**MINISTRY OF EDUCATION AND TRAINING  
UNIVERSITY OF ECONOMICS HO CHI MINH CITY**

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**VIETNAMESE LAW ON THE CARBON MARKET**

Major: Economic Law

Code: 9380107

**SUMMARY OF LAW DOCTORAL THESIS**

**Ho Chi Minh City – 2025**

The dissertation was completed at:

University of Economics Ho Chi Minh City

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The dissertation will be defended before the University-level Dissertation Evaluation Council, held at the University of Economics Ho Chi Minh City

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INTRODUCTION

1. The necessity of the Topic

To address environmental issues caused by climate change, a number of conferences have been organized by the United Nations to discuss proactive measures for environmental response. These conferences led to the establishment of the United Nations Framework Convention on Climate Change (UNFCCC) in June 1992. Today, this convention has been ratified by 198 countries. Its ultimate goal is to prevent "dangerous" human interference with the climate system.

The Convention was later concretized through the Kyoto Protocol (KP[[1]](#footnote-1)). Under the commitments of the KP, participating countries are required to be supervised and governed by the United Nations' principles concerning emission reductions and must commit to achieving greenhouse gas (GHG) emission reduction targets. The KP requires countries to meet their GHG reduction targets through three main mechanisms introduced under the Marrakesh Accords in 2001: JI (Joint Implementation); IET (International Emissions Trading); CDM (Clean Development Mechanism). Accordingly, emissions trading refers to a mechanism whereby countries with surplus emission quotas can sell their unused allowances to countries exceeding their permitted emissions. The establishment of the KP laid the groundwork for the formation of the carbon market.

A milestone in international climate negotiations was the adoption of the Paris Agreement at COP 21 in 2015, considered the successor to the KP. The Paris Agreement requires not only developed countries but also other nations to set GHG emission reduction targets and to implement these commitments through Nationally Determined Contributions (NDCs).

The carbon market is considered a crucial tool in mitigating climate change and is seen as the key to unlocking the shortest and most efficient path for countries and businesses to achieve net-zero emissions. The carbon market is a mechanism for global GHG emissions reduction. The traded commodities include emission allowances and carbon credits, which represent the right to emit.

Numerous regional and national carbon markets have emerged. For example, regional emissions trading programs exist in Australia, China, South Korea, and the United States-with the most notable being the European Union Emissions Trading System (EU ETS). The EU ETS, established in 2005, is the world’s first and largest carbon market.

The Constitution of Vietnam affirms that “everyone has the right to live in a healthy environment” (Article 43, Constitution 2013). In order to establish and develop the carbon market in Vietnam, the foremost issue to be addressed is the creation of a clear legal framework to recognize and protect the rights of stakeholders involved in the market, to develop regulations on carbon management, and to pilot mechanisms for carbon credit trading and offsetting in potential sectors. In response to this challenge, on November 17, 2020, the National Assembly of Vietnam enacted the Law on Environmental Protection 2020, which is considered one of the first legal documents providing initial provisions on the organization and development of the carbon market. Specifically, Clause 2, Article 91 of the 2020 Law on Environmental Protection stipulates the "organization and development of the domestic carbon market." This marks the official recognition of the carbon market as an important policy tool for environmental protection in Vietnam. The carbon market has since been regulated in various normative legal documents. However, these regulations still lack transparency and consistency, with incomplete provisions regarding applicable entities and scope. Additionally, participants in the carbon market are not yet fully defined in terms of their rights and obligations. Furthermore, there remains ongoing debate over the legal nature of the commodities traded in this market-i.e., emission quotas and carbon credits-whether they are considered intangible assets or proprietary rights, and unresolved questions around ownership, benefit-sharing from carbon trading, and how quota and credit prices are determined. The legal system has yet to provide clear regulations on these issues. The management mechanism faces significant challenges due to the absence of a comprehensive information and data system for the carbon market, including a national registry for GHG emission quotas and carbon credits. There are also no established regulations guiding the implementation of domestic and international carbon credit trading and offsetting. As a result, the practical implementation of carbon market regulations in Vietnam remains ineffective, due to the lack of a coherent legal framework. This situation calls for the urgent need to establish mechanisms for domestic and international carbon credit offsetting, develop methods for determining total GHG emission quotas, quota allocation, emissions levels, and legal responsibilities. At the same time, the law must also provide mechanisms for resolving disputes arising from carbon market activities.

