



THE RELATIONSHIP BETWEEN THE STATE, MARKET AND SOCIETY IN DEVELOPING THE CIRCULAR ECONOMY IN VIETNAM

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Abstract:

In the context of the world economy moving towards green and sustainable development, the role of the circular economy is more important than ever. Towards the goal of sustainable development, Vietnam is implementing the transition to a circular economy in the practice of building a socialist-oriented market economy. Therefore, clarifying the relationship between the state, market and society in the development of the circular economy has important theoretical significance for building policies, strategies and solutions to develop this economic model appropriately and effectively. Within the scope of the article, the author focuses on researching the relationship between the state, the market and society when implementing the transition to the circular economy, thereby pointing out practical issues arising when solving the relationship between the state, the market and society in developing a circular economy in Vietnam.

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1. Introduction

Faced with urgent issues of environmental pollution, resource depletion and the requirements to improve the efficiency of using resources for economic development in today's era, economic development associated with environmental protection has become an inevitable trend. It is essential to transform from a linear economy with the principle of exploitation - consumption - disposal to a circular economy, saving resources, extending product life cycles, recycling raw materials, minimizing waste for sustainable socio-economic development. Vietnam has strongly participated in this transition

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process, especially since 2016, when the circular economy was included in the Resolution of the 12th Party Congress, and institutionalized in important documents such as the Law on Protection of the Environment in 2020, the Circular Economy Development Project in Vietnam in 2022.

In the process of transitioning to the circular economy in Vietnam, awareness and application of the relationship between the state, market, and society are important to build and implement policies, strategies and solutions. develop an appropriate and effective circular economy.

2. State, market and society relationships in circular economic development

In the economy, when developing a circular economy, there will be many participants: businesses (producers), the state, scientists, consumers, etc. The practice of countries developing circular economy shows that the benefits of the circular economic model, such as effective use of output waste, saving input resources and creating competitive products in the market, have helped bring production and business efficiency to enterprises. Many large enterprises in Vietnam have applied the circular economy and started to encourage their supply chains to apply the circular economy. In addition, the state has also recognized and issued regulations and implemented policies related to promoting the circular economic model. Finally, it requires the cooperation of consumers and the whole society in the process of linking production - exchange - distribution - consumption, so that the circular economic philosophy can be fully applied. This article focuses on analyzing the relationship between the state, the market and society in developing the circular economy.

2.1. The relationship between the state, market and society in a socialist-oriented market economy

In the modern market economy, the relationship between the state, the market and society is always a dialectically close relationship, having a strong influence on the process of building a socialist-oriented market economy in Vietnam.

The State, which plays a decisive role in the process of socio-economic development in general, is demonstrated in the role of building, implementing and perfecting the legal system and policy mechanisms to perform the function of state economic management. From there, the state orients, creates an environment and promotes the formation of market factors, mobilizing the entire society in the process of socio-economic development. In addition, the State also has basic responsibility for allocating resources and orienting and regulating the entire society according to development strategies and policies, because it plays the role of both the subject managing and operating the activities of the subjects and the subjects participating in market relations.

The market is the place where all exchange activities take place between entities that need services and goods and entities that can provide them. The unity between

market participants is created by market prices. The market has a role in regulating socio-economic activities based on basic market principles. The market does not operate in a vacuum, but the market needs a legal and regulatory framework to operate, which only the state can create.

The state and the market have different specific roles in the economy, but both participate in the process of operating economic and social life in general. In the socialist-oriented market economy in Vietnam, the 12th Congress (2016) of the Party clearly stated that *the market* plays a key role in mobilizing and effectively allocating development resources, is the main driving force to release the production capacity of state resources allocated according to strategies, planning, and plans in accordance with market mechanisms; *The State* plays the role of guiding, building and perfecting economic institutions, creating a healthy, equal and transparent competitive environment; Use tools, policies and resources of the State to direct and regulate the economy, promote production and business, and protect the environment; Implement progress and social justice in each step and each development policy.

The 13th Party Congress (2021) has made progress in developing theoretical awareness on handling the relationship between the State, market and society. Along with clarifying the functions of the State in the socialist-oriented market economy associated with the content, mechanisms, methods, and specific intervention and regulation tools, it affirms: "*The market plays a decisive role in determining the prices of goods and services*", "*in mobilizing, allocating, and using resources*" and "*social and socio-professional organizations participate in forming and regulating market economic relations*", "*participating in criticizing the laws, mechanisms, and policies of the State, supervising state agencies and cadres and civil servants in law enforcement*".

