



Law on eco-labelling in Vietnam - limitations and recommendations for improving the legal framework

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Abstract

At present, environmental protection and climate change response have become top priorities for countries around the world. The green transition and green consumption are receiving increasing attention, and eco-labelling serves as an effective tool in this process, as it helps consumers identify the environmental friendliness of products. Viet Nam has also consistently shown particular concern for this issue. However, eco-labelling in Viet Nam remains relatively new, and the existing legal framework is not yet sufficiently coherent or unified, creating difficulties in the application of criteria and certification procedures for products. To ensure the sustainable development of eco-labelling in Viet Nam, in addition to the urgent need to develop and improve legal regulations, it is also necessary to strengthen control mechanisms and raise public awareness, with the aim of building a transparent, effective, and socio-economically appropriate eco-labelling system. This article examines the existing shortcomings in the current legal framework on eco-labelling in Viet Nam and proposes solutions to address these issues in the coming period.

Keywords: Ecolabel, green label, greenwashing.

Introduction

In the context where environmental protection has become a major global concern, consumer demand is also shifting toward greater emphasis on sustainability, creating favorable conditions for the development and application of eco-labels. Accordingly, the establishment of a transparent legal framework capable of identifying, certifying, and regulating eco-labels is essential. However, in Viet Nam, there is still no specialized and comprehensive legal instrument that specifically governs the mechanisms for the determination, certification, management, and supervision of eco-labels. Existing criteria remain limited and do not cover a wide range of production sectors; coordination mechanisms among regulatory authorities are insufficient; and awareness of eco-labels among enterprises and consumers has not yet been widespread or profound. Therefore, studying the legal frameworks on eco-labels in certain countries and drawing appropriate recommendations for Viet Nam is a necessary approach. This article aims to assess the shortcomings in the current legal framework on eco-labels in Viet Nam and propose solutions to address these issues in the near future.

Overview of Eco-Labels in Viet Nam

Eco-labels originated in Europe, with the first appearance in Germany under the name Blue Angel (Blue Eco Angel) in 1977. This is considered the world's first eco-label, initially aimed at addressing pressing environmental issues of that period, notably air pollution and waste pollution. The Blue Angel was launched with six initial product groups, including CFC-free aerosol sprays. Subsequently, other eco-labels emerged under different names, such as the Nordic Swan (Nordic Ecolabel), introduced by the Nordic Council of Ministers and applied in Norway, Sweden, Denmark, Finland, and Ireland; and the EU Ecolabel, launched by the European Union in 1992 to encourage environmentally

friendly products and services. Over time, eco-labels have become more widely recognized and have been defined by various organizations and institutions worldwide from different perspectives.

Within the Agreement on Technical Barriers to Trade (TBT Agreement) ^[1] of the World Trade Organization (WTO), the concept of eco-labels is not explicitly defined. However, it is indirectly acknowledged as a form of technical regulation or voluntary labelling. Eco-labels are labels affixed to products or services to provide specific information regarding product characteristics such as quality, safety, or environmental friendliness. In conjunction with the WTO, the World Bank (WB) has provided guidelines and practical legal frameworks to encourage investors to apply eco-labels in sustainable development projects. In this regard, the WB introduced the Environmental and Social Framework (ESF), which proposes standards for investment projects financed by the Bank, including ESS1 (Assessment and Management of Environmental and Social Risks and Impacts) and ESS3 (Resource Efficiency and Pollution Prevention and Management). Accordingly, the WTO and WB indirectly define eco-labels as labels granted to products that meet specific criteria established by a competent government authority or an organization authorized by the government. These criteria must be comprehensive in order to assess the environmental impacts of products throughout their production stages.

