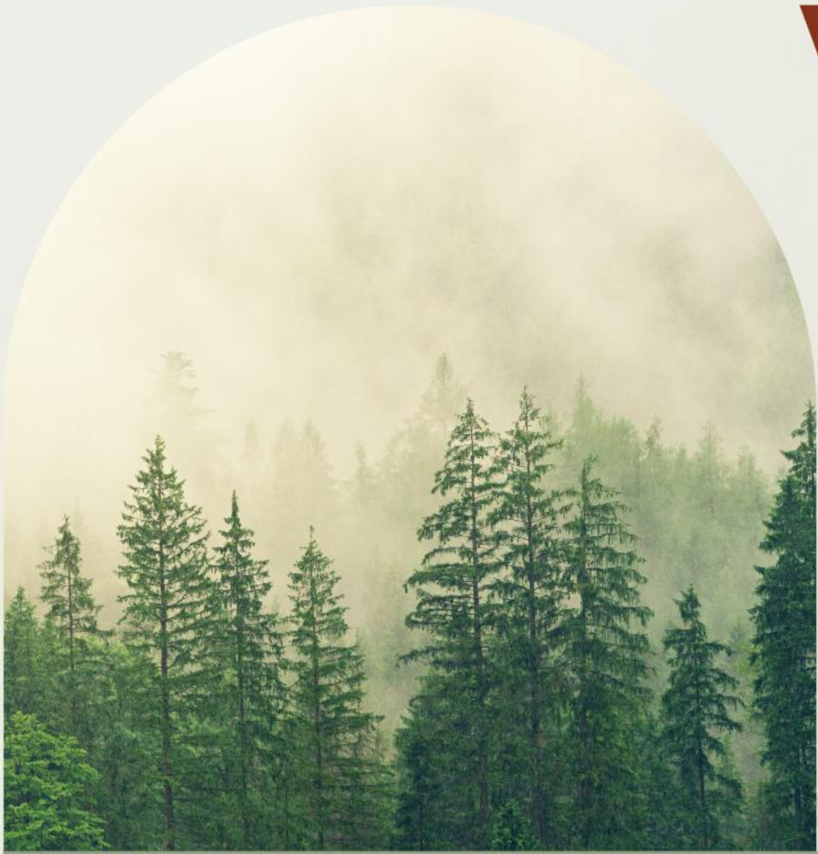

VIETNAM'S NEW CARBON CREDIT REGULATIONS

From Legal Framework to Market Operation

August, 2026

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ABBREVIATIONS

Abbreviation	Full term
CO_2	Carbon dioxide
Decree 06	Decree 06/2022/ND-CP
Decree 119	Decree 119/2025/ND-CP
Decree 83	Decree 83/2026/ND-CP
Decree 29	Decree 29/2026/ND-CP
Decree 112	Decree 112/2026/ND-CP
Decree 180	Decree 180/2026/ND-CP
ETS	Emission Trading System
GHG	Greenhouse gas
ITMO	Internationally Transferred Mitigation Outcome
MRV	Measurement, Reporting and Verification
NDC	Nationally Determined Contribution
PPP	Public-Private Partnership
REDD+	Reducing Emissions from Deforestation and Forest Degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
tCO_2e	Tonne of carbon dioxide equivalent
UNFCCC	United Nations Framework Convention on Climate Change
VSDC	Vietnam Securities Depository and Clearing Corporation

Vietnam’s New Carbon Credit Regulations:
From Legal Framework to Market Operation

I. Introduction

On 29 June 2026, Vietnam officially launched its emission trading system (ETS) at the Hanoi Stock Exchange, with the first greenhouse gas (“**GHG**”) emission allowance code identified as VN2025. The launch marks an important milestone in Vietnam’s carbon market roadmap, signaling that the country’s carbon market is moving from policy design and institutional preparation toward actual market operation. According to the State Securities Commission, the legal framework, technological infrastructure, operating procedures and inter-agency coordination mechanisms had been prepared to support the official launch and operation of the domestic carbon exchange.

Carbon-related instruments in Vietnam are now increasingly subject to a more structured legal framework. The Law on Environmental Protection 2020 provides the statutory basis for GHG emission mitigation, allocation of GHG emission allowances, and the development of the domestic carbon market. On that basis, Decree 06/2022/ND-CP (“**Decree 06**”), as amended by Decree 119/2025/ND-CP (“**Decree 119**”) and Decree 83/2026/ND-CP (“**Decree 83**”), establishes the core framework for GHG emission mitigation, measurement, reporting and verification, GHG emission allowances, carbon credit exchange and offset mechanisms, and the roadmap for the domestic carbon market.

Several new regulations issued in 2025–2026 complete this framework. Decree 29/2026/ND-CP (“**Decree 29**”) provides detailed rules on the domestic carbon exchange, including registration, domestic coding, transfer of ownership, depository, trading and settlement of eligible GHG emission allowances and carbon credits. Decree 112/2026/ND-CP (“**Decree 112**”) regulates the international transfer of GHG emission mitigation outcomes and carbon credits. Decree 180/2026/ND-CP (“**Decree 180**”) introduces a dedicated regime for forest carbon sequestration and storage services, including forest-based emission reduction results and forest carbon credits.

At the implementation level, Circular 11/2026/TT-BNNMT provides rules on the management and operation of the National Registry System, while Circular 48/2026/TT-BTC supplements the trading supervision and reporting regime for the domestic carbon exchange.