In fact, in many socio-economic processes, the "third hand" of society and social organizations plays an increasingly clear role in ensuring the balance of the relationship between the State and the market. Society is the community, families, groups, professional associations, socio-political organizations such as the youth union, the women's union, the veterans union, and the Fatherland Front. The role of social organizations in participating in the market economy can be summarized in the following contents: participating in providing public services, services for the poor and disadvantaged people in society; implementing State policies, mobilizing, monitoring dialogue and social criticism. In which the consensus and support of society are based on a unified awareness of policies and initiatives. The Party and State's policies are always a great advantage in implementing any socio-economic strategy and policy.

Thus, in the process of socio-economic development towards specific development goals, the state needs to build policies and laws, and create an environment so that the market can effectively participate in socio-economic processes, the subjects have a full operating environment and necessary support to bring socio-economic benefits, and the social community agrees and consensually supports that process.

2.2. Developing the circular economy is an objectively inevitable trend

The circular economy (CE) is an economic system that is regenerative and restorative through proactive planning and design, it replaces the concept of “end of life cycle” of materials with the concept of “recovery, transition” towards the use of renewable energy, not using toxic chemicals that harm reuse and aiming to minimize waste through the design of materials, products, technical systems and business models within the scope of that system. In this economic model, design, production, consumption and service activities aim to reduce the exploitation of raw materials, extend product life cycles, limit waste generated and minimize negative impacts on the environment.

Circular economy is an economic model in which design, production and service activities aim to extend the life of materials and eliminate negative impacts on the environment. In a circular economy, production and business processes are designed not only to reuse waste, considering waste as a resource, but also to connect economic activities in a pre-calculated manner, forming cycles in the economy. Circular economy, which can keep the material flow in use for the longest time, restores and regenerates products and materials at the end of each production or consumption cycle. The linear economic model focuses on resource exploitation, production and disposal after consumption, leading to the creation of a huge amount of waste, while the circular economic model focuses on the management and regeneration of resources in a closed loop, to avoid creating waste. Compared with the traditional linear economic model, the circular economy brings many benefits to all economic actors (Manh, 2024):

First, for the country, developing the circular economy demonstrates the country's responsibility in solving global challenges caused by environmental pollution and climate change while improving the capacity and competitiveness of the economy. The circular economy helps to take advantage of used raw materials instead of spending processing costs; minimize the exploitation of natural resources, maximize the value of resources; minimize waste and emissions into the environment. The circular economy can be considered an economic model that helps countries move towards completing the 17 sustainable development goals (SDGs) by 2030.

Second, for society, the circular economy helps reduce social costs in environmental management, protection and response to climate change; creates new markets, new job opportunities, improves people's health.

Third, for businesses, the circular economy contributes to reducing risks of product surplus crisis, resource scarcity; creates motivation for investment, technological innovation, reduces production costs, increases supply chain.

Not only does it bring significant benefits to the economy, in the current global context, the transition from a linear economy to a circular economy is essential for all countries in the world, including Vietnam. The reason why developing a circular economy has become an objectively inevitable trend is because (IECD, 2021):

- 1) The increasing demand for raw materials, while the sources of these materials are increasingly depleted, especially for mineral resources, non-renewable resources.

- 2) The dependence on other countries, especially countries that depend on other countries for raw materials. This dependence leads to global political tensions.
- 3) Impact on climate change (emissions of greenhouse gases, especially CO₂) increases the process of extreme climate change, causing extremely serious consequences. The transition to a circular economy with the goal of using sustainable energy will reduce the process of climate change.
- 4) Create economic opportunities, especially for businesses and science in the fields of innovation, design, recycling and creation.

In Vietnam, the socio-economic development process after 38 years of renovation has also led to many difficult problems, such as increased waste, increased consumption of resources, energy, and environmental pollution. Currently, Vietnam is discharging into the environment about 60,000 tons of household waste per day, of which about 60% is urban household waste. According to the Ministry of Natural Resources and Environment, over 70% of this waste is treated by landfill, of which only about 20% is buried hygienically. The amount of unsanitary landfill waste is polluting the soil, water and air environment every day. This problem is becoming especially serious in large cities. In addition, of the 30% treated by non-landfill methods, up to 2/3 are burned in manual incinerators, causing smoke and dust to pollute the air. [9] According to statistics from the Vietnam Plastics Association, the average plastic consumption per capita in 2019 in our country was 41kg, 10 times higher than in 1990. Vietnam ranks fourth in the world in terms of plastic waste with 1.83 million tons/year, after China, Indonesia and the Philippines. Vietnam has become a net importer of energy, including coal and oil. It is forecasted that by 2030, Vietnam will have to import about 100 million tons of coal per year. Environmental pollution could cost Vietnam up to 3.5% of GDP by 2035, and it is predicted that climate change and natural disasters could cost up to 11% of Vietnam's GDP by 2030. At the same time, the environmental incidents from factory discharges also cause great damage to ecosystems. (Huyen et al., 2020).

