

**VIETNAM:**

**NEW DECREE AMENDING**

**REGULATIONS ON MITIGATION OF**

**GREENHOUSE GAS EMISSIONS**

**AND PROTECTION OF THE**

**OZONE LAYER**





## Introduction: Prior Legal Framework

Until recently, the framework was centred around Decree No. 06/2022/ND-CP “On Mitigation of Green House Gas (GHG) Emissions and Protection of Ozone Layer”, dated 7 January 2022 (**Decree 06**).

Decree 06 applied to:

- Businesses and facilities emitting GHGs (e.g., factories, transport, buildings).
- Producers/importers of ozone-depleting substances (ODS).
- Entities involved in carbon credit trading or offset projects.

Among other things, it provided for:

- GHG inventory for large emitters (e.g., thermal power plants, industrial production facilities).
- Requirement to develop and implement GHG reduction plans (with quotas from 2026 onward).
- Requirement to report and verify GHG emissions through the **MRV system (Measurement, Reporting, Verification)**.
- Possibility to participate in a carbon trading exchange (CTX)—buy/sell GHG quotas and carbon credits.

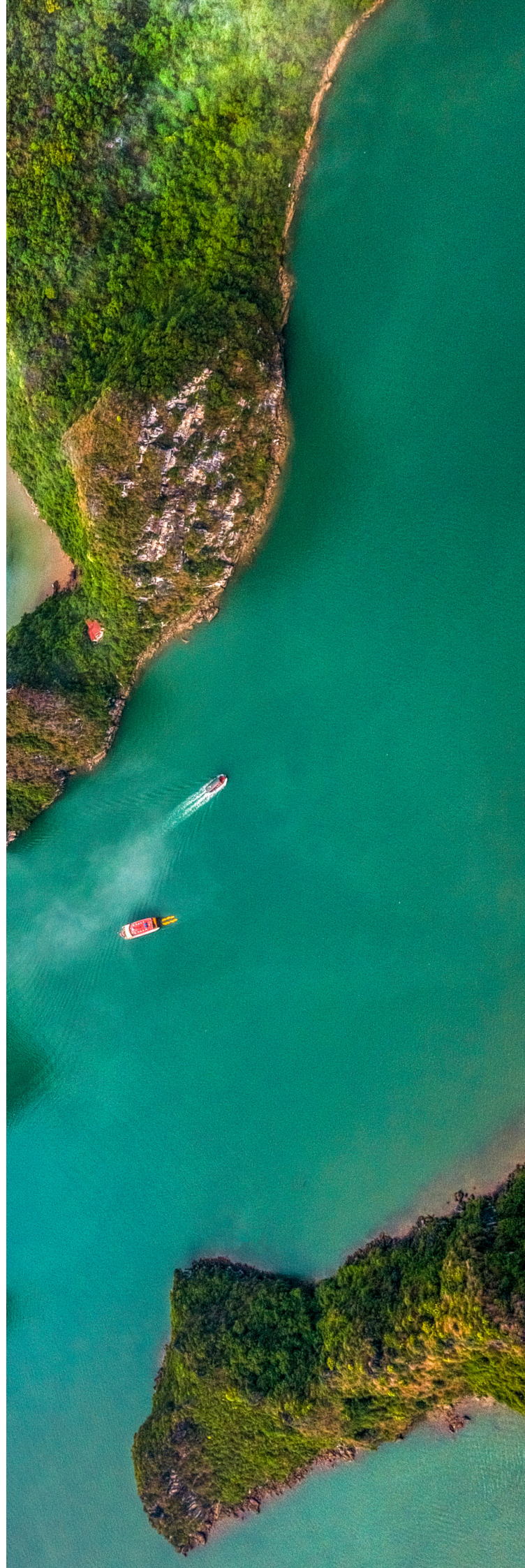
Facilities could generate carbon credits through emission-reduction projects. Carbon credits could then be traded or used to offset emissions exceeding their quota.

## Updated Legal Framework

The new legal framework was introduced by Decree No. 119/2025/ND-CP, dated June 9, 2025 (**Decree 119**), which substantially expands and details existing regulations.

Among other things, Decree 119:

- elaborated on the **National Registration System**: a digital platform to track GHG quotas and credits.
- In terms of responsibility for the MRV system – handled by the **Ministry of Agriculture and Environment** (i.e. Under Decree 06, it was handled by the Ministry of Natural Resources & Environment and now under the new name of the merged Ministry of Natural Resources & Environment and Ministry of Agriculture & Rural Development).
- Provided more specific guidance with respect to the GHG Emission Quotas, namely:
  - **Phase 1 (2025–2026)**: quotas apply only to **thermal power plant, steel, and cement manufacturing facilities** (which is included in the list determined by the PM).
  - **Phase 2 (2027–2030)**: Broader application; quotas set by sector ministries.
- Quotas are **tradeable** and **borrowable**.
- Pilot **Carbon Trading Platform** to be fully launched by 2028.
- From 2029: it is anticipated that there would be formal auction systems and full regulations for **domestic and international participation**.





## Who Can Participate?

Large GHG emitters such as:

- Thermal power plants
- Steel, cement factories
- Big commercial buildings and cargo transport companies

There is also an optional/voluntary participation for smaller businesses and investors to:

- Develop emission-reduction projects
- Generate carbon credits
- Sell credits on the carbon market
- Adopt sustainable technologies.

## MRV Inventories

Decree 119:

- Specifies **exact formats, deadlines, and procedures** for GHG inventories and MRV.
- Establishes **GHG inventory appraisal** councils with technical experts.
- Introduces **sector-specific methods** and use of international protocols.
- Facilities must now:
  - Prepare **every-two-year inventory reports**.
  - Work with **certified third-party appraisers**.
  - Submit inventories through the **National Registration System**.
- Decree 119 distinguishes between **large emitters (e.g., steel, cement, power)** and smaller facilities – applying differentiated inventory rules.

## Integration With International Mechanisms (Paris Agreement)

Decree 119 envisages participation in:

- Article 6.2 bilateral trading (e.g., Japan-Vietnam ITMO cooperation).
- Article 6.4 project mechanism (UNFCCC-supervised).
- CDM-to-Article 6.4 conversion (until Sept 30, 2025).
- Envisages international transfer of credits (e.g., issuance and reporting under Paris compliance).

This is crucial for:

- Foreign investors seeking to buy ITMOs from Vietnam.
- Vietnamese developers seeking to register emission reduction projects under global frameworks.

## To Conclude

The Decree 06 as amended by Decree 119 have created a solid vision and foundation to:

- Establish Vietnam's domestic carbon market.
- Enable integration into international trading frameworks.
- Define obligations and opportunities for businesses.

For businesses and manufacturers, there are now clearer compliance rules. At the same time – new opportunities in terms of carbon credits transfers.



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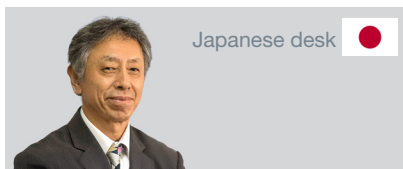
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