The European Union (EU) provides a direct definition of eco-labels. Article 3(1) of Regulation (EC) No. 66/2010 states that the Community eco-label, or EU Ecolabel, is a label established under this Regulation to certify products that comply with the criteria set forth therein and that have reduced environmental impacts throughout their entire life cycle ^[2]. This definition emphasizes that eco-labels are granted only to products or services that fully meet the ecological criteria established by the EU, with the ultimate

objective of minimizing adverse environmental impacts based on life-cycle analysis. The ecological criteria are clearly stipulated in Articles 6 and 7 of the Regulation, requiring that criteria for specific product groups be established and revised based on assessments and scientific evidence of environmental impacts throughout the product life cycle. Article 6 sets out general requirements for EU Ecolabel criteria, mandating that they be based on environmental performance and life-cycle considerations, thereby ensuring that labelled products and services demonstrate superior environmental performance compared to the industry average. After consultation with the European Union Eco-labelling Board (EUEB), the European Commission adopts ecological criteria for each product group through decisions addressed to Member States.

In Viet Nam, alongside efforts toward sustainable development and balancing economic growth with environmental protection, green labels or eco-labels have also been researched, applied, and developed. The legal framework governing eco-labels in Viet Nam was initially formed under the Law on Environmental Protection of 2005 and 2014 and has been further completed under the Law on Environmental Protection 2020. According to the 2020 Law, “Vietnam Eco-label is a label certified by a competent Vietnamese authority for environmentally friendly products and services. The monitoring, analysis, and assessment of conformity with Vietnam Eco-label criteria for products and services must be conducted by environmental monitoring organizations in accordance with this Law and by conformity assessment organizations in accordance with the law on product and goods quality, the law on measurement, and other relevant laws.”^[3] Under this definition, eco-labels apply to products and services that are environmentally friendly. Such environmental friendliness is assessed based on criteria including production materials, waste generation levels, performance efficiency, recyclability and biodegradability, and impacts on biodiversity throughout the entire life cycle of the product or service. In terms of form, eco-labels must be certified by a competent state authority. In Viet Nam, the Ministry of Agriculture and Environment is vested with the authority to grant, manage, and revoke Vietnam Eco-label certifications for environmentally friendly products and services.^[4]

From this, several characteristics of eco-labels under current Vietnamese law can be identified.

First, eco-labels are voluntary in nature. The development and application of eco-labels are initiated by enterprises on a voluntary basis, provided they meet environmental criteria prescribed by law and international standards. Article 5 of the ISO Standard on Environmental Labels and Declarations states that “Type I environmental labelling programmes, including those developed or operated by government-sponsored bodies, shall be voluntary.” This underscores that participation in eco-labelling programmes is entirely optional, with no mandatory legal obligation imposed on enterprises. Enterprises voluntarily register for certification to gain competitive advantages in the green market. In Viet Nam, Circular No. 02/2022/TT-BTNMT also affirms that eco-labelling is a voluntary, fee-free activity aimed at encouraging sustainable production and consumption. However, this voluntary nature has also led to certain limitations, as the number of certified products remains small, and at certain times, no valid eco-labels have been in effect.

Second, eco-labels are independent, as they are certified and managed by independent third-party organizations. Article 3 specifies that competent authorities for eco-labelling include “third parties and their representatives implementing Type I environmental labelling programmes.” Third parties are entities completely independent of stakeholders with vested interests in eco-labelling. Eco-labels must be operated by an independent third party, with the participation of diverse stakeholders such as government agencies, environmental organizations, enterprises, and consumers. Evaluation is based on objective criteria, typically applying life-cycle assessment (LCA), thereby limiting greenwashing and enhancing label credibility. Under the EU Ecolabel system, labels are granted only when products meet stringent environmental criteria compared to similar products. In Viet Nam, while the Ministry of Natural Resources and Environment (now the Ministry of Agriculture and Environment) plays a regulatory role, independent assessment organizations also participate to ensure transparency and build trust among consumers and international partners.

The International Organization for Standardization (ISO) establishes global standards for commercial and industrial activities and has identified three types of eco-labels under different standards^[5]. Type I labels (ISO 14024) are voluntary programmes certified by a third party, assessing environmental impacts throughout the product life cycle. Type II labels (ISO 14021) are self-declared environmental claims made by manufacturers, with or without third-party involvement, reflecting one or several specific environmental aspects. Type III labels (ISO 14025) involve comprehensive environmental information disclosure provided by enterprises and verified by a third party for accuracy and reliability. In line with ISO principles, Vietnamese law also recognizes three types of eco-labels under Article 2(3) of Circular No. 19/2009/TT-BKHCN: Type I labels are certified labels granted to products of manufacturing enterprises; Type II labels are self-declared by manufacturers, importers, or distributors based on self-assessment or third-party assessment; and Type III labels are voluntary labels provided by manufacturers to consumers under voluntary programmes proposed by economic sectors or organizations.

