnam cannot avoid the influence of external fluctuations. The world economy in 2023 is forecasted by most international organizations to slow down, increasing the possibility of a short-term recession; high inflation persisted in many countries; strategic competition, geopolitics between major countries, Russia-Ukraine conflict and policy adjustment of major countries have potential risks to financial market stability, currency, energy security, security food and regional and global geopolitical issues; natural disasters, epidemics, climate change, etc. tend to be complicated, irregular, and more difficult to predict. For Vietnam, 2023 is the pivotal year to implement the 5-year socio-economic development plan for the period of 2021-2025. This is also the year that Vietnam affirms its new position when it will reach the threshold of 100 million people and GDP scale of 10 million billion VND (General Statistic Office).

Climate action

Vietnam is a vulnerable country to the impacts of climate change and at COP26 (in 2021), Vietnam has proactively joined hands with 150 countries participating in the world's largest emission reduction commitment. The roadmap to realize Vietnam's commitments at COP26 is also the roadmap for implementing the Strategy, ensuring that Vietnam can proactively and effectively adapt, reducing its vulnerability, loss and damage caused by climate change; reduce greenhouse gas emissions, actively and responsibly contribute to the international community in protecting the earth's climate system. Besides, taking advantage of opportunities from climate change response to shift the growth model, improve the resilience and competitiveness of the economy, towards becoming a developed and high-income country by 2045. One of the favourable factors is that Vietnam already has an important legal foundation, legalizing climate change response into a major chapter in the Law on Environmental Protection 2020. The Investment Law 2020 also stipulates industries Occupations related to climate change response and energy conversion are in the group of investment incentives. In particular, disaster prevention and adaptation to climate change are priority areas for ODA funding.

Support by the UN system

"Vietnam is well on its way to achieving the ambitious goals of net zero carbon emissions by 2050 and phasing out coal by the 2040s. I would like to affirm that the United Nations in Vietnam will cooperate, working closely with the Government and development partners to ensure that Vietnam's climate and energy transition actions are inclusive and equitable, based on the rule of law" (Mrs. Pauline Tamesis - United Nations Resident Coordinator in Vietnam)

Just Transition

Planning for a just transition is a knowledge and resource-intensive process. If undertaken adequately, it can enable green job creation from decarbonization and adaptation activities. Planning should also ensure that sectors, firms, workers and communities affected by efforts to decarbonize receive adequate support, information, training and capacity building to transition towards decent work outcomes. Timely technical support in the form of information, guidance, and training can greatly enhance the quality and outcomes of just transition pathways.

Given the environmental challenges and the climate change policy commitments for the garment sector, the ILO's Decent Work in the Garment Supply Chains in Asia (DWGSCA) project, funded by the Swedish International Development Corporation Agency (SIDA) convened a Just Transition planning workshop. The DCWGSA aims to contribute to decent work and environmental sustainability in the garment sector and accelerate a just transition to a low-carbon, resource-efficient, nature-friendly, and socially inclusive economy. The workshop with Governments and key stakeholders including workers' and employers' organizations was meant to initiate the planning for a Just Transition in the garments sector in Vietnam. The intended outcome of the workshop was to obtain an agreed set of components and steps of a Just Transition strategy.

The activity concluded the DCWGSA project's support to decent work and environmental sustainability in the garment sector, with a focus on building capacity of industry stakeholders to more effectively apply knowledge and relevant tools. Earlier activities have had generated a suite of reports and guides, brought together as a Toolkit for a Just Transition (ref).

2. Aim and objectives of the workshop

The aim of the workshop was to promote the social dialogue process for a just transition planning while improving the capacity of the social partners to be actively involved in the process. The workshop is focused on the social partners relevant to the sectors supported by both projects, namely the Energy and Textile & Garment sectors.

The specific objectives of the workshop were to:

- Facilitate a social dialogue process for a just transition among the energy and textile and garment industry constituents and other relevant stakeholders to promote further dialogue processes necessary for a just transition planning.
- To strengthen the capacity of relevant social partners in Just Transition planning processes by discussing relevant key concepts and benchmarks from other regions.
- To identify the specific sustainability and Just Transition issues and context for Indonesia and how this could enable and/ or challenge Just Transition planning processes.
- To identify the priority of prospective actions from each social partner and further areas of support from the ILO for promoting a just transition in the energy and textile & garment sectors.