In the current context, it is essential to scientifically and systematically study the theoretical foundations of the carbon market and the current state of legal regulations in order to identify solutions for improving legal provisions and effective implementation mechanisms for this market in Vietnam. Therefore, the doctoral candidate has chosen the topic: “Vietnamese Law on the Carbon Market” as the doctoral dissertation in Law, specializing in Economic Law.

2. Research Objectives and Tasks of the Dissertation

The objective of this dissertation is to analyze and clarify theoretical issues, assess the current legal regulations, and evaluate the status and feasibility of implementing legal provisions concerning the carbon market in Vietnam. Based on this foundation, the dissertation aims to propose groups of solutions to contribute to the improvement of legal regulations and enhance the effectiveness of the implementation of carbon market laws in Vietnam, in line with the requirements of sustainable development and international integration.

The main research tasks of the dissertation focus on: i) To examine domestic and international theories that provide the foundation for developing a legal framework for organizing and operating the carbon market. This includes forming the research's theoretical framework, constructing definitions, and analyzing theoretical issues related to the carbon market based on previously developed domestic and international theoretical foundations; ii) To study the experiences of selected countries (the EU, the United States, China, and South Korea) in building and operating legal frameworks for carbon markets, and to draw lessons that can inform the development of a legal framework for establishing and developing the carbon market in Vietnam; iii) To evaluate the current state of legal regulations and the practical implementation of carbon market-related provisions in Vietnam, identifying achievements and shortcomings, as well as the compatibility and adequacy of Vietnam’s legal regulations-whether they positively or negatively influence the organization and operation of the carbon market in the country; iv) Based on the above tasks, the dissertation seeks to propose orientations and specific groups of solutions to contribute to the improvement of the legal framework, ensuring the effective implementation of the carbon market in Vietnam in the near future.

3. Research Subjects and Scope

Research Subjects: The dissertation examines scientific perspectives and foundational theories published by individual authors and organizations in studies on the carbon market in general, and on the legal aspects of the carbon market in particular, both domestically and internationally. The carbon market can be approached from various angles. Within the framework of this dissertation in the field of law, the author focuses on the legal aspects of the carbon market. With this approach, the research subjects include theoretical issues related to the carbon market, Vietnamese legal regulations on environmental protection related to the carbon market, and their practical implementation. Additionally, the dissertation also studies carbon market regulations in the EU, the United States, China, and South Korea as part of the comparative legal analysis of relevant international experiences.

Research Scope: Within the scope of this dissertation in the field of Economic Law, the focus is placed on the legal dimension of the carbon market. Selected legal systems from several countries are used as a basis for comparison and to draw relevant lessons learned. Regarding the timeframe, the dissertation mainly covers the period from the date the Law on Environmental Protection 2020 came into effect (January 1, 2022) to the present. However, to ensure the feasibility of the proposed recommendations, the dissertation also examines the evolution and development of legal normative documents on the carbon market prior to the enactment of the 2020 Law on Environmental Protection.

4. Research Questions and Hypotheses

4.1. Research Questions

To achieve the above-mentioned research objectives, the study seeks to answer the central question: “Has Vietnamese law on the carbon market met the necessary conditions for organizing and operating a carbon market in accordance with environmental protection requirements and for promoting the formation and development of the carbon market?”

To address this key question, the dissertation identifies the following detailed research questions:

*First,* why do countries need to establish a legal framework to organize and operate the carbon market?

*Second,* in countries where the carbon market was established early and has developed effectively-such as the EU, the United States, China, and South Korea-what are the fundamental components of their legal frameworks for the carbon market, and what lessons can Vietnam draw from these legislative experiences to develop its own carbon market?

*Third,* what is the current legal status regarding the regulation of the carbon market in Vietnam? What are the successes and limitations of Vietnamese law on the carbon market, and what are the underlying causes of these limitations?

*Fourth*, how should Vietnam's legal system be improved to balance the need for environmental protection and greenhouse gas emissions reduction with the interests of carbon-emitting entities, thereby promoting the formation and development of the carbon market? What orientations and specific legal provisions are necessary to ensure the effective operation of the carbon market?

