PANORAMIC

FOREIGN INVESTMENT REVIEW

Vietnam

LEXOLOGY

Foreign Investment Review

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LAW AND POLICY

Policies and practices
What, in general terms, are your government's policies and practices regarding oversight and review of foreign investment?

The government will consider specific factors before approving foreign investment in Vietnam. In particular, foreign investment restrictions are provided in Vietnam's WTO commitments and other international or bilateral treaties of which Vietnam is a member, and domestic laws. These include restrictions on the percentage of foreign ownership, form of investment, scope of investment activities, capacities of the foreign investors and local partners, national security, antitrust and corporate approval.

The currency control of foreign investment is uniformly managed through the capital account system. When making indirect investments in Vietnam, foreign investors only need to open indirect investment accounts at credit institutions to carry out money transfers related to indirect investment activities.

For foreign direct investment (FDI) in Vietnam, companies must open accounts of direct investment capital at credit institutions to perform capital transfer transactions related to direct investment activities.

The monitoring is carried out through an information and reporting mechanism. Credit institutions where foreign indirect investors and FDI companies open accounts must comply with the regime of monthly reports prescribed by the State Bank of Vietnam (SBV). Thereby, the SBV can capture timely information on capital flows from investment activities to assess the impact of capital flows on the stability of the foreign exchange market in particular and the economy in general.

Law stated - 19 November 2024

Main laws
What are the main laws that directly or indirectly regulate acquisitions and investments by foreign nationals and investors on the basis of the national interest?

There is no single law governing acquisition and investment by foreign nationals and investors on the basis of the national interest in Vietnam. Foreign investors who wish to invest in Vietnam should pay attention to the specific main laws related to acquisition and investments, and their implementing and guiding regulations, including:

- WTO commitments (the Schedule of Specific Commitments in Services) and other international or bilateral treaties in which both Vietnam and the nations of the foreign investors are members, which describe the services Vietnam is allowing foreign service providers to access, restrictions to market entry, and additional conditions such as limits on foreign ownership in a Vietnam-based company, investment form, scope of investment activities, etc;
- the Law on Enterprises No. 59/2020/QH14 adopted by the National Assembly of Vietnam on 17 June 2020, effective from 1 January 2021, which governs

the establishment, organisation, restructuring, dissolution and relevant activities of companies in Vietnam;

- the Law on Investment No. 61/2020/QH14 adopted by the National Assembly of Vietnam on 17 June 2020, effective from 1 January 2021, which generally governs inbound and outbound investment activities;
- the Law on Securities No. 54/2019/QH14 adopted by the National Assembly of Vietnam on 26 November 2019, effective from 1 January 2021;
- the Law on Competition No. 23/2018/QH14 adopted by the National Assembly of Vietnam on 12 June 2018;
- the Ordinance on Foreign Exchange Control No. 28/2005/PL-UBTVQH11 adopted by the Standing Committee of the National Assembly on 13 December 2005, as amended by Ordinance No. 06/2013/UBTVQH13 dated 18 March 2013; and
- other specific legislation applicable to foreign investment in Vietnam-based companies that engage in certain regulated areas, for example, banking, financial services and insurance.

Law stated - 19 November 2024

Scope of application

Outline the scope of application of these laws, including what kinds of investments or transactions are caught. Are minority interests caught? Are there specific sectors over which the authorities have a power to oversee and prevent foreign investment or sectors that are the subject of special scrutiny?

For accession to international or bilateral treaties (eg, the WTO), Vietnam has committed to opening the market to foreign investments in certain service sectors. Until now, there have been some restrictions on the maximum foreign ownership percentage or the forms of investment with respect to some service sectors. For instance, advertising services require the foreign investor to set up a joint venture with an existing Vietnamese advertising company, while some transportation and banking services have an aggregate cap for the foreign ownership.

The Law on Investment is the primary domestic law for foreign investment activities in Vietnam. Its guiding legislation (Decree No. 31/2021/ND-CP of the Government, dated 26 March 2021) provides a combined list of business lines for which foreign investors are subject to market access restrictions. The list is divided into two sections: (1) the business lines for which Vietnam has yet to open the market for foreign investment; and (2) those for which foreign investors must satisfy conditions to enter the market. These conditions typically include restrictions on percentage of foreign ownership, form of investment, scope of investment activities, and capacities of the foreign investor and local partners involved in an investment project. Among the service sectors on the list, the ones that are subject to special scrutiny mainly include banking, education, telecommunications with network infrastructure, publishing, pharmaceuticals and healthcare.

