



DEFINING CARBON VALUE – VIETNAM INTRODUCES RULES FOR INTERNATIONAL TRANSFERS UNDER DECREE 112

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Decree No. 112/2026/NĐ-CP, issued on 1 April 2026, marks Vietnam’s formal entry into the legal architecture of international carbon markets, following its [launch of the Carbon Exchange in January, 2026](#). It is not simply an implementing regulation under environmental law. It is the first instrument that defines, in operational terms, how emission reduction results and carbon credits generated in Vietnam—including those recognised as internationally transferred mitigation outcomes (ITMOs)—may be accounted for and transferred across borders.

The Decree gives effect to Article 6 of the Paris Agreement, but its significance lies in how those mechanisms are integrated into domestic law. Rather than treating carbon trading as an external or purely market-driven activity, the Decree embeds it within a framework of regulatory approval, national emissions accounting and sectoral oversight. In doing so, it reshapes the legal character of carbon assets in Vietnam. They are no longer only project-based outputs capable of commercialisation, but regulated units whose international use is conditioned by both procedural compliance and alignment with national climate commitments.

“This Decree is less about opening a market and more about defining its operating logic.”

A Structured Entry into Article 6 – Broad Scope with Defined Boundaries

The Decree establishes a unified framework for participation in international carbon markets through three principal channels: cooperative approaches under Article 6.2, the centralised mechanism under

Article 6.4, and programmes and projects implemented under independent carbon standards. It also extends to exchanges conducted outside these mechanisms, ensuring that both compliance and voluntary carbon market activities involving Vietnam fall within its regulatory scope.

This breadth is accompanied by a clear allocation of regulatory roles. The Decree does not replace applicable international rules or standards. Instead, it positions Vietnamese law as the interface through which those mechanisms operate domestically. Participation in global carbon markets is therefore contingent on compliance with Vietnamese procedures, rather than determined solely by contractual arrangements or international standards.

Approval, Notification and Registry – Reframing Transferability

A central feature of the Decree is the differentiation between transfers that require prior approval and those subject to post-transaction notification. Where emission reductions or carbon credits are transferred internationally with corresponding adjustment, prior approval from the Ministry of Agriculture and Environment (MoAE) is required, and the transaction must be recorded in the national registry system.

For transfers not involving corresponding adjustment, prior approval is not required. However, project participants must notify the Ministry within a prescribed period after completion of the transfer. In all cases, international transfers are required to be recorded in the national registry as a matter of legal compliance.

The effect of this structure is to introduce a tiered regulatory system. Transactions that affect Vietnam’s national emissions accounting are subject to direct ex ante control, while other transfers remain subject to ex post oversight and registry-based transparency.

“Vietnam is not adopting a purely market-driven carbon trading model. Instead, it is embedding carbon transactions within a framework of national accounting, regulatory approval and policy alignment.

What this means in practice is that carbon credits cannot be analysed in isolation as financial instruments. Their value, transferability and timing are now directly linked to regulatory processes and Vietnam’s NDC trajectory. For investors, the key shift is that execution risk moves upstream—project structuring, documentation and regulatory alignment will determine bankability as much as the underlying asset.”

Corresponding Adjustment – From Concept to Legal Constraint

The Decree incorporates the concept of corresponding adjustment in line with the Paris Agreement. Where emission reductions or carbon credits are transferred internationally with corresponding adjustment, Vietnam is required to make an adjustment to its national emissions inventory by adding back an equivalent volume of emissions, such that those reductions are exclusively counted toward the acquiring party’s targets.

Responsibility for implementing corresponding adjustments is assigned to the MoAE. This creates a direct legal linkage between project-level transactions and Vietnam’s Nationally Determined Contribution (NDC), ensuring consistency with international accounting rules and preventing double counting.

Transfer Ratios – Quantitative Limits as Policy Instruments

The Decree introduces explicit caps on the proportion of emission reductions and carbon credits that may be transferred internationally. For transfers involving corresponding adjustment, the maximum transfer ratio is 90% for certain categories of mitigation activities and 50% for others, as specified in Annex I. For transfers not involving corresponding adjustment, a uniform cap of 90% applies.