3. Environmental impacts of the sector

The textile and garment sector has significant negative environmental impacts. These impacts are concentrated at certain points in the supply chain, particularly in four areas:

- weaving, dyeing, and finishing processes in textile manufacturing
- energy use throughout the supply chain, but concentrated in textile manufacturing and to a lesser extent in garment assembly
- textile waste associated with garment assembly; and
- transport emissions throughout the supply chain, as materials and then final products are shipped globally.

The most significant impacts, however, are within the first two areas, with the main impacts deriving from the intensity of water resources use, chemical use (including toxic chemicals), waste water discharges and lack of treatment processes, as well as energy use and the carbon intensity of electricity.

Textile manufacturing is very water- and chemical-intensive. The growth and sustainability of the sector is highly dependent on how resources are managed. The textile industry in general has an enormous water footprint ranging from agricultural water consumption for cotton farming, to water consumption in textile printing, dyeing and finishing. The sector is one of the largest users of fresh water in the world, consuming an estimated 79 billion cubic meters of fresh water annually across the entire value chain (United Kingdom 2019). As textile production is prevalent in countries that already have insecure water supplies, water crises are forecast in several textile-producing countries.

The sector is also responsible for severe water pollution by discharging large volumes of wastewater containing hazardous substances into rivers and water courses without appropriate treatment. It is reported that 20 per cent of industrial water pollution globally is attributable to the dyeing and treatment of textiles (EMF 2017).

Moreover, the increase of fast fashion has stimulated demand for fast, cheap, and low-quality goods. Both the growing volume of garment production and how these garments are used and disposed of have resulted in increasing climate change impacts stemming from the garment sector. Between 2005 to 2016, the climate impact of various production stages in the apparel sector increased by 35 per cent and is projected to continue to increase under a business-as-usual scenario (Quantis 2018).

The carbon footprint from the sector is significant, with calculations estimating the sector accounts for more than 8 per cent of total global emissions (Quantis, 2018). The carbon intensity of production is directly related to the carbon intensity of electricity supply in production countries. Over 60 per cent of textiles are used in the garment sector, and a large proportion of garment manufacturing occurs in China and India. India relies heavily on hard coal and natural gas for electricity and heat production, sharply increasing the carbon footprint of each apparel product.

The Paris Agreement sets out to limit global warming to less than 2 degrees above pre-industrial levels, with the preferable target of limiting warming to 1.5 degrees. The emission reductions associated with achieving this goal are significant – to reach this target, global emissions will need to decline by about 45 per cent (on 2010 levels) by 2030 and be at net zero by 2050.

Garment sector stakeholders came together in 2018 to commit to climate action through the United Nations Framework Convention on Climate Change (UNFCCC) Fashion Industry Charter for Climate Action. Signatories to

the Charter commit to 30 per cent greenhouse gas (GHG) emission reductions by 2030 (from a 2015 baseline) and net-zero emissions by 2050.

This is a significant challenge – realizing this 30 per cent reduction in the sector's emissions would require a reduction of more than half a billion tonnes of carbon dioxide across the sector per year by 2030. Meeting this challenge will require system-level changes in the production and consumption of textiles and garments and will likely have significant impacts on how and where garments are produced and the employment associated with this production.

The implications for decarbonization in the sector, and the ambition and timeline for this decarbonization to contribute to the Paris Agreement and commitments in the UNFCCC Fashion Industry Charter on Climate Action are clear. What is less clear are the adjustments that need to be made to working processes by manufacturers in Asia and to their supply chain to reduce emissions.

Decarbonization of the sector will be closely related to the clean energy transition. Encouraging energy efficiency and switching to renewable energy sources, such as solar, hydro or wind power, can significantly reduce emissions and improve the sustainability of textile production. Although there is growing pressure and scrutiny on major international brands and their decarbonization plans, it is these together with national ambitions and strategies for clean energy transition, including energy efficiency incentives and standards, that will drive energy-related emissions reductions in the sector.

Research results as part of the DWGSCA project highlighted that Vietnamese textile and garment enterprises now have a clearer awareness of the importance of environmental sustainability and place a higher priority on environmental goals. However, the level of awareness is uneven across business types. Various barriers prevent the adoption of more environmentally friendly production methods, including the general level of society's awareness of environmental protection, the financial capacity of enterprises, loose regulations and sanctions, the ability to access new technology, and the shortage of specialized human resources. Among these barriers above, the biggest obstacle is the lack of awareness and information. In addition, it is impossible not to mention the impact of the Covid-19 pandemic, which has made the priority of businesses for environmental issues no longer as before. Stakeholders have also proposed various actions and solutions to enhance environmental sustainability in the garment industry. The government and businesses are the two stakeholders that are expected to take the most drastic actions.