The Law on Enterprises provides the legal framework for the corporate establishment, corporate governance and operation of an enterprise in Vietnam.

Law stated - 19 November 2024

Definitions

How is a foreign investor or foreign investment defined in the applicable law?

Under the Law on Investment, a 'foreign investor' means an individual holding a foreign nationality or an organisation established under foreign laws making business investment in Vietnam. However, the term 'foreign investment' is not defined in the Law on Investment. Instead, the Vietnamese lawmakers introduced the term 'business investment', which is generally defined as an investor investing capital to do business. This term is broadly described as investment activities conducted by investors, including foreign investors, Vietnamese investors or foreign-invested business organisations in Vietnam.

Law stated - 19 November 2024

Special rules for SOEs and SWFs

Are there special rules for investments made by foreign state-owned enterprises (SOEs) and sovereign wealth funds (SWFs)? How is an SOE or SWF defined?

Vietnamese law does not provide any specific definitions or any special rules applicable to foreign SOEs and SWFs. Foreign SOEs and SWFs are accordingly responsible for complying with investment regulations under Vietnamese law, which all foreign investors must comply with while investing in Vietnam.

Law stated - 19 November 2024

Relevant authorities

Which officials or bodies are the competent authorities to review mergers or acquisitions on national interest grounds?

In general, if a foreign investor would like to acquire shares or contributed capital of a Vietnam-based company, it must obtain the following regulatory approvals, as appropriate, before entering into the transaction:

- Written approval for capital contribution, or acquisition of shares or contributed capital, from the Department of Planning and Investment or the industrial zone's management authority (if the investment project is located in an industrial zone) in the following cases:

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the target company is engaging in any business line that is conditional for foreign investors and the share acquisition or capital contribution by the foreign investor results in an increase in the foreign ownership ratio of this company;

- the acquisition or capital contribution results in an increase in the foreign ownership ratio (of foreign investors and foreign-invested economic organisations in Vietnam, who are treated as foreign investors in terms of investment) to over 50 per cent of the shares or contributed capital of the target company; or
- the foreign investor acquires shares or capital contributions in a target company with the right to use land plots located on islands, border or coastal areas, or other areas affecting national defence and security.

- Written clearance for implementation of economic concentration from the National Competition Commission if the transaction is subject to any of the statutory thresholds for notification of economic concentration in terms of total assets on the Vietnamese market, total turnover on the Vietnamese market, transaction value or combined market share on the relevant market.

To complete the transaction, the target company must also get approvals from the Department of Planning and Investment and the industrial zone's management authority (if the investment project is located in an industrial zone) for amendment of its Enterprise Registration Certificate, enterprise registration information and Investment Registration Certificate to reflect the changes from the transaction. In certain investment projects, the target company may also need to obtain or amend 'in-principle' approvals from the state authorities, including the National Assembly, the Prime Minister or the Provincial People's Committees.

Law stated - 19 November 2024

Relevant authorities
Notwithstanding the above-mentioned laws and policies, how much discretion do the authorities have to approve or reject transactions on national interest grounds?

If foreign investors have satisfied all legal requirements applicable to their investments in Vietnam, the authorities theoretically are not allowed to reject a transaction conducted by the foreign investors on national interest grounds. In particular, foreign investors will be permitted to invest in all sectors and industrial areas that are not prohibited under the Law on Investment. However, in practice, the authorities have sole discretion to approve or reject any transactions conducted by foreign investors if they decide that these foreign investors have not met their requirements based on their view. The Law on Investment expressly stipulates the investment policies relating to national defence and security for considering and approving transactions conducted by foreign investors.

Law stated - 19 November 2024

PROCEDURE

Jurisdictional thresholds

What jurisdictional thresholds trigger a review or application of the law? Is filing mandatory?

