



The European Union's Green claims directive and some suggestions for Vietnam

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Abstract

In the context of global climate change, the trend of green consumption is developing strongly, leading to an increase in Greenwashing practices, which have been and continue to be a major challenge for environmental protection in particular and sustainable development in general for all nations worldwide. The European Union, a global leader in sustainable development, is currently in the process of adopting the Green Claims Directive (Directive on substantiation and communication of explicit environmental claims). This Directive aims to establish minimum criteria and a unified understanding of environmental claims, as well as requirements for environmental labels. This article focuses on analyzing the core contents of the Green Claims Directive, thereby drawing some suggestions for Vietnam in strengthening its legal framework to identify and combat Greenwashing.

Keywords: Greenwashing, European Union, Green Claims Directive, Vietnamese law

Introduction

Vietnam is in the process of a deep integration regarding green transition, with a Net Zero commitment by 2050. However, the domestic market is facing increasingly prevalent Greenwashing and information such as "environmentally friendly," "green," and "100% natural" lacking scientific verification has been affecting consumers and causing damage to other enterprises. This increases the risk of distorting the domestic competitive market, thereby indirectly affecting the process of sustainable development. Meanwhile, the European Union, positioned as the world's third-largest economy and a pioneer in sustainable development policy, has issued the Proposal for a Directive on substantiation and communication of explicit environmental claims (Green Claims Directive) to establish a unified, strict, and highly binding legal mechanism for all environment-related claims. This Directive is considered a significant step forward in the fight against greenwashing, creating a clear legal framework to identify, control, and sanction misleading environmental claims. Therefore, researching the EU's Green Claims Directive is not only significant for legislative reference but also aligns with Vietnam's current goal of aiming for sustainable development.

Rationale and Objectives of the Directive

The European Commission initiated the Directive in a context where the entire EU policy architecture—including the European Green Deal, the new Circular Economy Action Plan, and the New Consumer Agenda—places emphasis on enhancing the role of consumers in the green transition process. However, empirical evidence collected by the Commission and the Consumer Protection Cooperation Network shows that the prevalence of vague, unsubstantiated, or misleading environmental claims is significant. This situation erodes consumer trust, limits the ability to make sustainable consumption choices, and creates an unfair competitive advantage for businesses employing Greenwashing strategies. Furthermore, the proliferation of environmental labelling systems under various models, from self-certification and private schemes to unverified assessment mechanisms, renders the market

increasingly opaque and difficult to control. Without a unified regulatory mechanism at the Union level, the risk of legal fragmentation among Member States would continue to rise, increasing compliance costs, reducing legal certainty, and hindering the stable operation of the internal market.

The Green Claims Directive aims to establish a unified legal framework, distinct from the Directive on Unfair Commercial Practices, to directly regulate businesses' environment-related claims. Specifically, the Directive targets three core objectives: (i) enhancing the level of environmental protection and supporting the transition to a circular, climate-neutral economy; (ii) protecting consumers and businesses from Greenwashing by ensuring that environmental claims and labels are reliable, comparable, and verifiable; and (iii) harmonizing legal requirements among Member States, strengthening the unity of the internal market, reducing compliance costs, and enhancing information transparency. By establishing minimum substantiation criteria, independent verification mechanisms, and consistent communication requirements, this proposal aims to reinforce legal certainty, create a level playing field, and improve the supervisory capacity of state agencies across the EU.

Content of the Directive

The Green Claims Directive has established a unified legal framework in the European Union to comprehensively identify and control Greenwashing practices, comprising the following main contents:

First, the Directive provides definitions for "environmental claim," "explicit environmental claim," "environmental label," and "certification scheme," thereby remedying the ambiguity and inconsistency in identifying greenwashing behaviors. Defining these terms unifies understanding and serves as a foundation for regulatory agencies, businesses, and consumers to easily identify and prevent greenwashing, while significantly limiting the ability of businesses to exploit legal loopholes to make misleading claims.

Second, the Directive prescribes a strict system of obligations for businesses when making environmental

claims. Every claim must be substantiated by adequate scientific evidence, undergo an independent verification mechanism, and be communicated transparently and accurately to consumers. This is an "ex-ante verification" mechanism characteristic of the EU, ensuring that environmental information is only allowed to appear on the market once it fully meets the prescribed requirements and conditions.

Third, the Directive sets stringent requirements for the management and issuance of environmental labels. Only environmental labels belonging to transparent certification schemes with independent supervisory auditing mechanisms and approved according to EU standards are permitted for use. Simultaneously, the creation of new environmental labels will be strictly controlled to avoid duplication and the proliferation of green labels.