The remaining portion of emission reductions or carbon credits must be retained and may be used for domestic exchange or trading within Vietnam. These limits operate as policy instruments, ensuring that a share of carbon value remains available to support domestic climate objectives and the development of an internal carbon market.

From Project Concept to Transfer – A Defined Regulatory Lifecycle

The Decree establishes a sequenced lifecycle for projects implemented under Article 6.2. This begins with registration of the project concept, followed by submission and approval of detailed project documentation, monitoring and reporting of emission reductions, and issuance or formal recognition of credits.

The Decree makes clear that international transfer is a subsequent regulatory step, occurring only after emission reductions or carbon credits have been issued or recognised. Applications for transfer approval are therefore contingent on completed project cycles and verified outputs.

Each stage of the lifecycle is governed by defined procedures and timelines and involves consultation with relevant sectoral authorities. The structure reflects a move toward procedural standardisation, with reduced reliance on iterative engagement during the approval process. Compliance is expected to be demonstrated through the submitted dossier, placing greater emphasis on upfront preparation and internal consistency.

Interaction with Article 6.4 and Independent Standards

For projects under Article 6.4, the Decree largely defers to the rules and institutional framework established under the Paris Agreement, while maintaining domestic oversight in relation to project participation, reporting and international transfer.

For projects implemented under independent carbon standards, the Decree permits participation subject to minimum criteria relating to governance, transparency, methodological clarity, additionality and data-sharing capability. In addition, for transfers involving corresponding adjustment, only methodologies included in the list recognised by competent authorities may be applied.

This approach enables engagement with voluntary carbon markets while ensuring that internationally generated credits remain compatible with Vietnam’s regulatory and accounting systems.

Public Investment, PPP Structures and Allocation of Carbon Value

The Decree clarifies the treatment of emission reductions and carbon credits generated from public investment and PPP projects. For public investment projects, proceeds from the sale of such assets are treated as state budget revenue and managed in accordance with public finance laws. The decision to sell is subject to a formal consultation process involving relevant line ministries and competent authorities.

For PPP projects, carbon-related proceeds form part of project revenue and are governed by the legal framework applicable to PPP investments. Where necessary, project contracts and financial arrangements may be adjusted to reflect the inclusion of carbon revenue.

These provisions integrate carbon value into existing fiscal and contractual systems, rather than creating a standalone regime for monetisation.

Registry and Data Consolidation – The Infrastructure of Oversight

The requirement to record projects and transactions in a national registry system is a foundational element of the Decree. All international transfers and relevant project data are required to be recorded as a matter of legal compliance.

The registry serves as the central mechanism for tracking emission reductions, carbon credits and international transfers associated with Vietnam. It supports regulatory oversight, facilitates coordination with national emissions accounting, and underpins compliance with international reporting obligations. Over time, it is also likely to form the basis for domestic carbon market development.

Defining the Market – Access with Conditions

Taken together, the provisions of Decree 112 define a carbon market that is accessible but regulated. Participation in international carbon trading is permitted and structured, but subject to approval requirements, quantitative limits and alignment with national climate commitments.

The Decree does not restrict participation in principle. Rather, it clarifies the conditions under which participation occurs. Investors and project developers are provided with a defined legal pathway, but one that requires careful navigation of procedural requirements, accounting implications and regulatory expectations.

Closing Perspective

Decree 112 establishes the core legal infrastructure for Vietnam’s participation in international carbon markets in a manner that is both enabling and controlled. It embeds carbon trading within a system of regulatory oversight and national climate governance, ensuring consistency with Vietnam’s international commitments while providing a framework for market participation.

For investors, the implications are not that opportunities are limited, but that they are now defined with greater precision. Carbon projects must be structured with a clear understanding of approval requirements, transfer limits and accounting consequences.

The shift is therefore not toward restriction, but toward clarity. And in that clarity lies both the opportunity and the discipline that will shape Vietnam’s carbon market in the years ahead.

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