

## **Updates on Vietnam Oil and Gas Security**

As you may know, the world's demand for energy has increased steadily over the years due to the economic and social development. In addition, energy security has become a great challenge not only for Vietnam but also for other Apec economies. Strong competition in the oil and gas industry is happening since the supply source is constrained while the demand for energy is rising.

In the last decade, Vietnam produced about 11.36 million tons oil/year; gas production reached about 9 billion m<sup>3</sup>/year on average. The refining capacity basically meets about 70% of domestic demand; the total petroleum reserve has reached 63 days of net imports.

Although several oil and gas security indicators have been improved in recent years, Vietnam still faces challenges of ensuring oil and gas security. The oil and gas production has reduced over the years and the import dependence has increased. In addition, the strategic energy reserve has still not guaranteed. Since 2015 Vietnam has become a net energy importer. The proportion of net energy imports over total primary energy rose from 8.4% in 2015 to 48% in 2020. The import of crude oil grew by 130% per year, accounting for a large fraction of the energy import of the country.

According to draft National Energy Strategy, Vietnam identifies the target for the oil and gas industry to enhance the production of crude oil and gas, develop gas market and build infrastructure for gas import and distribution; production of petroleum products to meet at least 70% of domestic demand and develop the stockholding system for crude oil and petroleum products to meet the IEA standard. To achieve these objectives, the Government of Vietnam has developed orientations for the whole oil and gas value chain, including oil and gas exploration and production, gas industry, oil and gas processing, transportation, storage, and distribution of petroleum products.

Nowadays, the primary energy structure is shifting toward renewable energy, clean energy, reducing carbon emissions, the demand for traditional energy sources such as oil and gas is also changing. It is necessary to leverage strengths and overcome weaknesses to create enabling conditions for energy security as well as to establish a solid foundation for energy transition towards sustainable development, contributing to the implementation of net zero target by 2050.