4.2. Research Hypotheses

This dissertation is built upon the following research hypotheses:

***i) First Hypothesis***

Adopting an environmental protection approach through the establishment of a carbon market is an appropriate choice in the context of economic integration and sustainable development. Developing the carbon market is an effective environmental protection solution that also creates certain economic values.

***ii) Second Hypothesis***

Theoretical issues related to the carbon market and its legal framework have not been clearly defined. While functioning carbon markets exist in other parts of the world, Vietnam needs to refer to the legal frameworks of countries that have established complete markets in order to increase the likelihood of successfully developing its own.

***iii) Third Hypothesis***

Vietnam has made initial efforts to build a legal foundation for implementing the carbon market (including carbon credits, GHG emission inventories, GHG-emitting entities, and state management mechanisms for organizing and operating the market). However, these regulations remain incomplete, and the enforcement of legal normative documents on the carbon market is not yet consistent. The dissertation must identify existing legal shortcomings, implementation challenges, and their root causes.

***iv) Fourth Hypothesis***

Establishing a legal system for the carbon market in Vietnam is of critical importance, as a lack of comprehensive and coherent regulations may delay the deployment and operation of the market. Therefore, the dissertation must propose orientations, solutions, and specific recommendations to contribute to improving the legal framework and enhancing the effectiveness of carbon market implementation in the near future**.**

5. Research Approach and Methodology of the Dissertation

As a doctoral dissertation in Law, specializing in Economic Law, the research adopts a law and economics approach to analyze issues related to the carbon market. The author examines legal analysis from an economic perspective, especially focusing on operational forms and factors influencing the carbon market. In this regard, the dissertation applies a multidisciplinary approach that integrates economics and legal studies. Additionally, the research is informed by perspectives from environmental science and environmental law, with a particular emphasis on the sustainable development approach, which integrates economic objectives, environmental responsibility, and social values.

To achieve its research objectives, the dissertation employs the following methodologies:Legal analysis, Analytical–synthetic method, Comparative legal analysis, and notably, expert and policymaker interviews. In addition to these methodologies, the dissertation also utilizes technical methods such as: modeling, and systematization.

6. Scientific Contributions of the Dissertation

The dissertation offers several novel contributions to legal science, including:

- It is an independent scientific work that addresses in-depth theoretical issues regarding the carbon market from a legal perspective. It analyzes operational mechanisms, the legal content of Vietnamese law on the carbon market, influential factors, and the necessity of legal regulation of the carbon market in the context of international integration. By building upon domestic and international research, the dissertation constructs a theoretical framework for the carbon market, clarifying key aspects such as: Concept and nature of the carbon market, Forms of exchange and influential factors, Legal regulatory content related to the carbon market. Through the analysis of legal development and implementation experiences from various countries, the dissertation identifies universal principles for establishing or operating a carbon market.

- The dissertation assesses the current state of the carbon market in Vietnam, as well as the legal normative documents regulating it. This includes identifying inadequacies, inconsistencies, and evaluating the feasibility of existing legal provisions.

- It proposes recommendations for revising, supplementing, and enacting legal regulations to protect the rights of carbon market participants, covering areas such as: Emission quotas and carbon credits, Carbon pricing, and State management regulations for the carbon market. These specific proposals and synchronized solutions form a scientific foundation for the continued improvement and development of Vietnam’s legal system on the carbon market, contributing to the transition toward an environmentally friendly, low-emission economy, and supporting sustainable development.

- The research findings also serve as reference material for policymakers and regulatory agencies involved in formulating policies for the development of the carbon market in Vietnam.

7. Theoretical and Practical Significance of the Dissertation

The dissertation holds the following key significance:

- The research results provide important and reliable content with theoretical and practical value for improving the legal regulations on the carbon market in Vietnam, including a proposal to enact a "Law on the Carbon Market."

- The dissertation proposes solutions to effectively implement the carbon market, contributing to the development of pilot projects on the carbon market in various sectors and localities, thereby supporting the formation of a carbon market in Vietnam in the near future.

- The dissertation serves as a valuable reference for research, teaching, and learning in the Environmental Law course within the Economic Law specialization.