Assessment of the Legal Provisions on Eco-Labels in Viet Nam

Despite more than 20 years of implementation, Viet Nam’s legal framework on eco-labels remains insufficiently detailed, resulting in unresolved practical challenges.

First, the criteria for Vietnam Eco-labels remain limited. Article 4 of Circular No. 41/2014 stipulates that eco-label criteria include compliance with environmental and labor laws by producers and reduced environmental impacts throughout the product life cycle compared to similar products. Although specific criteria are issued for different product groups, all products must satisfy these two general requirements. Manufacturers must also provide clear and accurate usage instructions on packaging to ensure environmentally safe use and disposal. In practice, however, the number of published eco-label criteria remains small. By 2014, only 10 criteria covering 14 products had been issued; by 2017, three additional products were added. Although eco-label criteria serve as a critical legal basis for assessing environmental safety, many new products still lack

evaluation frameworks, preventing eligible products from obtaining eco-labels ^[6]. By 2025, only 13 additional products had been certified, indicating limited regulatory coverage.

Second, regarding incentives and support for eco-label enterprises, although products certified with Vietnam Eco-labels qualify for preferential treatment under Decree No. 08/2022, such incentives remain insufficient to offset the high costs of maintaining environmentally friendly production. Complex legal procedures, high technology conversion costs, and limited access to green finance pose significant barriers. Surveys indicate limited awareness and willingness among enterprises to invest in green products.

Finally, the development of green credit in Viet Nam faces significant challenges. While policies such as Decision No. 1604/2018 promote green banking, the lack of a comprehensive legal framework and specific supervisory mechanisms hinders effective implementation. Environmental risk assessment is often conducted by credit officers rather than environmental experts, and existing regulations remain largely advisory rather than binding.

Overall, these limitations highlight the need for a more comprehensive and effective legal framework to promote eco-labels and sustainable development in Viet Nam.

Recommendations for Improving the Legal Framework on Eco-Labels in Viet Nam

In the context where numerous shortcomings persist in the enforcement of eco-labelling regulations in Viet Nam, the formulation and improvement of legal provisions have become an urgent task. This effort is not only aimed at addressing existing deficiencies in management but also represents an important step toward meeting the requirements of sustainable development in the process of international integration. Current shortcomings affect not only regulatory effectiveness but also directly impact consumer rights, corporate credibility, and the country's sustainable development goals. Therefore, comprehensive solutions are required to improve the legal framework, strengthen control mechanisms, and enhance public awareness, with a view to establishing a transparent, effective, and practice-oriented eco-labelling system.

First, priority should be given to developing a more coherent, stable, and detailed legal framework. Implementing regulations should move beyond general policy orientation and instead provide specific criteria, clear certification procedures, and effective monitoring mechanisms for each product group. The lack of clarity and detail makes it difficult for enterprises to plan investments and poses challenges for authorities in ensuring consistent enforcement. Accordingly, eco-labelling standards should be promulgated in the form of mandatory or semi-mandatory legal instruments, particularly for industries with a high risk of environmental pollution. This would not only provide clearer guidance for enterprises in their investment decisions but also reduce uncertainty and discretionary enforcement by regulatory authorities. In addition, certification procedures should be strictly regulated to ensure accuracy, transparency, and consistency, thereby minimizing divergent interpretations among management agencies.

Second, alongside improvements to the legal framework, substantive incentive mechanisms should be implemented for enterprises, such as support for certification costs, tax

reductions, facilitated access to green credit funds, and assistance in green technology innovation. At present, many enterprises face financial, technological, and human resource constraints. Therefore, requiring them to independently undertake green transformation without adequate support is unrealistic. In particular, the State should consider applying interest rate subsidies for projects investing in the upgrading of production lines to meet green standards, thereby alleviating financial burdens and enhancing incentives for innovation.