When foreign investors invest in Vietnam by applying for a new investment project, they must submit dossiers to register their investment projects with the proper authorities (eg, the Department of Planning and Investment or the industrial zone's management authorities if investment projects are located in industrial zones). However, in certain investment projects, the foreign investors may also need to obtain 'in-principle' approvals from the state authorities, including the National Assembly, the Prime Minister or the Provincial People's Committees. In particular:

- the National Assembly's 'in-principle' approvals for investment projects that have a significant impact on the environment, for example, nuclear power plants; investment projects that involve special-use forests, headwater protection forests or border protection forests of at least 50 hectares, of sand-fixing and windbreak coastal forests or protection forests for wave prevention of at least 500 hectares, or production forests of at least 1,000 hectares; investment projects involving the relocation of 20,000 or more people in mountainous areas or 50,000 or more in other areas; the conversion of land for wet rice cultivation of 500 hectares or more for other purposes; and other special investment projects as determined by the National Assembly;
- the Prime Minister's 'in-principle' approvals for investment projects that involve the relocation of 10,000 or more people in mountainous areas or 20,000 or more in other areas; airport projects, runways of airports and aerodromes; international passenger terminals; cargo terminals of airports and aerodromes with a capacity of at least 1 million tons per year; certain significant seaport projects; petroleum-processing projects; projects having gambling (except for prize-awarding electronic games for foreigners); residential housing and urban area projects that use at least 50 hectares of land or less than 50 hectares of land but with a population of at least 15,000 people in an urban area, or that use at least 100 hectares of land or less than 100 hectares of land but with a population of at least 10,000 people in a non-urban area, or projects regardless of the area of land used or population within the safety perimeter of relics recognised by the competent authority as national and special national relics; industrial or export processing or economic zone projects; projects of foreign investors in telecommunication with network infrastructure, afforestation, publications and the press; projects falling into in-principle approvals of two or more provinces; and other projects under the authorisation of the Prime Minister as regulated by other related laws of Vietnam; and
- the Provincial People's Committee's 'in-principle' approvals for investment projects in which the state allocates or leases land without auction, tender or transfer; projects involving conversion of land-use purposes; golf course projects; residential housing and urban area projects that use at least 50 hectares of land or less than 50 hectares of land but with a population of at least 15,000 people in an urban area, or that use at least 100 hectares of land or less than 100 hectares of land but with a population of at least 10,000 people in a non-urban area, or projects regardless of the area of land used or population within a restricted development area or within a historic inner area (determined in accordance with urban area planning projects) of a special urban

area; and projects implemented on islands or in border or coastal communes; in other areas affecting national defence and security.

Law stated - 19 November 2024

National interest clearance

What is the procedure for obtaining national interest clearance of transactions and other investments? Are there any filing fees? Is filing mandatory?

Acquisitions and investments by foreign nationals and investors are normally subject to the following substantive test for clearance:

- Foreign investment restrictions: foreign investment restrictions are provided in (1) Vietnam's WTO commitments and other international or bilateral treaties of which Vietnam is a member; and (2) domestic laws. Vietnam's WTO commitments are the most important and comprehensive international treaty provisions in relation to foreign investment. They provide for Vietnam's commitments to give foreign investors market access (and limitations thereon) to all key service sectors. Vietnam's WTO commitments and other treaties are supplemented by a set of domestic laws, including the Law on Investment No. 61/2020/QH14 and Law on Enterprises No. 59/2020/QH14, and other specialised laws regulating specific business sectors. Foreign investment restrictions exist primarily in the form of prohibition of foreign investment, foreign ownership limits, requirements for joint ventures with local partners, regulatory approvals for foreign investment, or a combination thereof. Foreign investors are responsible for providing a detailed analysis in their application to satisfy foreign investment restrictions. This may include consultation with relevant ministries and preparation and presentation of evidence relating to the investor's expertise and experience in the relevant industry.
- National security: under the Law on Investment, 'national defence and security' is one of the key factors in considering foreign investment activities, including both issuing an investment registration certificate for a new investment project and approving M&A transactions. It is expected to have a definite impact on foreign investment in Vietnam, especially in real estate and energy projects.
- Antitrust: generally, a business combination involving a Vietnamese company may be subject to reporting requirements. Under the Law on Competition No. 23/2018/QH14, before carrying out acts of economic concentration by enterprises (defined as mergers, consolidations, acquisitions, joint ventures and other acts of economic concentration prescribed by law) are prohibited if they are evaluated to 'have or potentially have the effect of significantly restricting competition in the Vietnam market'. The National Competition Commission will evaluate factors such as: the combined market share of the participating companies; the level of concentration in the relevant market before and after the economic concentration; and competitive advantages gained from the economic concentration.
- Corporate approval: corporate approvals must be obtained in some specific cases to consummate the transaction. For example, the share transfer of founding shareholders within three years from the issuance date of the enterprise registration

certificate to persons other than founding shareholders must be approved by the general meeting of shareholders.

Law stated - 19 November 2024

National interest clearance
Which party is responsible for securing approval?