Solving issues related to raw material scarcity, sustainable energy use, minimizing waste in each stage of the product life cycle, reusing available raw materials, etc., requires significant investment in qualified scientific human resources, increasing the competitiveness of the economy. Therefore, Vietnam needs to further promote the transition to a circular economy, making the goals set out in the National Circular Economy Development Project a reality, effectively contributing to global efforts for sustainable development goals.

2.2. Applying the relationship of state, market and society in developing the circular economy in Vietnam

Responding to practical conditions and policies being implemented in Vietnam, the most suitable circular economy approach is the 3R model (Toan et al., 2023):

- 1) Efficient use of resources (Reduce)
- 2) Management, recycling and use of waste (Recycle/Reuse)
- 3) Using renewable energy and materials (Renew)

In Vietnam, the circular economy has had primitive forms of development, such as scrap collection activities, craft villages producing recycled materials, etc., but basically, the circular economy has not been widely applied. Developing the circular economy can be understood as the transformation of the state of the circular economy towards increasing the scale, value, economic efficiency and the level of contribution of the circular economy to saving resources, reducing waste and protecting the environment. This process makes circular economy models more commonly applied, on a wider scale, on a larger scale, and has a more positive impact on saving, protecting resources, and reducing environmental pollution.

The process of developing the circular economy in Vietnam with the participation of the state, market and society is shown in the following contents:

First, the State builds a mechanism to promote the development of a circular economy.

To establish and promote widespread circular economy development, a long-term strategy with the guidance of the Government, people and the response of businesses is needed. Therefore, creating a synchronized system of mechanisms and policies to support circular economy research and application activities has become an extremely urgent requirement. In that process, the State plays a leading and constructive role while enterprises are the Central motivation, so institutionalizing the circular economy and creating a mechanism to encourage development is of particular importance.

In order for a large number of businesses to consider environmental protection as a core task in their development strategy, the government needs to launch a strong propaganda strategy on the benefits of the circular economic model for the environment and the whole society, including businesses. When businesses are aware of the benefits of the circular production process, they will have the motivation to invest resources in building a circular economy model. Furthermore, building a circular economy requires technology and innovation to reuse resources effectively, which is difficult for businesses with limited resources to apply. The transition to a circular economy requires large investments in both technology and operational capacity of businesses. Therefore, businesses are in great need of state support.

Second, the State builds an institution for managing resources and the environment in the direction of a circular economy, applying economic management tools through the market.

State economic management tools are the means, forms of movement and specific manifestations of economic management methods, used by the State to directly or indirectly impact economic processes or subjects in the economy, in order to orient and regulate economic processes and activities of subjects according to set goals. (Diep, 2024). State economic management tools play a particularly important role in implementing mechanisms and policies to promote circular economic development.

The current economic development situation in Vietnam is that economic growth and development mainly depend on the exploitation and use of natural resources. This even exceeds the natural self-recovery threshold, causing damage, pollution, and environmental degradation. Therefore, to maintain a solid and sustainable foundation for growth and development, developing countries, including Vietnam, need to focus on

environmental improvement goals, consider natural resources and the environment as the central issue of development decisions, and incorporate "sustainability and circularity" into the development process, from awareness to action.

The relationship between the market, state and society in circular economic development is, first of all, reflected in the issue of environmental protection. Therefore, resolving this relationship well will avoid market failures in environmental pollution, reduce social costs by limiting the negative impacts of environmental pollution, improve people's quality of life and promote sustainable development. The market will promote the state to perfect environmental protection institutions, save resources, and operate in accordance with market requirements. Through the market, the "polluter pays" principle will promote social participation and reduce the burden of pollution treatment on the state. Diverse economic tools based on international experience, such as taxes, fees, environmental subsidies, etc., when implemented, will bring about many impacts, such as reducing costs from the state budget for environmental protection, accelerating the process of improving environmental quality, and using resources effectively and in accordance with international practices.

Third, the role of the market in developing the recycling industry is promoted.