4. Just transition for the future of work

The realization that climate policies can have decisive distributional impact among different groups of workers as well as between women and men, has generated support for the concept of a “Just Transition”. Originating from earlier efforts in the 1970’s by Trade Unions to protect and support workers in coal mining and fossil fuel industries that came under pressure in countries like Canada, USA, Germany and Poland, the concept has broadened as a result of the growing recognition how climate change itself is affecting vulnerable groups most. Since the inclusion of the notion of a Just Transition of the workforce in the preamble of the Paris Climate Agreement in 2015, the concept has gained tracking among Governments, social partners and civil society. Increasingly, it is referred to more broadly to enhance equity and greater inclusiveness through the implementation of climate policies¹. The principal means to achieve this is by limiting job losses and optimizing employment gains and equity across the labour force, whilst ensuring social protection for those affected.

In accordance with their commitments to the 2015 Paris Climate Agreement, countries are adopting and implementing national strategies to reduce GHG emissions, to adapt to climate change effects and to protect the environment and natural resources for future generations. These strategies are leading to positive and adverse changes for enterprises and workers (e.g. in sectors like energy, construction, transport, forestry, waste management, etc). Addressing these effects and ensuring social inclusion and equity cannot be an afterthought, but have to be central in designing and monitoring the policy responses. The societal goal of the transition is to have decent work for all in a low-carbon, climate-resilient society.

Promoting a “Just Transition” means creating a fair and inclusive change in society that benefits all, when taking climate change action and implement environmental policies and strategies. A Just Transition can be initiated by companies, trade unions, civil society and Government. It can be realized at factory level, sector level, provincial level or as a national strategy. The goal of a Just Transition is ensuring decent work for all in a low-emission, climate resilient society.

The ILO’s Guidelines for a Just Transition prioritize i) social dialogue, ii) institutional collaboration and iii) policy coherence as prerequisites for realizing effective Just Transition Strategies and Plans at national level. The Guidelines have been formulated and endorsed by a tripartite group of Experts in 2015 and endorsed by the ILO’s global Governing Body, with equal voice for Workers, Employers and Governments from its 187 member states. A “Just Transition for the Workforce” was subsequently included in the 2015 Paris Climate Agreement.

The Guidelines propose a suite of policy areas where action for a Just Transition can be initiated. They range from macroeconomic and trade policies, sector policies, active labour market and enterprise policies, skills development to occupational and health policies and social protection. The actual resulting policy towards a just transition will differ from country to country, from sector to sector, given national circumstances and conditions. The relevance and strength of a Just Transition strategy will largely depend on effectiveness of social dialogue and strong political leadership.

Increasingly, countries are shaping just transition strategies. Many of them focus on reshaping the energy sector, in particular to enable the phasing down of coal.² Others have taken a whole-of- Government approach, realizing that the vulnerability to climate change and the need to take rigorous adaptation measures, as well as mitigation, will induce economic and social changes across all sectors and localities in the country.³

¹ The G7 Development Ministers, for example, announced their support for Just Energy Transition Partnerships in their May, 2022 meeting in Berlin.

² Examples are South Africa, Mexico and India.

³ An example is The Philippines.

In response to the demand for guidance on Just Transition, several international agencies have documented best practices and developed tools and guidelines.⁴ In respect to the textile and garment sector the ILO has produced a toolkit for a Just Transition, with many practical applications.⁵

Through social dialogue and stakeholder consultation, a strategy towards a Just Transition can be developed. For the elaboration of the strategy, the following issues should be taken into consideration:

- What are the issues and the drivers towards higher environmental sustainability in the country?
- What are the expected effects on enterprises, (informal) workers and communities of environmental policies and market changes?
- How can workers and communities be involved to steer the responses and actions?
- How can social inclusion and gender equality be ensured?
- What are the building blocks and who do we need to build a common strategy and shared action plan?

⁴ See for example: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_826060.pdf

⁵ See https://www.ilo.org/asia/media-centre/news/WCMS_806222/lang--en/index.htm

5. Just Transition planning in action

The workshop was structured around the following planning steps, stimulating participants to address key issues through interactive group sessions:

Step	Key questions
1. Understand impacts and opportunities	How will transition occur? Who and how will be impacted, what opportunities
2. Identify solutions and responses	What do we want our sector be like? What solutions and responses are available/ possible? How do we implement?
3. Developing appropriate mechanisms	Training, skills development, incentives, entrepreneurship and enterprise
4. Resourcing the transition	What resources do we need? Types – financial, knowledge, networks?
5. Managing the strategy	Who will lead and coordinate? Who needs to be involved? How will progress and results of implementation be measured?