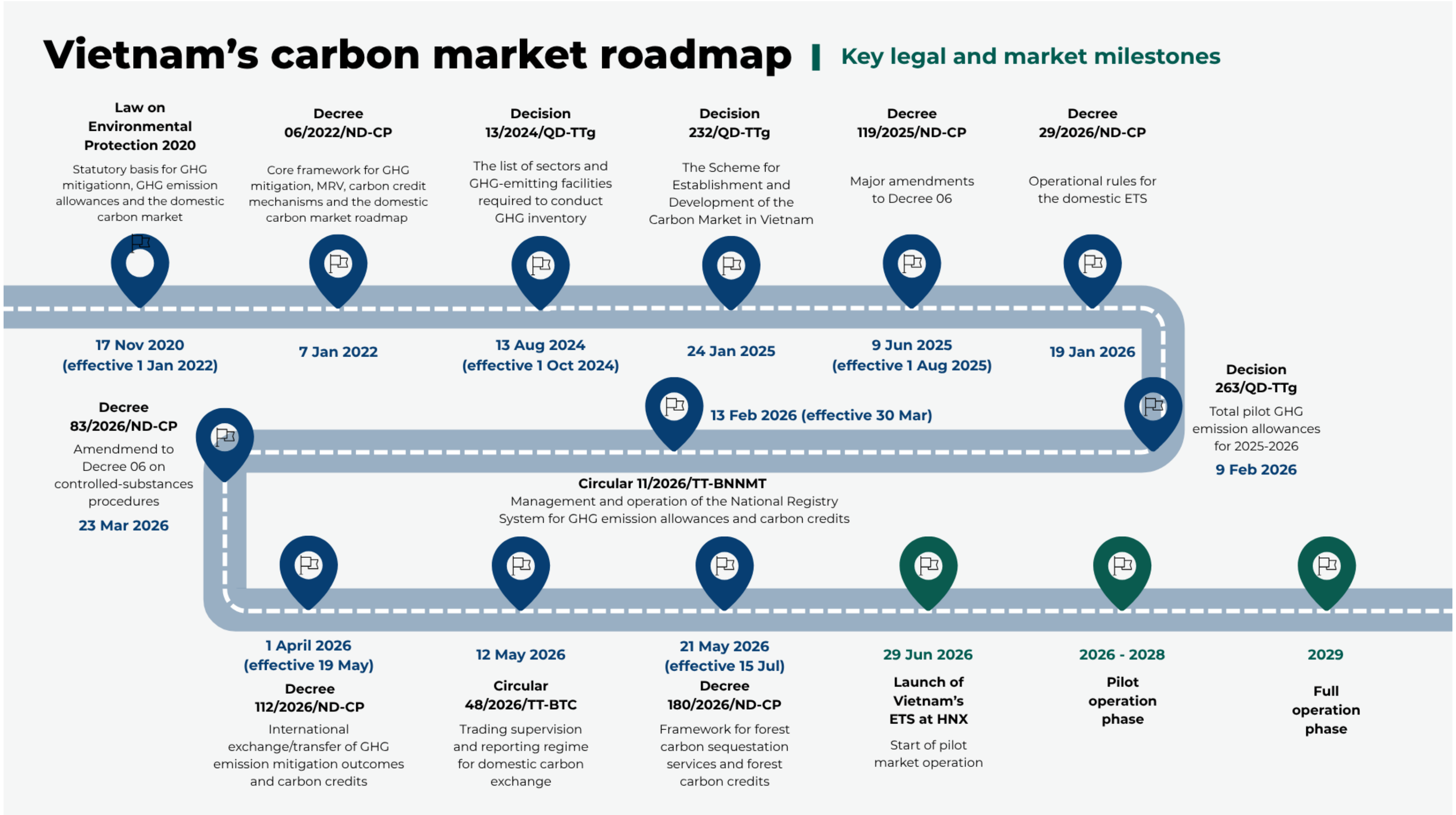

Figure 1: Vietnam's carbon market roadmap – Key legal and market milestones

Taken together, these instruments show that Vietnam is building a multi-layered regulatory framework for carbon credits. The framework now covers the key stages of a carbon credit's regulatory lifecycle: GHG inventory and mitigation reporting, measurement and verification of mitigation outcomes, creation and issuance of carbon credits, registration on the national registry system, trading on the domestic carbon exchange, use of credits for offsetting purposes, and international transfer where applicable.

This paper provides an update on the key legal developments shaping Vietnam's carbon credit framework. It focuses on four main areas: first, the amended framework under Decree 06 for GHG emission mitigation, carbon credit creation, offsetting and the national registry system; second, the domestic carbon exchange under Decree 29; third, the international transfer regime under Decree 112; and fourth, the new regulatory framework for forest carbon credits under Decree 180.

II. Vietnam's emerging carbon credit framework

II.1 Decree 06 - Regulatory backbone of Vietnam's carbon credit framework

Decree 06 on GHG emission mitigation and ozone layer protection, as amended by Decree 119 and Decree 83, remains the backbone of Vietnam's carbon credit framework. For the purposes of carbon market regulation, the most substantive amendments are introduced by Decree 119, which substantially updates the rules on GHG emission mitigation, carbon credit exchange and offset mechanisms, the National Registry System, the domestic carbon exchange roadmap, and mechanisms under Article 6 of the Paris Agreement. Meanwhile, Decree 83 mainly amends the administrative procedures relating to controlled substances, including the registration, allocation, adjustment and supplementation of allowances for their production and import. Accordingly, the analysis below focuses primarily on Decree 06 and the amendments introduced by Decree 119, while Decree 83 is noted only as part of the consolidated Decree 06 framework.

a. Decree 119 expands the scope of Decree 06 to cover carbon market development

The first notable amendment is the expanded scope of Decree 06. Following Decree 119, the decree applies not only to GHG-emitting establishments and GHG emission mitigation activities, but also to organizations and individuals involved in GHG emission absorption, the organization and development of the carbon market, and the implementation of domestic and international carbon credit exchange and offset mechanisms.

This expansion confirms that Vietnam does not treat carbon credits merely as voluntary ESG instruments. Carbon credits are placed within a broader regulatory architecture covering GHG inventory, mitigation reporting, allowance allocation, credit generation, offsetting, market trading, and international transfer. In other words, carbon credits are regulated as part of Vietnam's national climate governance and carbon market development framework.

b. Decree 119 supplements and clarifies the definitions for Vietnam's carbon market

Article 3 of Decree 06, as amended by Decree 119, introduces and revises several core concepts for the carbon market. Article 3.5a defines the Article 6.2 mechanism of the Paris Agreement as a mechanism allowing countries to bilaterally exchange carbon credits and GHG emission mitigation outcomes for use toward their Nationally Determined Contributions ("**NDCs**"). Article 3.5b defines the Article 6.4 mechanism as a mechanism under which organizations in Paris Agreement member countries may register programs and projects using methodologies recognized by the UNFCCC and receive carbon credits after validation.

The same amended Article 3 also defines the domestic carbon exchange as a centralized system for the exchange and trading of GHG emission allowances and carbon credits. It introduces the National Registry System as the information technology, software and database infrastructure used to manage, operate, update and exploit ownership information relating to GHG emission allowances and carbon credits, and to process borrowing, surrender, transfer and offsetting activities.

These definitions provide the basic legal vocabulary for Vietnam's carbon market. The decree no longer speaks only in general policy terms. It now recognizes market units, exchange, registry, ownership information, surrender, transfer and offsetting as part of the legal architecture for carbon market operation.

c. MRV is the first legal infrastructure layer of the carbon market

The next important contribution of Decree 06 is the establishment of Measurement, Reporting and Verification system ("**MRV**") as the data foundation of the carbon market. Article 9, as amended by Decree 119, appoints the Ministry of Agriculture and Environment as the focal point of the national MRV system and requires it to develop and operate the national online database on GHG emission mitigation. Article 10 further regulates reporting and verification of GHG emission mitigation. Establishments subject to GHG inventory must prepare annual establishment-level GHG emission mitigation reports from 2027, while provincial authorities and sectoral ministries have corresponding review, aggregation and reporting obligations.

This is a key market-integrity provision. It shows that Vietnam is not simply creating tradable carbon units; it is building a data-verification layer to support the reliability of GHG emission allowances, carbon credit issuance, offsetting, trading and potential international transfer. For carbon credits, MRV is not merely a technical reporting tool. It is the evidentiary basis for determining whether a mitigation outcome is credible and whether it may support issuance or use of carbon credits.