8. Structure of the Dissertation

The dissertation consists of four chapters:

Chapter 1: Overview of the Research Problem

Chapter 2: Theoretical and Legal Foundations of the Carbon Market

Chapter 3: Current Legal Framework and Practical Implementation of Vietnamese Law on the Carbon Market

Chapter 4: Orientations and Solutions for Improving Vietnamese Law on the Carbon Market

CHAPTER 1

OVERVIEW OF THE RESEARCH ISSUE

1.1. Overview of Existing Research

**\* International Research**

The author focuses on studies related to the carbon market, particularly its formation, role, and carbon pricing mechanisms. From the legal perspective of the carbon market, the research centers on topics such as market participants, the legal nature of quotas and carbon credits, and state management of the market. The dissertation also draws on legal research related to the carbon markets of prominent regions and countries, including the European Union, China, the United States, and South Korea.

**\*Domestic Research**

In Vietnam, the number of studies specifically addressing Vietnamese law on the carbon market remains limited, and the topic is still relatively unexplored. Therefore, to assess the state of research in this area, the dissertation temporarily categorizes existing studies into three groups: Studies on the factors necessary for establishing a carbon market;Studies on legal regulations regarding the carbon market; Studies on the practical implementation of legal regulations on the carbon market.

Based on a review of domestic and international research relevant to the dissertation topic, the author provides the following general observations: Both domestic and international studies have approached the carbon market from economic, environmental, and legal perspectives; from an economic perspective, these studies highlight the role and benefits of the carbon market and emphasize its effectiveness as an economic tool for reducing greenhouse gas (GHG) emissions; carbon markets have been established and developed in many countries, most notably the EU ETS, the United States, and China. However, due to differences in economic development levels, market structures, and political institutions, the nature of carbon markets varies across countries; from a legal perspective, the studies have examined the legal frameworks for operating carbon markets, as well as quota and carbon credit transactions between countries under international conventions and protocols.These studies also evaluate Vietnam’s participation in the global carbon market through Clean Development Mechanism (CDM) projects. However, from the standpoint of a doctoral dissertation, to date, there has been no systematic and in-depth research in Vietnam that comprehensively analyzes the legal aspects of the carbon market.

**1.2. Theoretical Framework**

The dissertation applies five major theoretical frameworks:i) Theories on State Intervention in the Economy; ii)Theories of Public Interest; iii)Transaction Cost Theory;iv) Property Rights Theory; v) Legal Theory of Lon Luvois Fuller

CHAPTER 2

THEORETICAL AND LEGAL FOUNDATIONS OF THE CARBON MARKET

2.1. Theoretical Foundations of the Carbon Market

2.1.1. Definition, Characteristics, and Operating Principles of the Carbon Market

From a legal perspective, the carbon market is regulated under Article 17 of the Kyoto Protocol (KP) of the United Nations. According to the KP, emissions trading is one of three flexible mechanisms designed to assist developed countries (Annex I Parties) in meeting their greenhouse gas (GHG) reduction commitments. These countries may transfer or acquire emission units among themselves to optimize the cost of complying with their emission reduction targets. Because carbon is considered the common denominator (in CO₂ equivalent) for various GHGs, the system of emissions trading is collectively referred to as carbon trading, forming what is known as the carbon market. (Refer to Figure 2.2 for illustration.)

In the author's view, the carbon market can be understood as follows: “The carbon market is a transactional mechanism in which carbon quotas and carbon credits are bought and sold. Within this system, individuals, organizations, and nations participate in the carbon market to offset their greenhouse gas emissions by purchasing quotas on an exchange platform and carbon credits from emission reduction or removal projects.”

* Characteristics and Operating Principles of the Carbon Market

The carbon market is characterized by a balance between commercial growth and environmental responsibility. It is an economic mechanism that strongly reflects social and environmental accountability. The effectiveness and sustainability of the carbon market are not fixed, but vary depending on market structure and the socio-economic context.

The market operates based on the principles of order, transparency, and integrity. There are two main types of carbon markets: Compliance Carbon Market and Voluntary Carbon Market. During its operation, the carbon market is influenced by several factors, including:Trends in global GHG emissions,The level of international cooperation,The extent of enterprise participation in the market.

2.2. Overview of the Legal Framework for the Carbon Market

2.2.1. Definition of Carbon Market Law

Based on the general definition of the carbon market, the term "carbon market law" can be understood as follows: “Carbon market law is a system of legal provisions issued by the State to regulate the relationships that arise between individuals, organizations, and the State in the process of allocating, trading, transferring, and monitoring greenhouse gas (GHG) emissions.”

