



## LEGAL UPDATE

### ESTABLISHMENT AND DEVELOPMENT OF VIETNAM'S CARBON MARKET

On 24 January 2025, the Prime Minister of Vietnam issued Decision No. 232/QĐ-TTg (**Decision 232**), approving the Scheme for Establishing and Developing the Carbon Market in Vietnam. This initiative aims to help the country achieve net-zero emissions by 2050, marking a significant shift towards a sustainable, low-carbon economy.

The carbon market will operate under a centralized model managed by the state to ensure transparency, efficiency, and compliance with international standards. The market will facilitate the exchange of GHG emission allowances and carbon credits, providing businesses with cost-effective options to meet their emissions reduction obligations while attracting new financial resources for climate-related projects.

#### 1. Participants in Vietnam's Carbon Market

The carbon market in Vietnam will involve various participants, categorized based on their roles and eligibility. For transactions involving greenhouse gas (GHG) emission allowances, the primary participants will be facilities and enterprises listed in the government-issued catalog of high-emission sectors. These entities are required to conduct GHG inventories and will be allocated emission allowances accordingly by the Prime Minister's directive.

In terms of carbon credit trading, participants include organizations and facilities from sectors subject to emissions caps that have been allocated allowances. Additionally, entities implementing domestic or international carbon offset projects or frameworks established by international treaties to which Vietnam is a signatory—will be eligible to participate. Beyond these institutional players, other organizations and individuals who meet legal and financial requirements can also engage in investment, trading, and business activities related to carbon credit.

Furthermore, depending on the market's scale, specialized transaction support organizations may be established to

facilitate trading activities. These organizations will provide essential services, such as transaction management, market analysis, and technical assistance, ensuring smooth and efficient market operations as the carbon trading framework develops.

#### 2. Implementation Roadmap for Vietnam's Carbon Market

The development of Vietnam's carbon market will be carried out in two key phases.

- The pilot phase, running from 2025 to 2028, will establish a nationwide trial market where carbon credits can be traded domestically and internationally, following specific legal frameworks approved by competent authorities. During this phase, greenhouse gas (GHG) emission allowances will primarily be allocated free of charge to large emitters in major sectors. Carbon credits traded on the exchange will come from domestic offset programs, the Clean Development Mechanism (CDM), the Joint Crediting Mechanism (JCM), and mechanisms outlined under Article 6 of the Paris Agreement. The government will also regulate the percentage of carbon credits used to offset emissions based on allocated quotas. Participation will include large emitters listed by the Prime Minister and eligible organizations and individuals allowed to trade carbon credits on the exchange.
- The official operation phase, starting in 2029, will see the full nationwide implementation of the carbon market, with possible expansion to new sectors and entities. Emission allowances will be distributed through a mix of free allocations and auctions, with detailed allocation ratios determined based on data collected during the pilot phase. The types of carbon credits eligible for trading may also be expanded. Additionally, the government will consider broadening participation and linking Vietnam's carbon market with regional and international systems. This integration



would enable the transfer of carbon credits and emissions reductions to foreign and international partners, enhancing Vietnam’s role in the global carbon trading landscape.

### 3. Responsibilities of Competent Authorities in the Establishment and Development of Vietnam’s Carbon Market

The establishment and development of Vietnam’s carbon market involve coordinated efforts from various competent authorities, each with distinct responsibilities to ensure transparency, efficiency, and compliance with international climate commitments. The MONRE leads the market’s operation and oversees resource allocation, international coordination, and public awareness. The Ministry of Finance (**MOF**) manages financial operations, ensuring funding for government agencies involved in market implementation. Sector-specific ministries – such as the Ministry of Industry and Trade (**MOIT**), Ministry of Transport (**MOT**), Ministry of Agriculture and Rural Development (**MARD**), and Ministry of Construction (**MOC**) – develop sectoral strategies, set technical standards, and guide industry participations.

Supporting ministries, including the Ministry of Planning and Investment (**MPI**), Ministry of Information and Communications (**MIC**), Ministry of Public Security, and the State Bank of Vietnam (**SBV**), handle financial oversight, resource coordination, communication, and ensure market security.

At the local level, the provincial People’s Committee collaborate with MONRE to implement initiatives, manage local resources, and secure funding in line with the state budget regulations.

Overall, the successful implementation of Vietnam’s carbon market depends on the close cooperation of these competent authorities. Each body plays a crucial role in ensuring the market operates transparently, complies with national regulations, and aligns with international carbon trading mechanisms, ultimately contributing to the country’s long-term goal of achieving net-zero emissions by 2050.

### Contact Information

Should you have any questions, please feel free to contact our lawyers at the below email addresses.

Minh Nguyen / Special Counsel  
[minh.nguyen@acsvlegal.com](mailto:minh.nguyen@acsvlegal.com)

Ly Nguyen / Associate  
[Ly.Nguyen@acsvlegal.com](mailto:Ly.Nguyen@acsvlegal.com)