This MRV architecture is also relevant to Vietnam's international climate obligations. Under the Paris Agreement framework, transparency, reliable accounting and avoidance of double counting are essential for the credibility of mitigation outcomes.

d. Compliance side of the market through GHG emission allowances

Article 12 of Decree 06, as amended by Decree 119, is central to the compliance side of Vietnam's domestic carbon market. For the 2025–2026 period, the establishments eligible for GHG emission allowance allocation are thermal power plants, iron and steel production facilities, and cement production facilities that are included in the Prime Minister's list of GHG-emitting establishments subject to GHG inventory. This pilot allocation framework has already been implemented by Decision 263/QD-TTg dated 9 February 2026, under which the Prime Minister approved the total pilot GHG emission allowances for 2025–2026. The decision applies to 34 thermal power plants, 25 iron and steel production facilities, and 51 cement production facilities, with the total pilot allowance set at 243,082,392 tCO_2e for 2025 and 268,391,454 tCO_2e for 2026.

For the 2027–2028 and 2029–2030 periods, Article 12 provides for a broader allowance allocation process.

e. National Registry System

Article 18 of Decree 06, as amended by Decree 119, establishes the National Registry System for GHG emission allowances and carbon credits. The article also provides for account registration. Establishments allocated GHG emission allowances and organizations participating in projects registered under domestic mechanisms, Article 6.2 mechanisms or Article 6.4 mechanisms are granted accounts on the National Registry System. For other international mechanisms, organizations must submit account registration dossiers, and the Ministry of Agriculture and Environment must issue an account within five working days from receipt of the dossier, or provide the reason for refusal.

This provision is one of the most important institutional developments in Decree 06. The National Registry System functions as the bridge between environmental administration and market trading. It records GHG emission allowances, carbon credits, ownership information, transfers, surrender and offsetting activities, and it connects with the domestic carbon trading system. In practice, the registry will be central to the traceability and integrity of carbon units in Vietnam's market.

f. Tradable units and limits the use of carbon credits for offsetting

Article 19 of Decree 06, as amended by Decree 119, identifies the GHG emission allowances and carbon credits that may be exchanged on the carbon exchange. Tradable units include GHG emission allowances under Article 12, with one allowance unit representing the right to emit one ton of CO_2 or one ton of CO_2 equivalent. Tradable carbon credits are credits issued for GHG emission mitigation outcomes generated from 1 January 2021 by programs or projects under the domestic mechanism in Article 20 or the Article 6.2 and Article 6.4 mechanisms referred to in Article 20a. By recognizing credits generated under Article 6.2 and Article 6.4 mechanisms as potentially tradable units, this provision creates the domestic entry point for carbon credits that may originate from, or be connected with, internationally recognized carbon market mechanisms. Article 19 also sets out the general framework for the surrender, borrowing, transfer and offsetting of GHG emission allowances, while the detailed operational rules are further regulated under Decree 29.

Article 19.8 allows establishments to use carbon credits from eligible mechanisms to offset emissions, but the volume of credits used for offsetting must not exceed 30% of the GHG emission allowances allocated to the establishment. While, Article 19.10 provides that carbon credits already used for voluntary GHG emission reduction must not continue to be traded on the market.

g. Domestic carbon credit is stepping into a formal approval process

Article 20 of Decree 06, as amended by Decree 119, establishes the domestic carbon credit exchange and offset mechanism.

The entities eligible to develop and implement projects under this mechanism are agencies and organizations located within Vietnam. Validation entities must be qualified conformity assessment organizations.

Article 20 also sets out three categories of carbon credit methodologies: methodologies developed and recognized by sectoral ministries; methodologies recognized by the UNFCCC for Article 6.4 projects and selected by sectoral ministries; and methodologies proposed by organizations or individuals and recognized under the procedure set out in Decree 119.

Project registration under Article 20 requires a project registration application, project design document, monitoring plan, sustainable development implementation plan, contact information and relevant permits. Before approval, the project must go through public consultation, validation, review by relevant authorities, and assessment by the sectoral ministry. The assessment covers the mitigation measures, carbon credit methodology and project monitoring parameters.

The application for issuance must include an application for carbon credit issuance, a project monitoring report, a validation report on GHG emission mitigation outcomes prepared by the validation entity, and a sustainable development report. The sectoral ministry then decides whether to issue carbon credits and notifies the Ministry of Agriculture and Environment for publication on the National Registry System.

II.2 Domestic ETS infrastructure

While Decree 06, as amended, establishes the underlying framework for GHG emission allowances, carbon credits, offsetting and the National Registry System, Decree 29, issued and effective on 19 January 2026, provides the operational rules for bringing eligible GHG emission allowances and carbon credits onto the domestic trading infrastructure and activities relating to the domestic carbon exchange, including registration, domestic coding, transfer of ownership, custody, trading and transaction settlement of GHG emission allowances and carbon credits eligible for trading.

a. Scope and market participants

Under Article 2, the covered entities include the Vietnam Securities Depository and Clearing Corporation ("**VSDC**"), the Vietnam Stock Exchange, the Hanoi Stock Exchange, organizations participating in the domestic carbon exchange under environmental law, and other entities involved in the organization, registration, domestic coding, transfer of ownership, custody, trading and settlement of GHG emission allowances and carbon credits.

Decree 29 therefore adopts a market infrastructure model that relies heavily on Vietnam's existing securities-market institutions. The Hanoi Stock Exchange operates the carbon trading system, while VSDC operates the custody and settlement system. This institutional design is significant. Instead of creating a separate and entirely new market infrastructure, Vietnam is using the securities-market architecture to support the domestic carbon exchange. This approach may help standardize trading, custody, settlement, reporting and supervision from the early stage of the market.

b. Trading principles and market conduct rules

Article 4 establishes the core trading principles for the domestic carbon exchange. Transactions must be conducted on the basis of fairness, publicity and transparency, and must protect the lawful rights and interests of market participants. Participants are responsible for understanding applicable laws and information about the traded commodities and for their own buy/sell decisions.

Article 4 also restricts the exchange of GHG emission allowances to the carbon trading system, except for certain off-exchange ownership transfers permitted under Article 12. In addition, Article 4 prohibits market-abusive conduct, including collusion, inducement of others to buy or sell, spreading false rumors, providing misleading information to manipulate prices, exploiting system incidents or technology vulnerabilities to misappropriate GHG emission allowances or carbon credits, and other violations relating to the domestic carbon exchange. Depending on the nature and seriousness of the violation, offenders may be subject to administrative penalties, criminal liability and compensation obligations.