Vietnamese law does not stipulate that a particular party should be responsible for securing an approval. In practice, it is normally understood that all parties involved in M&A transactions should together engage in obtaining the approvals. However, in some certain cases, parties could negotiate or clearly appoint a party to be responsible for obtaining the approvals as a condition precedent to complete transactions.

Law stated - 19 November 2024

Review process
How long does the review process take? What factors determine the timelines for clearance? Are there any exemptions, or any expedited or 'fast-track' options?

With respect to a new investment project, the timeline for a foreign investor to obtain an investment registration certificate is 15 days from the date of full submission of the dossiers that are required under the Law on Investment. If the investment project is subject to the procedures for requiring 'in-principle' approvals from the state authorities, including the National Assembly, the Prime Minister or the Provincial People's Committees, the foreign investors accordingly would need more than 90 days to get approvals from the National Assembly and more than 45 and 35 days from the date of full submission of the statutory dossiers to get approvals from the Prime Minister or the Provincial People's Committees, respectively. However, in practice, the timeline is usually longer compared with the timeline stipulated in the Law on Investment.

There are no exemptions, expedited or 'fast-track' options under Vietnamese laws.

Law stated - 19 November 2024

Review process
Must the review be completed before the parties can close the transaction? What are the penalties or other consequences if the parties implement the transaction before clearance is obtained?

Under the Law on Investment, approvals from the Department of Planning and Investment or the industrial zone's management authority, if the investment project is located in an industrial zone, are required for acquisitions by foreign investors of a Vietnam-based company that engages in any business line that is conditional for foreign investors; acquisitions of a Vietnam-based company that lead to foreign ownership in this

Vietnam-based company exceeding 50 per cent of shares or equity; or acquisition of a Vietnam-based company with the right to use land plots located on islands, border or coastal areas, or other areas affecting national defence and security.

If the foreign investors have not obtained these approvals for their acquisitions, they cannot be officially recorded as new members or shareholders of the Vietnam-based company, as the dossiers for registering them will likely be rejected by the Department of Planning and Investment owing to the lack of the above-mentioned approvals.

In addition, under the Law on Competition, clearance from the National Competition Commission for implementation of economic concentration is required if the M&A transaction is subject to any of the statutory thresholds for notification of economic concentration in terms of total assets on the Vietnamese market, total turnover on the Vietnamese market, transaction value or combined market share on the relevant market. In the case of non-compliance, administrative penalties of up to 3 per cent of the total turnover of the breaching parties on the relevant market in the fiscal year preceding the year of violation will be applied to the breaching parties. If the transaction is a prohibited economic concentration, such administrative penalties shall be up to 5 per cent. In addition, relevant entities may be forced to be restructured to ensure compliance with the Competition Law or the target company will be put under the state authorities' control over prices of goods/services or other transaction terms; otherwise, the breaching parties' business licences or certificates may be revoked.

Law stated - 19 November 2024

Involvement of authorities

Can formal or informal guidance from the authorities be obtained prior to a filing being made? Do the authorities expect pre-filing dialogue or meetings?

Normally, the foreign investors can officially, or unofficially, ask for guidance from the authorities prior to a filing being made. However, this guidance is non-binding and in some worst-case scenarios this guidance may be different from what is ultimately applied to the foreign investors' investment.

Law stated - 19 November 2024

Involvement of authorities

When are government relations, public affairs, lobbying or other specialists made use of to support the review of a transaction by the authorities? Are there any other lawful informal procedures to facilitate or expedite clearance?

Generally, government relations, public affairs, lobbying or other specialists should not be used for supporting the review of a transaction by the authorities. Vietnamese law does not provide lawful informal procedures to facilitate or expedite clearance.

Law stated - 19 November 2024

Involvement of authorities
What post-closing or retroactive powers do the authorities have to review, challenge or unwind a transaction that was not otherwise subject to pre-merger review?

The authorities (ie, the courts or arbitration) still have to review, challenge or unwind a transaction after its completion if either contractual party requests that the authorities declare the merger contract invalid. In addition, there are other cases where the investment project is forced to be terminated and its investment registration certificate or enterprise registration certificate is revoked because of false information, or the licensing authority finds that the investment project was made through a sham transaction (eg, nominee arrangement) in accordance with civil law.

Law stated - 19 November 2024

SUBSTANTIVE ASSESSMENT

Substantive test
What is the substantive test for clearance and on whom is the onus for showing the transaction does or does not satisfy the test?

