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LEGAL ALERT

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**Carbon Market
Development Project
Mechanism to promote
commercialization of carbon
credits in Vietnam**



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On January 24, 2025, the Prime Minister issued Decision No. 232/QĐ-TTg approving the Project on establishing and developing a carbon market in Vietnam ("**Project**") with the main objective of reducing greenhouse gas (GHG) emissions, promoting green transformation, toward the goal of achieving net emissions of "0" by 2050.

1. Officially establishing a carbon credit trading market

Carbon credits, including credits obtained from programs and projects under the carbon credit exchange and offset mechanism at home and from international GHG emission reduction programs such as: clean development mechanism (CDM), joint credit mechanism (JCM), or from mechanisms under the Paris Agreement. Subjects participating in carbon credit transactions include establishments on the List of sectors and establishments emitting GHG that must conduct GHG inventories issued by the Prime Minister and are allocated GHG emission quotas; organizations implementing programs and projects according to the domestic or international carbon credit exchange and offset mechanism; organizations and individuals eligible to participate in carbon credit investment and trading activities. In addition, depending on the expected market size, there may also be organizations supporting transactions.

The Project stipulates that trading GHG emission quotas and carbon credits is conducted on the domestic carbon exchange developed and provided by the Hanoi Stock Exchange. The organization of transactions on the carbon market is carried out in a centralized manner on the carbon exchange provided by the Vietnam Securities Depository and Clearing Corporation. To participate in transactions on the carbon market, organizations and individuals must have a depository account for trading GHG emission quotas or a depository account for trading carbon credits.

According to the Project, the carbon market in Vietnam will be implemented in 2 phases:

- *Phase from 2025 until the end of 2028:* this is the phase of piloting the carbon market nationwide, not yet selling carbon credits abroad or connecting and exchanging domestic carbon credits with regional and world carbon markets.
- *Phase from 2029:* the carbon market is officially operated nationwide. During this phase, the carbon market will be expanded in scale and scope of transactions, while ensuring compliance with international standards to bring about the highest economic and environmental efficiency.

The Project on establishing and developing the carbon market in Vietnam is an important strategic mechanism in the effort to reduce GHG emissions and promote innovation in the growth model and sustainable development of Vietnam. Through this market, enterprises will offset their GHG emissions by purchasing emission quotas or carbon credits from units that eliminate or reduce GHG emissions, while opening up many new business windows for domestic and international enterprises.

Therefore, the early completion of the legal framework for the exchange of GHG emission quotas, carbon credits and the mechanism for exchanging and offsetting carbon credits, ensuring the legal basis for the pilot implementation of the carbon trading floor is an important driving force in promoting the commercialization of carbon credits in Vietnam.

2. Carbon market implementation roadmap



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CONTACT US

info@gvlawyers.com.vn

HCMC - Head Office

8/F, Centec Tower
72 – 74 Nguyen Thi Minh Khai
Vo Thi Sau Ward, District 3
Ho Chi Minh City, Vietnam
Tel: +84 (28) 3622 3555

Ha Noi - Branch

10A/F, CDC Building
25 Le Dai Hanh
Hai Ba Trung District
Ha Noi, Vietnam
Tel: +84 (24) 3208 3555

Da Nang - Branch

3/F, Indochina Riverside
Tower, 74 Bach Dang
Hai Chau District
Da Nang City, Vietnam
Tel: +84 (28) 3622 3555

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