2.2.2. Participants in the Carbon Market

The carbon market is increasingly attracting participation from a wide range of individuals and organizations, with a growing diversity of roles and interests. Many countries have implemented carbon pricing policies, enabling entities to utilize carbon credits as part of their long-term development strategies. Participants in the carbon market vary depending on the type of market. In the compliance carbon market, participants typically include: Governments, Enterprises, Commercial banks, and Financial institutions.. In the voluntary carbon market, participants often include: Project investors, Traders, and Brokers. This diversity reflects the increasingly vital role of the carbon market in global efforts to reduce greenhouse gas emissions.

2.2.3. Objects of Transactions in the Carbon Market

There are two primary types of commodities traded in the carbon market: emission allowances and carbon credits.

*First*, emission allowances refer to limits applied to businesses regarding the amount of greenhouse gases (GHG) they are permitted to emit within a specific period. This system is based on the “cap-and-trade” principle, in which a total emissions cap is set for a sector or region, and businesses are either allocated (see **Figure 2.6**) or required to purchase emission allowances corresponding to the specific amount of CO₂ they are allowed to emit. Enterprises that emit less than their allotted quota can sell their surplus emissions on the carbon market. Enterprises that exceed their quota must buy additional emission rights or face penalties.

*Second,* carbon credits: The term carbon credit was internationally recognized under the Kyoto Protocol (KP) in 1997, whereby developed countries considered carbon offsetting as a mechanism to reduce their carbon emissions. Carbon emissions and the associated carbon credits serve as incentives within this framework.

In addition to the participants and commodities, establishing a fully functional carbon market also requires examining the theoretical basis for pricing emission allowances and carbon credits. Furthermore, state regulation and oversight of the market play an indispensable role in ensuring its effectiveness.

2.4. Legal Framework for the Carbon Market in Selected Countries and Lessons for Vietnam

Although many countries have developed legal systems governing their carbon markets, this dissertation focuses on four representative legal frameworks-those of the European Union (EU), the United States (US), China, and South Korea-in order to draw relevant lessons for Vietnam.

The EU Emissions Trading System (EU ETS) is the largest carbon market in the world, encompassing 31 member countries (28 EU member states plus Iceland, Liechtenstein, and Norway) and covering 45% of Europe’s GHG emissions. To foster the development of the carbon market, the EU has issued a series of legal regulations (illustrated in **Figure 2.7**) and has implemented the market in four distinct phases (see **Table 2.4**).

In the United States, three state-level ETS systems have been effectively developed and operated, including: the California Cap-and-Trade Program, Massachusetts Power Plant Emission Limits, and the Regional Greenhouse Gas Initiative (RGGI). Between 2007 and 2010, various climate change bills were introduced in the U.S. Congress to address environmental concerns (see **Table 2.5**).

China has implemented multiple carbon trading programs, including pilot ETS programs. During the 2014-2016 period, China launched pilot ETS programs in seven provinces and cities: Shenzhen, Shanghai, Beijing, Guangdong, Tianjin, Hubei, and Chongqing. These jurisdictions successively introduced carbon emissions trading policies starting on June 18, 2013, aiming to reach peak carbon emissions and achieve carbon neutrality in the near future.

In South Korea, the Act on the Allocation and Trading of Greenhouse Gas Emission Permits was enacted in 2012. In September 2021, the South Korean National Assembly passed the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis (Act No. 18469, 2021). This law comprises 11 chapters and 83 articles, including crucial and decisive legal provisions. These legal documents collectively form the legal foundation for the operation of South Korea’s carbon market.

CHAPTER 3

CURRENT LEGAL FRAMEWORK AND PRACTICAL IMPLEMENTATION OF VIETNAMESE LAW ON THE CARBON MARKET

3.1. Current Legal Status of the Carbon Market in Vietnam

The dissertation evaluates the current legal framework governing the carbon market in Vietnam based on four main issues:

- Legal Status of Market Participants. Currently, Vietnamese law has only begun to identify a few types of participants in the carbon market, such as GHG-emitting facilities and organizations implementing offsetting projects under the carbon credit mechanism. However, many other stakeholders are not clearly defined. Actors such as retail speculators, commodity traders, brokers, financial intermediaries (e.g., commercial banks), project investors, and consumers still lack specific regulations concerning their rights, obligations, and legal status. It remains unclear which market segments they may participate in or what legal obligations apply. Without clear and transparent legal provisions, the risk of disputes over interests among these actors in the carbon market is inevitable.