With the transition from the linear economy to the circular economy, redesign, recycling, reuse and remanufacturing activities are promoted to extend the life and value of materials, and take advantage of natural resources. Recycling, which recovers a portion of the waste to supplement raw materials for production, will reduce the level of pollution in the environment and ecosystem, thereby reducing the costs of environmental waste treatment. The State needs to build an institution to strictly manage the use of natural resources and prevent pollution; promote research and transfer activities of science and technology in the field of recycling; take measures to change thinking and awareness of waste and waste recycling; consider waste as a potential resource and waste management as resource management.

Fourth, the State promotes the development of science and technology.

Science and technology play a role as a means to realize the circular economy, bringing research and application of science and technology into green, sustainable production. The State needs to invest in basic research, have policies to develop science and technology to serve the development of green technology and industries that use fewer resources, and apply environmentally friendly production methods. On the other hand, investing in green technology, technology that ensures circular economy criteria, requires large amounts of funding, which most businesses cannot afford, so the state needs support to promote this process. Preferential policies to encourage investment for startups and innovative businesses in the direction of the circular economy are essential.

Fifth, the role of society in developing the circular economy is promoted.

Sustainable production and consumption, which is the use of related services and products to meet basic needs, to have a better life, contributing to limiting the use of natural resources and toxic materials, as well as significantly reducing toxic emissions throughout the product life cycle, without causing negative consequences affecting

future generations. Manufacturers and consumers are increasingly concerned about environmental protection and are willing to pay more for eco-friendly products, following the trend of sustainable production and consumption. This is an opportunity for the market for green, environmentally friendly products to develop and expand.

The State needs to have guiding policies and laws to promote and expand the production and consumption trend towards the circular economy, making the circular economy a value system in social life. Enterprises implementing circular economy in all production and business processes; consumers having a green lifestyle and implementing circular economic consumption behaviors are a solid direction to build a green and sustainable society.

3. Discussion

In the relationship between the State, the market and society in the context of circular economic development, state policies play a decisive role. Appropriate policies will create conditions for the market to operate smoothly during the transition to a circular economic model. However, policies need to ensure market principles, timely awareness and resolution of market failures, as well as requirements and demands from society during the transition process. In the process of developing a circular economy, it is necessary to continue to apply the relationship between the State, the market and society in the following aspects:

First, the State needs to overcome limitations in circular economic development policies according to a market approach.

The circular economy development policies need to comply with objective market rules, based on each stage of development. State management with economic tools as the core needs to promote efficiency and play a key role, eliminating factors causing market failure that are hindering the process of developing the circular economy.

Second, the State needs to organize the implementation of circular economic development policies, inspect and supervise the implementation of circular economic development policies, towards enhancing the role of the market and society.

The process of implementing policies and laws on circular economic development to the necessary subjects has not been really effective, the role of people as well as social organizations has not been properly approached, while these are the consumers, who participate in the consumption stage, carrying out the first steps of the recycling - regeneration process in the new economic model. Therefore, the State needs to take measures to strengthen the connection with market forces and the social community in implementing and criticizing policies, monitoring implementation, and supplementing and perfecting policies in the process of developing the circular economy.

Third, the role of the market in important stages of the circular economy is fully exploited.

Important stages of circular economy include: classification, collection, transportation and treatment of solid waste; using renewable energy; minimizing emissions, etc. Using the market to quantify ecosystem values such as carbon absorption,

biodiversity, water resource protection, etc., the components of the ecosystem provide goods and service values for humans, thereby determining the service value of each type according to market principles, building appropriate management methods, ensuring socio-economic efficiency and creating a part of resources for circular economic development.

4. Conclusion

Thus, the relationship between the State, the market and society in the development of a circular economy is a binding and multi-dimensional relationship. To apply this relationship, the State needs to create a good legal corridor and appropriate policies to help the market regulate economic efficiency and achieve high social consensus, bringing the highest efficiency and benefits to the community in general. Relying on the market to carry out the transition to a circular economy, the State, as the subject of economic management, needs to continue to improve its capacity in performing its economic role, perfecting the socialist-oriented market economic institution, and creating conditions for society to promote its role in policy criticism, disseminating information on the circular economy as well as actively contributing to the transition to a circular economy with the consensus of community strength, towards sustainable socio-economic development.

Conflict of Interest Statement

The authors declare no conflicts of interest.

About the Author(s)

Le Thi Thu Huyen, lecturer at Thai Nguyen University of Economics and Business Administration, is currently doing research on the relationship between the state, market and society in developing the circular economy in Vietnam.

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