For a regulatory update, the key point is that Decree 29 does not merely establish a trading venue. It also introduces basic market conduct rules to protect transparency, pricing integrity and system security in the domestic carbon market.

c. Eligible commodities and eligible participants

Not every carbon-related instrument can be traded on the domestic carbon exchange. To be admitted to trading, the relevant GHG emission allowance or carbon credit must first be eligible under the Decree 06 framework and then included in the list notified by the Ministry of Agriculture and Environment.

Entities permitted to participate in trading on the domestic carbon exchange are entitled to exchange GHG emission allowances and carbon credits under Decree 06, as amended. This ensures consistency between the substantive carbon market framework under Decree 06 and the operational trading framework under Decree 29.

Under Article 18, a carbon trading member must be a securities company operating under the Law on Securities, must already be accepted by VSDC to participate in the carbon custody and settlement system, must not be under warning, control, special control or suspension under securities law, and must satisfy information technology and operational requirements under the rules of the Vietnam Stock Exchange.

Article 19 imposes obligations on carbon trading members, including supervising client trading activities, reporting to the Vietnam Stock Exchange and the Hanoi Stock Exchange, ensuring clients have sufficient funds and sufficient carbon units before trading, checking order information, maintaining infrastructure, controlling orders, and storing and protecting client account and transaction records.

For custody, Article 22 requires a carbon custody member to be a securities company that has been granted a custody member certificate by VSDC, is not under warning, control, special control or suspension, and satisfies the information technology and operational requirements of VSDC. Article 23 requires carbon custody members to manage GHG emission allowances and carbon credits separately from other client assets and from the assets of the custody member.

The settlement bank is regulated separately. During the pilot phase until 31 December 2028, there will be one settlement bank - Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) for transactions of GHG emission allowances and carbon credits. From 1 January 2029, depending on market size and demand, the State Securities Commission will report to the

Ministry of Finance for decision on the maximum number of settlement banks from time to time.

d. Registration and domestic coding before trading

A central feature of Decree 29 is the requirement for prior registration and domestic coding. Under Article 11.1, GHG emission allowances and carbon credits must be centrally registered on the National Registry System before being placed in custody or traded on the domestic carbon exchange. Article 11.2 further provides that the Ministry of Agriculture and Environment registers information on the GHG emission allowances and carbon credits and information on the agencies or organizations owning them, including identification information and the quantity owned.

Article 11.4 requires the Ministry of Agriculture and Environment to issue domestic identification codes for GHG emission allowances and carbon credits on the National Registry System and to send the list of codes to VSDC and the Hanoi Stock Exchange on the same day the coding is completed. These domestic codes are used uniformly for operations under Decree 29.

This creates a clear sequence carbon units must first be recognized and recorded in the National Registry System, then assigned trading codes, and only then moved into the custody and trading infrastructure. For market participants, this means that legal and operational eligibility must be confirmed before any trading can occur.

e. Transfer of ownership and connection with the National Registry System

Article 12 provides the rule on transfer of ownership for on-exchange transactions. VSDC transfers ownership and records ownership of GHG emission allowances and carbon credits for trading participants immediately after transaction settlement is completed. At the end of each trading day, VSDC must send settlement results and end-of-day ownership balances in custody accounts to the Ministry of Agriculture and Environment for update on the National Registry System.

This links three stages: trading, settlement and registry update. Once settlement is completed, VSDC records ownership transfer in the custody system, and the Ministry of Agriculture and Environment updates the National Registry System based on the end-of-day data.

Article 12 also addresses ownership transfers over the counter. Such transfers are guided and carried out by the Ministry of Agriculture and Environment for cases not covered by on-exchange settlement. If the relevant GHG emission allowances or carbon credits have already been deposited at VSDC, off-exchange transfer can only be conducted after they have been withdrawn from the custody and settlement system.

f. Custody of GHG emission allowances and carbon credits

Custody at VSDC includes deposit and withdrawal, account transfers associated with ownership transfers for settlement of on-exchange transactions, and certain off-exchange account transfers not associated with ownership transfer. GHG emission allowances and carbon credits must be deposited at VSDC before being traded on the domestic carbon exchange.

The deposit process is linked to the National Registry System. The owner must submit information on the custody account and the quantity of GHG emission allowances or carbon credits intended for deposit. The Ministry of Agriculture and Environment checks ownership information and sends the list of depositing organizations to VSDC. VSDC then conducts the deposit based on that list.

Article 13.3 further provides that deposit, withdrawal and transfer of GHG emission allowances and carbon credits at VSDC take effect from the time VSDC records the transaction in the relevant custody account. This account-entry rule is operationally important because it determines when custody-related actions are effective within the carbon custody and settlement system.

g. Trading accounts, pre-funded trading and segregation

Each trading participant may use only one securities trading account at a carbon trading member to trade GHG emission allowances and carbon credits. Trading of carbon units must be segregated from other trading activities. Carbon trading members must separately monitor and account for carbon trades and may not conduct cross-netting, borrowing or lending of assets with other trading activities.

Article 14 also requires trading participants to have sufficient funds when placing buy orders and sufficient GHG emission allowances or carbon credits when placing sell orders. Carbon trading members must monitor cash balances and carbon-unit balances and verify the completeness and accuracy of order information. Once a transaction is established, the Hanoi Stock Exchange provides the trading result to VSDC for settlement.

These provisions indicate the conservative model in the pilot phase. Trading is effectively pre-funded and pre-positioned, the buyer must have money, and the seller must have the relevant GHG emission allowances or carbon credits, before orders are placed. This helps reduce failed trades and settlement risk in the early operation of the domestic carbon exchange.

h. Settlement of carbon transactions

Transactions must be settled through the carbon custody and transaction settlement system on the same trading day, using real-time transaction-by-transaction settlement. Decree 29 does not apply a central counterparty clearing mechanism. VSDC settles transactions based on trading results provided by the Hanoi Stock Exchange.

Most importantly, Article 15.4 provides that the transfer of GHG emission allowances and carbon credits between trading participants' accounts is carried out concurrently with cash settlement at the settlement bank, reducing payment and delivery risk.

For a regulatory update, this is one of the most notable features of Decree 29. It shows that Vietnam is building a controlled, traceable and low-settlement-risk market model for the domestic carbon exchange.

i. Error handling and removal of settlement

Articles 16 and 17 establish rules for post-trade error handling and removal of settlement. Under Article 16, VSDC may correct certain account-entry errors and remove settlement of erroneous transactions of carbon trading members and carbon custody members.

Article 17 lists the cases where VSDC must remove settlement. These include transactions involving carbon codes not included in the list of GHG emission allowances or carbon credits permitted for trading, transactions arising after the last trading date of the relevant code, transactions where custody account information has not been recorded before VSDC receives the trading results, and transactions where there is insufficient cash or insufficient GHG emission allowances or carbon credits for settlement.