- Objects of Transactions in the Carbon Market

In Vietnam, the primary object of trading in the carbon market is emission allowances. However, Vietnamese law lacks specific regulations regarding the conditions under which carbon credits may be traded on the carbon exchange. Furthermore, there is no legal basis confirming what kind of asset the carbon market represents. For carbon credits to hold value for their holders, they must be recognized and protected as a type of property. It is necessary to clarify whether carbon credits are tangible assets, intangible assets, or property rights. At the same time, the law must define principles and criteria for assessing the quality of carbon credits generated by various projects.

## -Pricing of Allowances and Carbon Credits on the Market

## The price of allowances is largely determined by supply and demand between buyers and sellers and is typically executed through auctions on trading platforms. However, Vietnamese law has not yet regulated carbon credit pricing. The Prime Minister has assigned the Ministry of Finance to lead the establishment of a carbon credit exchange and to develop a financial management mechanism for carbon market activities. This raises a key question: Should the State intervene in carbon credit pricing to ensure market stability?

## -Roles and Responsibilities of State Agencies in Carbon Market Regulation

## Each state agency has its own rights and obligations in managing the carbon market. This dissertation focuses on the State’s role in managing revenues within the carbon market. It places special emphasis on regulations that ensure compliance and market supervision, including: The establishment of a national registry system to manage emission allowances and carbon credits, Sanctions for violations in the carbon market, and Mechanisms for dispute resolution within the carbon trading system.

3.2. Practical Implementation of the Carbon Market in Vietnam

The dissertation evaluates the implementation of carbon market regulations in Vietnam according to the four key issues previously discussed.

-Market Participants Decision No. 01/2022/QĐ-TTg approved a list of sectors and GHG-emitting facilities required to conduct GHG inventories, identifying 1,912 facilities. Subsequently, the Prime Minister issued Decision No. 13/2024/QĐ-TTg, updating the list to 2,166 facilities, an increase of 254 facilities (see **Table 3.1**). However, the actual implementation of GHG inventories faces numerous challenges, including: Lack of accurate data, Weak measurement infrastructure, Shortage of trained experts, and Difficulties in data management.

* Carbon Trading Platform and Voluntary Activities  
  According to the roadmap for developing the carbon market, Vietnam is expected to pilot a carbon credit exchange by 2025, where emission allowances and carbon credits will be traded. In practice, however, many Vietnamese enterprises have already taken proactive steps to reduce GHG emissions, especially through activities under the Clean Development Mechanism (CDM) and the Joint Crediting Mechanism (JCM) managed by the State (see **Figure 3.5**). Several domestic organizations have also adopted voluntary carbon market mechanisms to support GHG mitigation activities using international standards such as Gold Standard (GS) and Verified Carbon Standard (VCS) (see **Figures 3.6 and 3.7**). Vietnam also has potential to participate in other mechanisms, including the Joint Crediting Mechanism (JCM) and the REDD+ Program (Reducing Emissions from Deforestation and Forest Degradation).
* Carbon Pricing and Legal Framework Development  
  Under the development roadmap for Vietnam’s carbon market, by the end of 2027, the Ministry of Finance, Ministry of Natural Resources and Environment (MONRE), and other relevant ministries will draft regulations on auctioning, transfer, borrowing, and financial management mechanisms for carbon market operations. As a result, carbon pricing in Vietnam is still in the process of establishing a legal basis.
* State Coordination and Governance On May 2, 2024, Prime Minister Pham Minh Chinh signed Directive No. 13/CT-TTg on strengthening the management of the carbon market to implement Vietnam’s Nationally Determined Contributions (NDCs). For the carbon market to function effectively, there must be close coordination among various government agencies, each with distinct roles and responsibilities. However, this also presents a significant challenge during implementation, as ministries and agencies must not only fulfill their individual mandates but also collaborate across sectors. As such, it may be appropriate for the government to consider establishing a specialized agency to ensure unified and effective governance of the carbon market. At present, Vietnam has only just begun implementing GHG inventories, and the carbon market has not yet officially commenced operations. Therefore, in practice, there have been no recorded legal violations or disputes in this area thus far.

