



REPORT

ANALYZING THE LEGAL FRAMEWORK IN VIETNAM, GAP ANALYSIS AND CAPACITY BUILDING NEEDED TO IMPLEMENT A CARBON LABELLING PROGRAM

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EXECUTIVE SUMMARY

The primary objective of this report is to assess the current legal and institutional landscape surrounding Greenhouse Gas (GHG) emissions management in Vietnam. It explores existing policies, legal documents, and regulatory frameworks that pertain to carbon markets and emissions reduction. The report employs a mixed-methods approach, combining desk research, surveys, and stakeholder consultations to gather insights from various sectors, particularly those with high emissions such as textiles, electronics, and food processing.

Through this analysis, the report identifies the growing interest among enterprises in adopting carbon labelling practices, while also highlighting significant barriers they face. These include limited access to information, insufficient technical capacity, and financial constraints, which hinder their ability to implement effective GHG inventory and carbon labelling practices.

Key Findings

The findings of the report can be summarized in several key areas:

- **Legal framework:** The Law on Environmental Protection (LEP) of 2020 marks a significant milestone in Vietnam's climate policy, providing a solid foundation for GHG management. However, it lacks specific provisions for product-level carbon labelling, along with the absence of a formalized basis in Vietnamese legislation, creating a gap that needs to be addressed. To establish a robust carbon labelling system, it is essential to develop specific guidelines or regulations governing product-level carbon labelling. This could include defining labelling standards, verification processes, and responsibilities for businesses.
- **Private sector readiness:** Nearly five hundred enterprises were invited to participate in a digital survey to collect information on private sector readiness as well as expectations and responses were received from 96 enterprises. A significant proportion of enterprises, nearly 60% of respondents, expressed a willingness to adopt carbon labelling as a means to enhance their sustainability credentials and meet international market demands. Nonetheless, the current readiness level in terms of GHG inventory preparation, resource allocation, use of standard methods, overall awareness, etc., varies significantly across sectors. Larger enterprises are generally more prepared compared to small and medium-sized enterprises (SMEs), which often struggle with resource limitations and technical know-how. Enterprises also acknowledge that the Government initiative to policy and guidance for carbon labelling program can ensure unified approach in product GHG impact reporting across the markets.
- **International insights:** The report reviews successful carbon labelling initiatives from other countries, such as Thailand (centralized governance, regular updates), Japan (integrating international standards, establishing robust verification), Taiwan (implementing dual-labelling, developing public platform), France (mandating regulation, creating consumer-friendly formats) and the United Kingdom (launching The Carbon Trust, expanding global reach). These case studies reveal best practices in developing transparent and credible carbon labelling systems, including effective stakeholder engagement, robust verification processes, regional co-operation and alignment with international standards.

Key Recommendations

To effectively implement a carbon labelling program that aligns with Vietnam's climate goals, the following actions in the Table ES 1 are recommended.

Table ES 1. Recommended roadmap for carbon labelling program implementation

Timeframe	Action Area	Recommendations
Short Term (2025–2026)	Legal & Institutional Setup	Issue formal decision to initiate voluntary carbon labelling; establish administrative agency.
	Capacity Building	Train enterprises, verifiers, and government officials on Product Carbon Footprint (PCF) and labelling procedures.
	Technical Infrastructure	Develop basic PCF guidelines, templates, and pilot verification mechanisms.
	Pilot Implementation	Launch pilot with 2–3 products in priority sectors and monitor results.
	Financing	Propose cost-recovery mechanisms and explore funding sources for the pilot.
Medium Term (2027–2029)	Scheme Expansion & Standardization	Expand to new sectors like cement, steel, and food; refine methodologies.
	Institutionalization of Verification	Establish accreditation criteria and increase the verifier pool.
	Integration with Public Policies	Introduce carbon label criteria in public procurement and trade promotion.
	Digital Infrastructure	Build a web-based Monitoring, Reporting and Verification (MRV) system and ensure data interoperability.
	International Cooperation	Align with regional and global labelling systems and participate in platforms like Partnership for Carbon Transparency (PACT).
Long Term (2030 onward)	Mandating & Policy Embedding	Mandate carbon labelling for high-emission/export sectors via regulations.
	Market Alignment	Link PCF to national Emission Trading Scheme (ETS) and climate reporting systems.
	Global Harmonization	Establish mutual recognition with programs like EU Product Environmental Footprint (PEF), Japan PCF, etc.
	Broader Policy Integration	Embed PCF into product regulations, Environmental, Social and Governance (ESG), and trade documentation.
	Full Lifecycle Accounting	Move from cradle-to-gate to cradle-to-grave PCF approach.

Conclusion

The current market landscape in Vietnam shows that there is increasing awareness and interest from both public and private sectors. However, significant gaps remain in the legal framework, institutional capacity, technical infrastructure, and market readiness. The survey of enterprises in priority sectors such as textiles, electronics, seafood, and wood products reveal challenges such as the limited availability of primary activity data, a lack of Vietnam-specific emission factors, and low internal capacity for PCF calculation and verification. Lessons drawn from international case studies affirm that a phased, sector-specific, and standards-aligned approach will be key for sustainable implementation. Thus, the report recommends a phased approach that includes pilot testing, legal formalization, and stakeholder collaboration for developing a credible and effective carbon labelling system.

The next step suggested is to launch a pilot program involving 3 key products from priority sectors. This should include the development and publication of PCF guidelines, establishment of interim verification mechanisms, and initiation of capacity-building activities. Following the pilot, Vietnam should progressively expand the labelling scheme, formalize third-party verification systems, and integrate carbon labels into public procurement and trade promotion policies. In the long term, carbon labelling should be embedded into national ETS design, MRV systems, product regulation, and climate reporting.



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