These provisions help complete the operational risk-control framework of the exchange. They make clear that not all executed transactions will necessarily proceed to settlement if they fail the eligibility, account-recording, timing or sufficiency checks prescribed by Decree 29.

j. Reporting, disclosure and supervision

Articles 29 to 33 provide the reporting, disclosure and supervision framework involving the Ministry of Agriculture and Environment, the Ministry of Finance, the State Securities Commission, the Vietnam Stock Exchange, the Hanoi Stock Exchange and VSDC. This allocation reflects the hybrid nature of Vietnam's domestic carbon exchange. The Ministry of Agriculture and Environment controls the environmental and commodity side of the market, while the financial market authorities and securities-market infrastructure operators supervise trading, custody, settlement and market conduct.

II.3 International transfer of GHG emission mitigation outcomes and carbon credits

On the basis of Article 20a of Decree 06, Decree 112 establishes the detailed framework for the international transfer of GHG emission mitigation outcomes and carbon credits. It regulates the circumstances in which mitigation outcomes and carbon credits generated in Vietnam may be transferred abroad, as well as certain cases in which eligible foreign units may be transferred into Vietnam.

Decree 112 therefore functions as Vietnam's principal regulatory gateway for international carbon transfers. Its purpose is not limited to facilitating private transactions. Because an international transfer may affect the mitigation outcomes available for Vietnam's NDC, the decree subjects such transfers to State approval, registry disclosure and national accounting controls.

a. Regulatory purpose, scope and governing principles

Decree 112 applies to international transfers conducted through four principal routes: Article 6.2 of the Paris Agreement; the Article 6.4 Mechanism; independent carbon standards; and other international treaties or commitments relating to GHG emission mitigation.

Programs and projects implemented under Article 6.2 may generate mitigation outcomes intended for international transfer. Article 6.4 Mechanism, by contrast, is the centralized crediting mechanism established under Article 6.4 of the Paris Agreement and supervised under the UNFCCC framework.

An internationally transferred mitigation outcome ("**ITMO**") is a GHG emission mitigation outcome or carbon credit approved by the host country for international transfer and subject to a corresponding adjustment.

A corresponding adjustment is an adjustment to national climate accounting. Where Vietnam approves a mitigation outcome for use by another country, that outcome should not also be counted toward Vietnam's NDC. The corresponding adjustment therefore prevents both Vietnam and the receiving country from claiming the same mitigation benefit.

Double counting occurs where the same mitigation outcome or carbon credit is counted more than once toward an NDC or another mitigation target.

These concepts distinguish the issuance of a carbon credit from its eligibility for international transfer. A credit may have been validly issued under a domestic, international or independent carbon standard, but issuance alone does not entitle its holder to transfer that credit internationally with a corresponding adjustment.

Decree 112 further requires international transfers to comply with the Paris Agreement, protect Vietnam’s national interests and give priority to the implementation of Vietnam’s NDC and other mitigation commitments. Relevant transfers must be recorded and disclosed on the National Registry System, allowing the competent authorities to track transferred units and reduce the risk of double counting.

b. International transfer approval, corresponding adjustments and transfer limits

The Ministry of Agriculture and Environment is tasked to grant approval for international transfer only after the relevant mitigation outcomes or carbon credits have been issued or recognized. Units that have expired or been revoked are not eligible for international transfer.

The applicable process therefore comprises several legally distinct stages. The project must first be approved and its design validated. Following implementation, the achieved mitigation outcomes must be monitored and verified. The resulting carbon credits may then be issued or recognized and recorded on the National Registry System. Where international transfer and a corresponding adjustment are required, a separate approval must subsequently be obtained.

Validation assesses whether the proposed project design and methodology satisfy the applicable requirements. Verification assesses whether the reported mitigation outcomes were actually achieved. Credit issuance confirms the creation of eligible units, while international transfer approval determines whether those units may be transferred abroad and, where applicable, excluded from Vietnam’s own NDC accounting.

Article 6 of Decree 112 separately prescribes the maximum proportion of issued units that may be internationally transferred. For transfers involving a corresponding adjustment, the maximum ratio is either 90% or 50%, depending on the category of mitigation activity specified in Appendix I of Decree 112. For transfers without a corresponding adjustment, the maximum ratio is generally 90%. The remaining units may be retained for domestic transfer or use.

These limits seek to balance two policy objectives. International transfers may generate revenue, attract investment and support access to mitigation technologies. Vietnam must nevertheless retain sufficient mitigation outcomes to implement its own NDC and domestic climate policies.

c. Differentiated pathways for international transfers

Decree 112 establishes different regulatory pathways depending on the international mechanism or carbon standard under which the relevant mitigation outcomes or carbon credits are generated. This classification concerns the legal basis and approval process applicable to the transfer, rather than the transfer ratios prescribed separately under Article 6 of Decree 112.

(i) International transfers under Article 6.2

Article 6.2 of the Paris Agreement provides the framework for cooperative approaches between countries involving the use of ITMOs. Decree 112 applies this framework domestically to programs and projects implemented under Article 6.2 between Vietnam and international partners.

Such programs and projects are subject to a staged domestic process. The project concept must first be approved, followed by project registration and validation of the project design. The competent authority considers matters including additionality, contribution to sustainable development, consistency of the crediting period with Vietnam's NDC implementation period and the project's contribution to Vietnam's mitigation objectives.

Following implementation, the achieved mitigation outcomes must be monitored and verified. Once the resulting mitigation outcomes or carbon credits have been issued or recognized and recorded on the National Registry System, a separate approval is required for international transfer with a corresponding adjustment.

Participation in an Article 6.2 therefore does not automatically make every resulting unit transferable. Project approval, credit issuance or recognition, and international transfer approval remain separate regulatory stages.

(ii) International transfers under the Article 6.4 Mechanism

The Article 6.4 Mechanism is a centralized international carbon crediting mechanism supervised under the UNFCCC framework. Its Supervisory Body is responsible for matters including methodologies, registration of activities, accreditation of verification bodies and operation of the Article 6.4 Registry.

For programs and projects implemented in Vietnam, Decree 112 provides the domestic interface with this international mechanism. The applicable Article 6.4 rules govern the technical processes for project registration, validation, verification and credit issuance. Vietnamese law, meanwhile, governs host-country approval, domestic coordination, registry disclosure and the treatment of the resulting credits for Vietnam's NDC accounting.

The Article 6.4 Mechanism is therefore international in its technical administration, but programs and projects implemented in Vietnam remain subject to domestic approval and national accounting controls.

(iii) International transfers involving independent carbon standards

For an independent standard to be recognized, it must have transparent governance and credible procedures for project development, validation, monitoring, verification and credit issuance. Its methodologies must address additionality, sustainability, quantification, verifiability and avoidance of duplication. The standard must also support information disclosure, stakeholder participation and cooperation with Vietnamese regulatory authorities.

Credits may be issued under the rules of the relevant independent standard. However, such issuance does not automatically make them eligible for international transfer with a corresponding adjustment under Vietnamese law.