3.3. General Assessment of the Legal Framework for the Carbon Market in Vietnam

3.3.1. Achievements of the Legal Framework on the Carbon Market

To date, Vietnam has taken initial steps in developing a regulatory system to lay the legal foundation for the establishment and development of the carbon market, contributing to efforts to combat climate change and reduce carbon emissions. The implementation of Vietnam’s policies and actions for GHG emissions reduction has yielded positive outcomes, receiving recognition and praise from the international community. The legal framework for the carbon market is becoming increasingly refined. Domestic organizations and individuals now have the legal right to participate in the market, which helps to: Raise awareness among individuals, organizations, and businesses regarding environmental protection; Align legal content with national commitments to GHG emissions reduction; Enhance the reputation and competitiveness of both enterprises and the country in socio-economic activities and international integration.

3.3.2. Limitations in Legal Regulations on the Carbon Market

Several shortcomings in the legal framework governing the carbon market can be identified: *First*, regulations on GHG inventory, measurement, and reporting remain incomplete. *Second*, many project developers face challenges in participating in the carbon market due to difficulties in registering or issuing carbon credits that meet international standards. Competent authorities also struggle to appraise projects due to an incomplete legal framework. *Third,* carbon emission reduction efforts are mainly focused at the macro level, through the issuance of government, ministerial, and sectoral policies, with limited operationalization at the grassroots level. *Fourth*, legal liability provisions are not strong enough to enforce compliance. Notably, there is currently no clear legal framework for criminal liability related to violations in the carbon market. *Fifth*, There are still no specific legal provisions defining the sectors and mitigation measures eligible to participate in international mechanisms for trading emission allowances and carbon credits.

3.3.3. Causes of Limitations in Carbon Market Law

The dissertation identifies the following key causes for the existing limitations: Challenges in verification and management of data related to emission allowances and carbon credits, The complexity of market design, Difficulties in policy coordination among different agencies, Fundamental technical and financial barriers, The influence of international factors and standards.

CHAPTER 4

ORIENTATIONS AND SOLUTIONS FOR IMPROVING VIETNAMESE LAW ON THE CARBON MARKET

4.1. The Necessity of Improving Carbon Market Law in Vietnam Today

Vietnam is an active participant in international environmental treaties and numerous free trade agreements. Therefore, the development and refinement of domestic legal regulations must be aligned with international commitments and adapted to the country’s evolving economy. Improving the legal framework for the carbon market will not only promote economic growth but also play a crucial role in environmental protection and safeguarding public interests.

4.2. Orientations for Improving Vietnam’s Carbon Market Law

Harmonizing Vietnam’s legal framework for the carbon market with international legal trends is essential. As a member of the international community, Vietnam has committed to various global agreements on climate change and carbon emissions reduction. Alignment between Vietnam’s carbon market laws and those of other countries facilitates international cooperation and creates a favorable investment climate for both domestic and international enterprises.

Flexibly applying international experiences is a vital strategy for Vietnam to develop a robust legal system for its carbon market. Vietnam should tailor legal provisions to reflect its own socio-economic conditions while learning from successful global models.

4.3. Solutions to Improve the Legal Framework for the Carbon Market

The dissertation proposes two primary groups of solutions: i) Solutions for improving legal regulations on the carbon market; ii) Solutions for enhancing the effectiveness of legal implementation. Key recommendations include: The Law on Environmental Protection (2020) should be expanded to include additional market participants, such as forest owners, who play a significant role in GHG absorption and emission reduction. Legal provisions should clarify the conditions and criteria for individuals and organizations to invest and conduct business in the carbon market. The rights and obligations of participants must be clearly defined to ensure fairness and efficiency in market operation. Carbon credits should be legally recognized as intangible assets, and emission allowances as property rights. The dissertation proposes five criteria for ensuring the quality of carbon credits. To mitigate market risks, the government should establish auction procedures for setting initial carbon prices and implement regulatory mechanisms, including price ceilings/floors, holding limits, large transaction reporting, and monitoring of abnormal trades.

Management-focused solutions: i) Improve GHG inventory systems to support emissions quota allocation by expanding the list of sectors and facilities subject to inventory requirements. ii) Introduce provisions for the organization of the carbon market, and legal accountability-including administrative and criminal liability-of participants. iii) Establish dispute resolution mechanisms via commercial arbitration, alongside traditional court systems, leveraging arbitration’s flexibility and cross-border neutrality. iv) Create a specialized regulatory agency for carbon market governance.