Acquisitions and investments by foreign nationals and investors are normally subject to the following substantive test for clearance:

- Foreign investment restrictions: foreign investment restrictions are provided in (1) Vietnam's WTO commitments and other international or bilateral treaties of which Vietnam is a member; and (2) domestic laws. Vietnam's WTO commitments are the most important and comprehensive international treaty provisions in relation to foreign investment. They provide for Vietnam's commitments to give foreign investors market access (and limitations thereon) to all key service sectors. Vietnam's WTO commitments and other treaties are supplemented by a set of domestic laws, including the Law on Investment No. 61/2020/QH14 and Law on Enterprises No. 59/2020/QH14, and other specialised laws regulating specific business sectors. Foreign investment restrictions exist primarily in the form of prohibition of foreign investment, foreign ownership limits, requirements for joint ventures with local partners, regulatory approvals for foreign investment, or a combination thereof. Foreign investors are responsible for providing a detailed analysis in their application on satisfying foreign investment restrictions. This may include consultation with relevant ministries, and preparation and presentation of evidence relating to the investor's expertise and experience in the relevant industry.
- National security: under the Law on Investment, 'national defence and security' is one of the key factors in considering foreign investment activities, including both issuing an investment registration certificate for a new investment project or approving M&A transactions. It is expected to have certain impacts on foreign investment in Vietnam, especially in real estate and energy projects.
- Antitrust: generally, a business combination involving a Vietnamese company may be subject to reporting requirements. Under the Law on Competition No. 23/2018/QH14,

before carrying out acts of economic concentration by enterprises (defined as mergers, consolidations, acquisitions, joint ventures and other acts of economic concentration prescribed by law) are prohibited if they are evaluated to 'have or potentially have the effect of significantly restricting competition in the Vietnam market'. The National Competition Commission will evaluate factors such as: the combined market share of the participating companies; the level of concentration in the relevant market before and after the economic concentration; and competitive advantages gained from the economic concentration.

- Corporate approval: corporate approvals need to be obtained in some specific cases to consummate the transaction. For example, the share transfer of founding shareholders within three years from the issuance date of the enterprise registration certificate to other persons other than founding shareholders must be approved by the general meeting of shareholders.

Law stated - 19 November 2024

Substantive test
To what extent will the authorities consult or cooperate with officials in other countries during the substantive assessment?

Under Vietnamese law, there is no requirement for the Vietnamese authorities to consult or cooperate with officials in other countries during the substantive assessment of an investment project, except for asking for confirmation on the legal status of the foreign investors (if the investor is an organisation) and their authentication or certification of legal documents of foreigners for Vietnam to be able to recognise them as having full legal effect.

Law stated - 19 November 2024

Other relevant parties
What other parties may become involved in the review process? What rights and standing do complainants have?

During the review process, other relevant authorities may become involved in the process as consulting parties for the authorities in charge to make a decision. Such consultation is only required in statutory cases, such as foreign investment in some special fields such as education, or when a foreign investor acquires shares or capital contribution in a target company with the right to use land plots located on islands, border or coastal areas, or other areas affecting national defence and security.

Law stated - 19 November 2024

Prohibition and objections to transaction
What powers do the authorities have to prohibit or otherwise interfere with a transaction?

If the foreign investors fail to satisfy the required test, the authorities can prohibit the consummation of the transaction and refuse to issue an investment registration certificate or approval for the foreign investment. In the case of antitrust, if foreign investors ignore this prohibition, administrative penalties of up to 5 per cent of the total turnover of the breaching parties on the relevant market in the fiscal year preceding the year of violation will be applied to the breaching parties. In addition, relevant entities may be forced to restructure to ensure compliance with the Competition Law or the target company will be put under the state authorities' control regarding prices of goods and services or other transaction terms; otherwise, the breaching parties' business licences or certificates may be revoked. If lacking the necessary corporate approvals, the transaction may be invalid.

Law stated - 19 November 2024

Prohibition and objections to transaction
Is it possible to remedy or avoid the authorities' objections to a transaction, for example, by giving undertakings or agreeing to other mitigation arrangements?

To our knowledge, there are not yet any precedents in practice for such undertakings and arrangements.

Law stated - 19 November 2024

Challenge and appeal
Can a negative decision be challenged or appealed?