Where a corresponding-adjusted transfer is proposed, the applicable methodology must satisfy the recognition requirements under Decree 112, and separate approval must be obtained from the Ministry of Agriculture and Environment.

This distinction is particularly relevant to voluntary carbon market participants. A credit may be valid under an independent standard and capable of being traded voluntarily, while remaining ineligible for international transfer with a corresponding adjustment from Vietnam.

(iv) International transfers under other treaties and commitments

Decree 112 also regulates international transfers undertaken to implement GHG emission mitigation obligations under other international treaties and commitments.

Eligible units may include credits issued under the Article 6.4 Mechanism and mitigation outcomes or carbon credits generated under independent standards recognized for the relevant treaty or commitment. Where a corresponding adjustment is required, approval from the Ministry of Agriculture and Environment remains necessary.

Decree 112 also provides for inbound transfers. Vietnamese agencies and organizations may acquire eligible mitigation outcomes or carbon credits generated in other countries for use in relation to applicable international mitigation obligations. Such transfers must be supported by the approval of the relevant host country and notified to the Vietnamese authorities.

Decree 112 therefore regulates both outward transfers of Vietnam-originated units and inbound transfers of foreign units for treaty- or commitment-based purposes.

d. Special treatment and transactional implications

Decree 112 contains specific rules for mitigation outcomes and carbon credits generated by public investment and Public-Private Partnership ("**PPP**") projects.

For public investment projects, proceeds from the transfer of mitigation outcomes or carbon credits are treated as State budget revenue. For PPP projects, carbon revenue is treated as project revenue and may need to be reflected in the relevant PPP contract and financial plan.

These provisions confirm that carbon revenues must be integrated into the legal and financial structure of the underlying project rather than treated as entirely separate commercial proceeds.

For private transactions, Decree 112 means that "delivery" of a carbon credit should not necessarily be treated as a single legal event. Project approval, validation, verification, credit issuance or recognition, registry recording, international transfer approval and the application of a corresponding adjustment may each constitute a separate condition to the transaction.

These stages may also affect pricing and the environmental claims available to the purchaser. A credit approved for international transfer with a corresponding adjustment may have a different commercial value from a credit that has only been issued under a domestic or independent standard.

Carbon credit purchase agreements should therefore allocate the risks associated with delayed or refused transfer approval, expiry or revocation of credits, failure of registry recording and the unavailability of a corresponding adjustment.

II.4 Forest carbon credits and forest-based carbon sequestration services

Forest-related GHG mitigation has a distinct international and domestic legal context. Article 5 of the Paris Agreement recognizes the role of forests as GHG sinks and encourages parties to support existing frameworks for reducing emissions from deforestation and forest degradation, conserving and sustainably managing forests, and enhancing forest carbon stocks - **REDD**+.

Unlike Decree 06, which provides the general framework for carbon credits, Decree 180 regulates how forest-related mitigation outcomes are generated, who may own or represent those outcomes, how forest carbon projects are approved, and how forest carbon revenues are received and distributed.

Decree 180 should therefore be understood as the principal regulation governing the supply side of Vietnam's forest carbon market. Decree 29 governs the domestic exchange infrastructure through which eligible forest carbon credits may be traded, while Decree 112 applies where forest-related mitigation outcomes or credits are transferred internationally.

a. Regulatory scope, core concepts and governing principles

Decree 180 regulates forest carbon sequestration and storage services, including eligible service providers and users, payment methods, pricing, management of revenues, forest carbon projects, forest GHG emission reduction outcomes and forest carbon credits.

It distinguishes between a forest GHG emission reduction outcome and a forest carbon credit. A forest GHG emission reduction outcome is the measured reduction in GHG emissions, or increase in forest carbon sequestration, against an applicable reference level. A forest carbon credit is a carbon credit issued under a domestic or international forest carbon standard. The measured mitigation outcome is therefore the underlying environmental result, while the forest carbon credit is the unit issued on the basis of that result.

A forest carbon project may include activities such as reducing deforestation and forest degradation, conserving or enhancing forest carbon stocks, sustainable forest management, afforestation, natural regeneration, forest enrichment, agroforestry and scattered tree planting. Projects may apply either domestic forest carbon standards or international standards, including standards and methodologies connected with Article 6.2, the Article 6.4 Mechanism and independent carbon standards.

Decree 180 requires the provision and use of forest carbon sequestration and storage services to be transparent and accountable and to balance the interests of the State, forest owners and other stakeholders. It also provides that forest carbon activities must not adversely affect Vietnam's international GHG mitigation commitments.

A further integrity rule prohibits a forest GHG emission reduction outcome or forest carbon credit that has already been transferred under a contract or through a carbon exchange from being transferred again to another user. This rule prevents the same unit from continuing to circulate after it has already been contractually allocated or used.

b. Entitlement to forest carbon outcomes and eligible market participants

One of the principal contributions of Decree 180 is its clarification of who may own or represent forest GHG emission reduction outcomes and forest carbon credits.

For forests under public ownership, the Ministry of Agriculture and Environment represents ownership rights over outcomes and credits generated by projects implemented by its specialized authorities. Provincial People's Committees perform the corresponding role for projects implemented by provincial specialized authorities. Where a forest carbon project is implemented by a forest owner, that forest owner owns the resulting emission reduction outcomes and forest carbon credits.

This allocation is significant because the forest owner, the project developer, the competent State authority and the beneficiary of carbon revenues may not always be the same entity. Before entering into a transaction, the parties must therefore identify both the entity implementing the forest carbon project and the entity legally entitled to represent or transfer the resulting outcomes or credits.

Eligible service providers include forest owners, commune-level People's Committees and other entities assigned by the State to manage forests. Service users may include:

- establishments allocated GHG emission allowances that wish to use forest carbon outcomes or credits for permitted offsetting purposes;
- other domestic organizations and individuals; and
- eligible foreign organizations and individuals.

The decree therefore allows forest carbon to serve both the compliance and voluntary sides of the market, subject to the requirements of Decree 06 and other applicable regulations.

c. Service providers, service users and conditions for transactions

Article 4 identifies the providers and users of forest-based carbon sequestration services. Service providers include forest owners under the Law on Forestry, commune-level People's Committees, and other organizations assigned by the State to manage forests. Service users include GHG-emitting facilities assigned GHG emission allowances that wish to voluntarily use the service to offset excess emissions, other domestic organizations and individuals that wish to use emission reduction results or forest carbon credits, and foreign organizations or individuals meeting the relevant legal requirements.

This links forest carbon credits to both the compliance side and voluntary side of the market. GHG-inventoried emitters may use forest-based credits for offsetting purposes where permitted, while other domestic and foreign users may also acquire or use forest carbon results and credits under the applicable rules.

Article 5 then sets out the conditions for providing and using the service. Service providers or owner representatives must develop and register forest carbon projects, measure and report emission reduction results, obtain inspection/verification, receive forest carbon credits, fulfill relevant financial obligations, and provide the service through contracts or carbon exchanges. Most importantly, Article 5.1(d) provides that emission reduction results and forest carbon credits may only be traded or transferred after verification by the Ministry of Agriculture and Environment under Article 10.3.