Third, administrative procedures should be simplified and transparency in the eco-label certification process enhanced. Consideration may be given to delegating certain evaluation functions to independent professional organizations and specializing procedures through the application of digital technologies. Specifically, the digitalization of processes from application submission to monitoring and publication of results would save time and costs while facilitating enterprise participation. At the same time, recognition of independent assessment organizations that comply with international standards should be expanded. This would not only reduce the workload of state management agencies but also enhance objectivity and evaluation quality, thereby strengthening trust among enterprises and consumers. The involvement of internationally recognized or accredited assessment bodies would also help align Viet Nam's eco-labels with global standards and improve the competitiveness of green products in international markets.

Fourth, building public awareness is an indispensable factor. The development of a green consumer market should be promoted through education and robust communication efforts, coupled with prioritizing the use of eco-labelled products in public procurement and state-funded projects. This would create a stable market outlet for enterprises engaged in green production. In addition, inspection, supervision, and strict enforcement against fraudulent practices related to eco-labels should be strengthened to protect market credibility. Enhanced education and communication on sustainable consumption in schools and communities would encourage consumers to actively choose environmentally friendly products.

Fifth, in order to establish a comprehensive legal system on eco-labels in Viet Nam, in addition to implementing the proposed solutions, a thorough review and evaluation of existing relevant legal provisions is necessary. This approach aims to ensure coherence and consistency within the legal framework, avoiding overlaps and contradictions that hinder effective management and enforcement. Currently, legal provisions on eco-labels are scattered across various instruments, including the Law on Environmental Protection, guiding decrees, technical standards, and sector-specific regulations. Such fragmentation has created significant difficulties for enterprises in accessing and complying with regulations and has reduced the effectiveness of state management. Therefore, a close coordination mechanism should be established among agencies such as the Ministry of Agriculture and Environment, the Ministry of Industry and Trade, and the Ministry of Science and Technology to develop a unified legal framework and minimize conflicts or overlaps in application ^[7].

Sixth, in the context of increasingly deep international integration, Viet Nam's eco-labelling legislation should be developed in harmony with international standards and

practices. Experiences from countries that have successfully implemented eco-labelling systems, such as the European Union, Japan, and the Republic of Korea, may be referenced to shorten the policy development process and avoid potential pitfalls in the early stages. In particular, mutual recognition between domestic eco-labels and reputable international labels could facilitate Vietnamese goods' access to global markets while enhancing national brand value. Such mutual recognition would not only promote exports but also encourage enterprises to actively participate in eco-labelling programmes rather than viewing them merely as formal obligations ^[8].

Seventh, the enforcement capacity of state management officials in the field of eco-labelling should be strengthened. Tasks such as assessment, appraisal, and supervision of environmental criteria require in-depth technical, technological, and environmental expertise, which not all officials currently possess. Therefore, investment in training and capacity building is essential, not only in legal skills but also in technical expertise and professional ethics. Improving the quality of the regulatory workforce would help reduce subjective or inconsistent law enforcement and strengthen trust among enterprises and society in the eco-labelling system.

Eighth, monitoring and post-certification inspection mechanisms for eco-labelled products should be enhanced to ensure long-term compliance with environmental standards. A common issue is that enterprises initially meet certification requirements but fail to maintain these standards during subsequent production. Without regular inspections or strong sanctions for violations, the practical value of eco-labels may erode and even be misused as tools for "greenwashing." Therefore, enterprises' responsibilities to maintain standards after certification should be clearly stipulated, along with appropriate sanctions such as label revocation, administrative penalties, or public disclosure of violations to protect consumer interests ^[9].

Ninth, in the broader context, consumers play an indispensable role in ensuring the effective enforcement of eco-labelling regulations. If consumers do not adequately value or understand the significance of eco-labels, enterprises' incentives to invest in green production will remain limited. Accordingly, in addition to economic and legal measures, appropriate communication programmes should be implemented to disseminate scientific and accessible knowledge about eco-labels.

Although numerous limitations remain, Viet Nam's eco-labelling legislation has made important initial strides in the green transition process. Continuous improvement of the legal framework, enhanced enforcement effectiveness, and encouragement of participation by enterprises and the community are key factors in building a transparent, credible eco-labelling system that meets the requirements of sustainable development.

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