Fourth, the Directive stipulates a minimum penalty level of up to 4% of a business's annual turnover for violations. This penalty level ensures not only deterrence but also fairness between large enterprises and small and medium-sized enterprises (SMEs). Thereby, the Directive forms an enforcement mechanism strong enough to prevent, bind, and effectively handle greenwashing practices within the EU internal market.

Advantages and Limitations of the Directive

The Green Claims Directive demonstrates many outstanding advantages in identifying and controlling greenwashing. The construction of a separate legal framework with a system of concepts has provided sufficient standards for state agencies, businesses, and consumers to identify and control misleading environmental claims. The requirements prior to making an environmental claim also create a legal corridor strong enough to prevent baseless environmental claims early on. Simultaneously, strict regulations on environmental labels and control mechanisms for certification schemes help make the green label market more transparent, reducing label proliferation and increasing consumer trust. Furthermore, the minimum penalty of 4% of turnover establishes an unprecedented deterrent against greenwashing, ensuring that the benefits gained from the violation will never outweigh the costs incurred, while creating fairness among groups of enterprises of different sizes.

However, the Directive also reveals several limitations that need to be considered. The complex system of obligations, high technical requirements, and multi-layered verification processes may subject businesses to a significant burden regarding procedures and costs. This is particularly disadvantageous for SMEs, which lack the resources to fully meet scientific criteria and verification costs, thereby risking the narrowing of their competitive space. At the same time, strict obligation mechanisms and turnover-based penalty thresholds may inadvertently promote a trend of "greenhushing," where businesses continue to apply sustainable measures but do not publicize them due to fears of risks related to costs, procedures, and sanctions. Additionally, because the Directive must be transposed into national law in each Member State, the degree of application may be uneven, creating a risk of legal fragmentation and disparities in enforcement standards among countries within the Union. These challenges show

that although the Directive lays an important foundation for combating greenwashing in the EU, its practical implementation still requires flexible adjustment and close coordination among many agencies and entities in society.

Some Suggestions for Vietnam

From the legislative experience of the EU, Vietnam can draw several important orientations in the process of perfecting the legal framework on preventing and combating greenwashing.

First of all, the EU's development of a system of unified concepts related to environmental claims and environmental labels indicates that Vietnam needs to supplement specialized legal definitions to clarify the scope of regulation and create a basis for identifying violations. This will remedy the situation where current laws only generally regulate acts causing confusion, deceiving customers, and false advertising, which leads to difficulties in enforcement. Second, the EU's ex-ante verification mechanism is an important experience for Vietnam to study and apply. Requiring businesses to meet requirements and conditions prescribed by law before publishing environmental claims will help limit risks related to greenwashing from the outset and improve the quality of information on the market. However, implementation needs to consider infrastructure conditions, management capacity, and the responsiveness of domestic enterprises.

In addition, the tightening of standards for environmental labels shows that Vietnam needs to perfect its green label management mechanism, requiring transparent assessment processes with the participation of independent third parties to remedy the situation of self-labelling and unreliable labels. This both protects consumers and creates conditions for Vietnamese businesses to integrate with international standards.

Finally, the EU's application of penalties based on a percentage of turnover is a crucial suggestion for Vietnam to improve the deterrent effect of sanctions. While it is not strictly necessary to apply the 4% level like the EU, it is necessary to design a penalty mechanism commensurate with the size of the enterprise to avoid a situation where fines are insufficient to prevent violations. In parallel, Vietnam needs to note the risk of "greenhushing" trends, thereby building support and guidance mechanisms so that businesses can implement and disclose sustainable information safely and transparently.

Conclusion

The EU's Green Claims Directive has initially established a relatively comprehensive and unified legal framework to identify, control, and limit greenwashing, thereby enhancing the transparency of environmental information and protecting consumer rights. The clear stipulation of concepts, substantiation obligations, environmental label management mechanisms, and sufficiently strong sanctions demonstrates the advanced nature and effective preventive approach of the EU. From this experience, Vietnam can refer to perfecting its laws towards establishing unified standards for environmental claims, strengthening ex-ante verification mechanisms, and enhancing enforcement efficiency, contributing to promoting a transparent green market and supporting sustainable development goals.

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15. This research was conducted within the framework of the scientific research project "Combating greenwashing to ensure sustainable development - Vietnamese law and international experience" in the 2026 Student Scientific Research Competition of Hanoi Law University.