Decree 180 does not allow forest carbon credits to be freely sold based only on project promises or expected future reductions. Trading or transfer may occur only after the relevant emission reduction results or forest carbon credits have passed the confirmation process required by the Ministry of Agriculture and Environment.

d. Eligible participants and registration procedures

Article 8 regulates the development of forest carbon projects by reference to forest ownership. For forests under public ownership, organizational forest owners may implement or cooperate with other forest owners or organizations to develop projects. Households, individuals and residential communities may cooperate with other organizations. Provincial specialized authorities may develop projects within the relevant province, excluding forest areas already registered under projects of forest owners or ministerial specialized authorities. Ministerial specialized authorities may develop projects covering forest areas located in two or more provinces. For forests not under public ownership, forest owners may implement, cooperate or authorize other organizations to develop projects, depending on the type of forest owner.

Article 9 then provides the registration, amendment and cancellation procedure for forest carbon projects. For projects under domestic forest carbon standards, the registration dossier includes an application and the forest carbon project document. The Minister of Agriculture and Environment approves projects covering forest areas in two or more provinces, while provincial People's Committee chairpersons approve projects located within their province. The registration procedure includes publication of the dossier for consultation, consolidation of feedback, review by conformity assessment bodies, consultation with relevant agencies, approval by the competent authority, issuance of accounts, and publication on the National Registry System.

This most operationally important part of Decree 180 creates a formal project pipeline, project development, registration, consultation, assessment, approval, account issuance and registry publication. The requirement to publish project information and consult relevant parties also reflects international REDD+ expectations around transparency, safeguards and stakeholder engagement. The UNFCCC REDD+ framework similarly emphasizes MRV, safeguards and the reporting of forest-related mitigation results for results-based finance.

For projects following international carbon standards, Article 9.4 provides that registration, amendment and cancellation procedures must comply with Decree 112/2026/ND-CP. This is a key cross-reference. It means that where forest carbon projects are connected with international standards or international transfer, Decree 180 does not operate alone; it must be read together with Decree 112.

e. Issuance and verification of forest carbon credits

Article 10 regulates the issuance of forest carbon credits and the verification of emission reduction results and forest carbon credits. For projects under domestic forest carbon standards, the application for forest carbon credit issuance includes an application form, a project reduction results report and an inspection report on project reduction results. The Minister of Agriculture and Environment issues credits for projects approved by the Ministry, while provincial People's Committee chairpersons issue credits for projects approved at provincial level.

Article 10 also provides that issuance of forest carbon credits for projects under international forest carbon standards must comply with Decree 112. For verification, the dossier includes an application for verification, the forest carbon project document or international project registration documents, the emission reduction results report, the inspection report, the decision on issuance of forest carbon credits or the relevant documents on credit issuance under international forest carbon standards, and other relevant documents. The Ministry of Agriculture and Environment then verifies the emission reduction results and forest carbon credits.

It is particularly important because it confirms the difference between issuance and verification. A forest carbon credit may be issued under the relevant domestic or international process, but trading or transfer under Decree 180 requires confirmation by the Ministry of Agriculture and Environment. In case of international trade or transfer, Article 10.4 again refers to Decree 112.

The regulatory logic is consistent with the wider carbon market framework: forest carbon credits must be measured, reported, inspected, issued, verified and recorded before they may be used in transactions. This also aligns with the international REDD+ principle that forest-related emission reductions and removals should be fully measured, reported and verified before results-based payments are sought.

f. NDC allocation and interaction with Vietnam's national mitigation targets

Article 11 regulates the allocation of NDC-related GHG emission reduction objectives in the forestry sector. The Ministry of Agriculture and Environment is responsible for allocating and notifying provincial-level GHG emission reduction objectives for forestry, while provincial People's Committees notify the relevant domestic entities and report to the Ministry. Allocation parameters include, among other factors, forest area and adjustment factors relating to the share of natural forest.

This provision is important because it links forest carbon projects with Vietnam's national mitigation accounting. Forest carbon credits are not only commercial instruments; they are generated from a sector that may contribute to Vietnam's NDC.

g. Payment, pricing and revenue-sharing mechanisms

Articles 6 and 7 regulate payment methods and payment amounts. Under Article 6, payment may be made directly by service users to service providers under contracts or through carbon exchanges, or indirectly through the Forest Protection and Development Fund. Article 7 provides that prices for trading and transfer of emission reduction results and forest carbon credits are determined through contracts or carbon exchanges and expressed in VND. For overseas transfers, prices are determined in foreign currency in accordance with Vietnam's foreign exchange rules. Article 7 also requires the first transaction price for each emission reduction result or forest carbon credit not to be lower than the determined payable amount for forest-based carbon sequestration services.

Following Article 14, service providers using the direct payment method may decide on the use of revenues after fulfilling tax, fee and charge obligations. Where service providers are organizations, they may deduct costs for developing and implementing forest carbon projects, trading and transfer, payments to delegated forest protection parties and support for certain buffer-zone or adjoining communities; the remaining amount is treated and managed under the applicable financial regime.

Under Article 15, where payment is made through the Forest Protection and Development Fund, the Vietnam Forest Protection and Development Fund and provincial funds receive and distribute revenues to beneficiaries. Up to 3% of total revenues may be reserved at the Vietnam Forest Protection and Development Fund level for activities such as determining service fees, developing project dossiers, registering, measuring, reporting, inspecting emission reduction results, granting forest carbon credits, monitoring forest development and carbon reserves, strengthening forest law enforcement capacity, handling complaints and developing forestry databases.

Decree 180 and reality recognize that forest carbon projects require not only credit issuance, but also long-term financing for forest protection, MRV, community support, enforcement and database management.

h. Contracts, domestic carbon exchange and international transfer

Article 13 provides two main routes for trading or transferring forest-based emission reduction results and forest carbon credits. First, they may be traded or transferred under contracts. Depending on the project developer and ownership structure, contracts may be signed by the Ministry of Agriculture and Environment, provincial People's Committees, forest owners or authorized organizations. For transfers to foreign countries, contracts must include key terms such as the subject matter, transfer value, quantity, transfer period, payment deadline, rights and obligations of the parties, termination, breach, risk handling and dispute resolution. Domestic contracts must follow the form.

Second, forest carbon credits may be traded or transferred on carbon exchanges. Article 13.2 provides that trading and transfer of forest carbon credits on carbon exchanges must comply with Decree 29 and the rules of other carbon exchanges.

This article is the key bridge between Decree 180 and the wider carbon market framework. It confirms that forest carbon credits are not isolated from the domestic carbon exchange regime. Once eligible and verified, forest carbon credits may enter the trading infrastructure under Decree 29. If they are transferred internationally, Decree 112 applies. In other words, Decree 180 governs the forest-sector source of credits; Decree 29 governs the domestic trading route; and Decree 112 governs the international transfer route.