Conclusions

- Most SMEs do not have the capacity to obtain information and develop their understanding of the environmental regulations and opportunities for improvements and market development
- Most SMEs do not have the finance nor incentives to invest in long-term adjustments
- SMEs are confronted with a myriad of environmental codes and requirements, varying among garment brands. This results in high transaction costs
- As enterprises are still struggling to get back on track after the Covid-19 pandemic, with shortage of skilled labour, they are challenged in giving due attention to environmental issues.
- More and sustained social dialogue at the workplace is needed, with a lead role for trade unions; efforts should be undertaken to overcome barriers for active workers' participation
- Environmental improvement could eventually be included in collective bargaining agreements, provided clear targets and responsibilities are defined
- A wider view of the value chain, including support services, would reveal more opportunities for improvement, for example in packaging or (renewable) energy supplies
- Current Government policy for the sector and the wider decarbonization plans for the economy provide momentum for change but need to be coordinated with other incentives and enabling policies that drive implementation in workplaces. The Garment sector strategy 2022-2030 which guides and supports action on climate change and environmental sustainability could be used to trigger stakeholders to plan for a transition
- The Just Transition concept is strongly linked with the Viet Nam garment sector's ambitions for upgrading/ increasing the value add of the sector in international markets. The sector's ability to readily adopted environmental sustainability and make a just transition was identified as critical for enhancing the garment sectors' international competitiveness and being able to attract a skilled workforce into the future.
- Re-skilling associated with environmentally sustainability is closely linked to issues of wages, competitiveness, and labour shortages.
- Developing strategies within and across enterprises for re-skilling associated with environmentally sustainability and to enable new skill acquisition is critical, enabling career pathways that allow for upgrading of wages.

Priorities for action

Participants identified four priority areas for taking initiatives:

- i) providing incentives for innovation and upgrading production facilities (cleaner production, resource efficiency, waste management),
- ii) awareness raising and skills development for managers and workers,
- iii) engaging senior managers to drive sustainability,
- iv) dissemination and communication of Good Environmental Practices for guiding the wider uptake across the sector.

Priority was given to areas i) and iii). With regards to incentives, proposals for action were made at various levels, e.g. mapping and convening stakeholders, assessing the possible impact on workers of investments and improvements, and recognizing their contribution to the enterprise. With the brand (or lead enterprises) a two-way communication should be developed so that peer-to-peer learning among them can be achieved. The costs of investing in improvements should be shared between Government and the brand. Often, taking initiatives would need a trigger; this could be the trend in consumer markets or a government strategy.

On the priority of getting top management on board, emphasis was placed on communicating and advocating, using example of the business case of greening. The role of collective action by workers was underlined.

Essentially, a place-based approach should consider the national policy framework, so that the right match of drivers can be realized (i.e. global brands, factory owners, workers, community organizations, service providers, and government). This underscores the importance of mapping, convening and engaging relevant stakeholders in social dialogue.

6. Follow-up

The workshops represent an important step towards a longer process of planning and implementation. Participants requested support in the form of guidelines for implementation, along with good practices. Consideration was given to establishing a network or platform, or using existing mechanisms where relevant, for exchange, dialogue and joint initiatives. To begin, a small group of leading partners (such as VCCI, VGCL, ILO) could discuss the modalities of such a network.

▶ Acknowledgement

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The document was prepared by Dr Samantha Sharpe, Associate Professor at the Institute for Sustainable Futures (ISF), University of Technology Sydney (UTS), under the direction of Dr Cristina Martinez, Senior Specialist Environment and Decent Work of the ILO Regional Office for Asia and the Pacific, and with inputs from the project team including Mr Minh-Quang Nguyen (ILO National Consultant), Mr Eric Roeder (Technical Specialist Green Jobs, Climate Change and Resilience through Just Transition, ILO Regional Office for Asia and the Pacific), and Mr Kees van der Ree (ILO Senior Green Jobs Consultant).