To expedite the operationalization of the carbon market, Vietnam must enhance human resource capacity to meet market demands. Enterprises should prepare proactively for participation. The State should strengthen education and public awareness efforts to increase market effectiveness.

These proposals are based on practical challenges identified in Chapter 3 and theoretical insights discussed in Chapter 2.

CONCLUSION

Vietnamese law on the carbon market is a timely and strategic area of study, aligning with the country’s transition toward a green economy and international integration. From the findings of this dissertation, the doctoral candidate draws the following key conclusions:

First, from a theoretical standpoint, the dissertation identifies foundational theories supporting the establishment of a legal framework for the carbon market:State intervention theory justifies governmental involvement to address market failures caused by GHG emissions, as without intervention, emitters have no incentive to reduce emissions.Transaction cost theory highlights the costs involved in carbon exchanges, including negotiation and monitoring.

Property rights theory emphasizes the need to clearly define ownership of emission allowances and carbon credits, which builds investor confidence and enables effective market operation. Fuller’s legal theory underpins the importance of transparency, enforceability, and procedural clarity in legal systems. The adoption of MRV standards (Measurement, Reporting, Verification), third-party verification of carbon credits, and transparent trading rules can reduce information asymmetry and ensure market integrity. By integrating these theoretical approaches, the State can propose legal solutions to create an efficient, transparent, and sustainable carbon market.

Second, the dissertation reaffirms the critical role of carbon market law in regulating emissions trading, fulfilling international commitments, and supporting the transition to a low-carbon economy. Success in GHG reduction will enhance Vietnam’s international reputation, attract investment, and improve enterprise competitiveness. A well-developed carbon market yields dual benefits: economic gains and environmental improvement.

Third, recent progress in Vietnam’s carbon market law includes numerous policies and legal documents issued by the Party and the State. However, legal gaps remain. Many provisions are either incomplete or missing, hindering the effective operation of the market. Vietnam must accelerate the development and consolidation of its legal system, ensuring the carbon market legal framework is integrated into national strategies and international commitments. Delays will lead to significant environmental and economic consequences.

Fourth, Vietnam's carbon market laws must continue to be refined to meet international integration requirements. Establishing a legal framework is a critical step toward achieving sustainable development goals and addressing climate change. The dissertation proposes: Expanding eligible market participants to include financial institutions, households, and forest owners, with clear definitions of their rights, obligations, and participation conditions; Legally defining emission allowances as property rights and the carbon market as an intangible asset. The State should issue five criteria to assess carbon market quality. In the initial phase, the State should allocate allowances for free, then gradually shift to auctions, while setting price ceilings and floors to stabilize the market. Regulatory mechanisms should include compliance monitoring, market supervision, and both administrative and criminal penalties for carbon market-related offenses. Arbitration should be encouraged as a dispute resolution method due to its advantages and international compatibility. In the long term, to ensure unified governance, the State should restructure regulatory bodies and establish a specialized carbon market authority. Eventually, a comprehensive “Law on the Carbon Market” should be enacted to solidify the legal basis for a fully functional, effective, and reliable carbon market-paving the way toward a green economy in Vietnam./.

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### ****PUBLICATIONS RELATED TO THE DISSERTATION****

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**2.Trinh Thi Thuy** (2023). “Carbon market regulations of various countries worldwide and lessons learned for Vietnam.” Proceedings of the **5th International Conference in Economics, Business & Finance (5ICBEF-2023)**, Finance Publishing House, pp. 619-631.

**3.Trinh Thi Thuy** (2025). “Vietnamese law on the carbon market in the context of international commitment implementation.” Proceedings of the **6th International Conference in Business, Economics and Finance**, Volume 1, Can Tho University Publishing House, pp. 376-388.

**4.Trinh Thi Thuy** (2023). “Improving the legal framework for the carbon market.” **Democracy and Law Journal**, No. 379, April 2023, pp. 16-19.

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**6.Trinh Thi Thuy** (2023). “Law on municipal solid waste management and its implementation in Dak Lak province.” **Tay Nguyen Journal of Science**, No. 62, October 2023, pp. 135-142.

1. The Kyoto Protocol (KP) was signed on December 11, 1997, in Kyoto, Japan, and entered into force on February 16, 2005. [↑](#footnote-ref-1)