III. Several key issues to monitor

Vietnam's legal framework for the carbon market is under active development and refinement. The public-law dimension – encompassing inventory obligations, quota allocation, registration, trading, and international transfer – has become comparatively well-developed through the chain of decrees analyzed above. By contrast, the private-law dimension – namely, the rules governing the creation, transfer, and protection of rights over GHG emission allowances and carbon credits as between private parties – remains rudimentary and requires substantial further development. This reflects a clear and deliberate policy sequencing on the part of the legislature, the State first needed a mechanism to control aggregate emissions and an operable trading infrastructure before it could address the more complex question of the legal nature of the "thing" being traded on that infrastructure. The result is that Vietnam's carbon market currently operates on an underdeveloped private-law foundation, such that legal risk is displaced onto transacting parties rather than being clearly allocated by positive law.

First, the unresolved question of the legal nature of emission quotas and carbon credits constitutes the root bottleneck from which all other uncertainties derive. Decree 29 employs the phrase "transfer of ownership" (chuyển quyền sở hữu) in describing on-exchange transactions, yet does not anchor this phrase to any specific property category under Civil Code 2015. Under Article 105 and Article 115 of the Civil Code 2015, a "property right" (quyền tài sản) is defined as a right capable of being valued in money, including rights over intellectual property subject matter and other property rights – a definition broad enough to encompass carbon credits in principle, yet no sector-specific instrument has expressly confirmed that emission quotas or carbon credits fall within this category. This legislative silence carries practical rather than merely theoretical significance, if carbon credits were recognized as property rights, they could be the object of secured transactions, succession, and third-party-effective protection. Put differently, legislative silence is not a neutral gap – by default, it is pushing carbon credits toward characterizations less favorable to market liquidity.

Second, the capacity to use carbon credits as collateral is entirely contingent on resolving the first question above, yet current law does not provide a corresponding mechanism for third-party effectiveness. Under the general principles of secured transactions law, a grantor may only encumber an asset as security where that asset is the object of a property right over which the grantor has a power of disposition. Even assuming carbon credits were recognized as property rights, Vietnam's existing secured-transactions registration regime (registration of security interests under the relevant decree on registration of secured transactions) is not designed to accept or publicize information concerning the pledge of emission quotas or carbon credits held in custody at VSDC. The VSDC registry under Decree 29 serves the purposes of custody and trading; it does not simultaneously serve to publicize the rights of a secured creditor. In the absence of interoperability between these two registration systems, a secured creditor taking security over carbon credits (for example, a bank financing a green project) has no means of establishing a clear priority ranking against third parties – which directly diminishes the practical collateral value of this asset class in project-finance transactions, notwithstanding that carbon credits are, economically, entirely capable of serving as security.

Third, the qualitative heterogeneity among carbon credits gives rise to a need for contractual risk allocation that the current regulatory framework does not address. Not every credit representing one ton of CO2 equivalent carries the same legal and commercial value, given differences in applicable methodology, the rigor of additionality verification, and – most significantly – the risk of invalidation through reversal, where sequestered carbon is released back into the atmosphere. This risk is particularly characteristic of nature-based projects such as afforestation, where a single wildfire may extinguish the entirety of previously certified environmental value. Decree 180 on forest carbon sequestration and storage services has taken an initial step by designating the entities representing ownership of emission-reduction outcomes generated from forests under public ownership, but it does not yet provide a mechanism for compensation or replacement where credits already sold on the secondary market are subsequently invalidated by a reversal event occurring after the transaction has closed. In the absence of a default statutory rule, this burden falls entirely on individually negotiated contractual terms – an acceptable solution for transactions supported by sophisticated legal advice, but one that generates systemic risk for a nascent market still lacking standardized contractual documentation.

Fourth, the corresponding-adjustment mechanism under Decree 112 gives rise to a novel legal relationship between the State and private actors whose legal character remains unsettled. When a competent state authority issues a letter of authorization permitting an enterprise to transfer emission-reduction outcomes abroad as an Internationally Transferred Mitigation Outcome (ITMO), the State simultaneously assumes an international obligation to apply corresponding adjustments so as to prevent the double counting of that outcome between Vietnam and the purchasing country. This authorization is, accordingly, not merely a unilateral administrative act but takes on a character closer to a bilateral undertaking between the State and the authorized enterprise – raising unresolved questions as to the legal consequences should the enterprise breach the conditions of transfer, or should the State subsequently alter its quota policy after authorization has already been granted. Decree 112 currently focuses on prescribing maximum transfer ratios differentiated by technology type, without clarifying the legal consequences and liability regime applicable in such scenarios – a gap that may directly bear on the confidence of foreign investors entering into long-term ITMO purchase agreements with Vietnamese counterparties.

Fifth, the inherently cross-border character of carbon credit transactions raises private international law questions for which the domestic legal framework remains ill-equipped. A typical transaction may simultaneously involve, the jurisdiction where the emission-reduction project is implemented, the jurisdiction where the independent verification body is based, the jurisdiction operating the custodial registry, and the jurisdiction of residence of the foreign purchaser – four connecting factors that frequently diverge, rendering the application of traditional choice-of-law principles (such as the law of the situs of the asset, or the law of the place of contracting) difficult to apply with consistency. As Decree 112 formally opens the channel for international transfer, sale and purchase agreements between Vietnamese enterprises and foreign buyers will increasingly require express governing-law and dispute-resolution clauses at the drafting stage – since Vietnamese law currently contains no choice-of-law rule specific to this asset class, and reliance on general private international law principles (lex situs, lex registrationis) will itself run up against the very uncertainty over the legal nature of carbon credits identified in the first point above.

Contracts remain subject to the host government's sovereign right to adjust or revoke authorization under specific failure events (such as overselling or failure to apply corresponding adjustments), this conflict of contractually chosen governing law and public law must also be cleared.

IV. Conclusion

With Decree 06 as amended providing the foundational rules on GHG mitigation, allowances, carbon credit mechanisms and the National Registry System; Decree 29 establishing the operational infrastructure for the domestic carbon exchange; Decree 112 regulating international transfers and corresponding adjustments; and Decree 180 introducing a sector-specific framework for forest carbon credits, Vietnam has moved from policy design toward a more structured and operational carbon market regime.

The launch of the domestic carbon exchange on 29 June 2026 is therefore not an isolated event, but part of a broader regulatory transition. The coming pilot phase will be important for testing how these rules operate in practice, including the effectiveness of allowance allocation, MRV, credit issuance, registry coordination, trading, custody, settlement, and international transfer controls.

Going forward, the key issue will be implementation. Further technical guidance, sector-specific methodologies, market supervision, tax and accounting treatment, and standardized transaction practices will be important to ensure that Vietnam's carbon market develops in a transparent, credible and commercially workable manner.

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