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► Annex 1. Agenda

Achieving a Just Transition in the Textile and Garment Sector in Asia Technical Stakeholder Workshop ILO – Viet Nam

20th October 2022 (9:00 – 16:00)

Venue: UN House Hanoi, Bridge Room

MC: Mr. Trieu, Nguyen Ngoc, Senior Programme Officer CO-Hanoi

Time	Activities
20 minutes 09:00 – 09:30	<p>Welcome, introductions and workshop overview</p> <p>Facilitator: Mr. <i>Eric Roeder</i>, Technical Specialist Green Jobs, Climate Change and Resilience, ILO ROAP</p> <p>Welcome by <i>Ms Gulmira Asanbaeva</i>, Officer in Charge, ILO Country Office Viet Nam</p> <p>Welcome by Dr <i>Cristina Martinez</i> ILO Senior Specialist, Environment and Decent Work, Asia Pacific Coordinator – Green Jobs & Just Transition</p> <p>Overview of the aims and objectives of the workshop, overview of the activities, Associate Professor <i>Samantha Sharpe</i>, Institute for Sustainable Futures, University Technology Sydney</p>
9:30 – 10:00	<p>Session 1 - Just Transition for the Future of Work in the sector</p> <p>Facilitator: Mr <i>Eric Roeder</i>, Technical Specialist Green Jobs, Climate Change and Resilience, ILO ROAP</p> <p><i>Presentations</i></p> <ul style="list-style-type: none"> - Overview of the Just Transition concept - Mr <i>Kees van der Ree</i>, ILO Expert (10 mins) - Environmental sustainability and Just Transition in the garment sector - Associate Professor <i>Samantha Sharpe</i>, Institute for Sustainable Futures, University Technology Sydney (5 mins) - Environmental sustainability in the garment sector in Viet Nam - BetterWork perspective - <i>Ms Ha Nguyen Hong</i>, BetterWork Viet Nam Programme Manager (5 minutes) <p>Question and answers (10 mins)</p>
10:00 – 10:45	<p><i>Break out groups: As a group identify what will be the possible responses or solutions for environmental sustainability in the garment sector in Viet Nam and record your ideas on post-it cards. Think what can be done, and who may be able to contribute.</i></p> <p><i>Around their tables, participants discuss and write down their views on A3 cards, which will later be posted on a board in the room.</i></p> <p><i>For online participants – see google slides link</i></p>

15 mins 10:45-11:00	Networking Break
11:00 – 12:00)	<p>Session 2 – Just transition planning and governance Facilitator: Mr <i>Eric Roeder</i>, Technical Specialist Green Jobs, Climate Change and Resilience, ILO ROAP</p> <p><i>Plenary report back</i> (20mins) – report back from previous break out activity using cards posted on a board or the wall of the room.</p> <p><i>Priorities for action</i> (20mins) – Using the results from the previous session each participant will identify the top 3 issues that are priority next steps.</p> <p>Online participants will complete prioritization using online link</p> <p><i>Reflections from enterprise and workers’ perspective on the priorities for action</i></p>
60 mins (12:00pm-1:00pm)	Networking Lunch
1:00-2:30pm	<p>Session 3 – Just transition planning in practice Facilitator: Associate Professor <i>Samantha Sharpe</i>, Institute for Sustainable Futures, University Technology Sydney</p> <p><i>Reflections on the morning session</i> (5 mins) <i>Eco-innovations in the textile and garment sector</i> (5 mins) <i>Karina Kallio</i> Break out activity (40mins)– Using the priorities for action from the previous break-out session as a group start creating a just transition plan/strategy including identifying the key actions and actors (who takes responsibility for what), timelines, resources needed, how JT plans will be operationalised, what will success look like?</p> <p>Plenary report back (20mins) – report back from break out activity</p>
2:30 – 2:40	<p>Key take aways Facilitator: <i>Eric Roeder</i>, Technical Specialist Green Jobs, Climate Change and Resilience, ILO ROAP</p> <p>A/P <i>Samantha Sharpe</i>, UTS Mr <i>Kees Van der Ree</i>, ILO</p> <p>All participants</p>
2:40– 3:00	<p>Closing Facilitator: <i>Eric Roeder</i>, Technical Specialist Green Jobs, Climate Change and Resilience, ILO ROAP</p> <ul style="list-style-type: none"> • Dr <i>Cristina Martinez</i>, ILO • Mr. <i>Trieu, Nguyen Ngoc</i>, Senior Programme Officer CO-Hanoi
3:00	Networking Coffee Xin cảm ơn / Thank you

Contact details	<p>International Labour Organization Regional Office for Asia and the Pacific United National Building Bangkok, Thailand</p>	<p>T: +662 288 1234 E: greenjobsap@ilo.org</p>
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