When there are grounds for determining that such negative decisions are illegal or infringe upon the rights and interests of the foreign investors, the foreign investors have the right to appeal such decision to the official who has issued the administrative decision or the agency that manages such official or institute an administrative lawsuit at a court in accordance with the Law on Administrative Procedures (No. 93/2015/QH13 adopted by the National Assembly of Vietnam on 25 November 2015, as amended in 2019 and 2024) ('first-time complaint settlement'). If the foreign investors disagree with the first-time complaint settlement decision or the complaint remains unsettled past the prescribed time limit, they can make a second-time complaint with the direct superior of the person with the competency to settle the first-time complaint or institute an administrative lawsuit at a court in accordance with the Law on Administrative Procedures.

Law stated - 19 November 2024

Confidential information
What safeguards are in place to protect confidential information from being disseminated and what are the consequences if confidentiality is breached?

The law does not provide specific safeguards to protect confidential agreements. Instead, contractual parties protect the confidential information subject to their mutual agreement. The parties can keep information confidential through a non-disclosure agreement before disclosing the information to the other party. The failure to comply with this agreement will be subject to penalties (ie, up to 8 per cent of the breached obligation) and compensation (full damages) as agreed by the parties following the commercial and civil laws, which is similar to breaches of normal agreements or contracts.

Law stated - 19 November 2024

RECENT CASES

Relevant recent case law

Discuss in detail up to three recent cases that reflect how the foregoing laws and policies were applied and the outcome, including, where possible, examples of rejections.

Approvals from the Department of Planning and Investment

Under the Law on Investment, if a foreign investor would like to acquire shares or contributed capital of a Vietnam-based company, the foreign investor must obtain written approval for these acquisitions or capital contributions from the Department of Planning and Investment or the industrial zone's management authority (if the investment project is located in an industrial zone) if the transaction results in an increase in the foreign ownership ratio (of foreign investors and foreign-invested economic organisations in Vietnam, who are treated as foreign investors in terms of investment) to over 50 per cent of the shares or contributed capital of the target company.

This regulation can be interpreted to mean that if the foreign ownership ratio in the target company is already 100 per cent then the foreign investors may not need to obtain approval from the Department of Planning and Investment or the industrial zone's management authority. However, as a matter of practice, in some provinces or cities, the authorities may interpret otherwise from a strict point of view.

For example, suppose the foreign ownership ratio in a target company is already 100 per cent and all existing investors would like to transfer all of their shares to new foreign investors. In that case, the increase of ownership ratio of the new foreign investor is triggered. The new foreign investors must obtain written approval for these acquisitions from the Department of Planning and Investment or the industrial zone's management authority (if the investment project is located in an industrial zone). This is also to facilitate the closing stage of an M&A transaction – completion of the enterprise registration procedures to officially record the foreign investor as the new shareholder or owner of the company, as well as secure a strong ground for the recognition of the share transfer payments with local banks in Vietnam.

Specifying a detailed list of products that a foreign direct investment (FDI) company imports and distributes in Vietnam

The licensing authorities (the Department of Planning and Investment or the Industrial Zones Authority) of certain provinces or cities still record the list of products that an FDI company registers for import or distribution in Vietnam. However, in some other provinces or cities, the licensing authorities no longer record the specific types of products. Instead, the licensing authorities will give the FDI company the broadest scope for conducting the trading of any products that are not banned from being imported or distributed in Vietnam, and the FDI company must satisfy certain conditions, if any, in accordance with the applicable laws and regulations of Vietnam.

Ad hoc approval for business lines

For certain business lines that foreign investors want to register FDI companies for in Vietnam, but are out of the scope of services as committed to by Vietnam to the WTO in the field of services, or beyond the scope of business lines classified under the Vietnamese Business Code System, such activities will be considered ad hoc business lines. In this circumstance, although the applicable regulations allow foreign investors and foreign-invested enterprises to apply the same conditions for performing such activities as local companies, the local licensing authorities still seek consultations from the ministerial authorities before granting the Investment Registration Certificate to the investors. This practice usually happens when the local authority deems an ad hoc business line to coincide with or be confusingly similar to a business line that is conditional for foreign investors under WTO commitments or domestic law.

Law stated - 19 November 2024

UPDATE AND TRENDS

Key developments of the past year

Are there any developments, emerging trends or hot topics in foreign investment review regulation in your jurisdiction? Are there any current proposed changes in the law or policy that will have an impact on foreign investment and national interest review?

The legal regulations on foreign investment have not been significantly changed over the past year. However, Vietnam has promulgated new specialised legislation on personal data protection, consumer protection, e-commerce, pharmacy, healthcare, telecommunications, education, land, credit institutions and real estate business, to name but a few, which are expected to strengthen the legal framework for foreign investment in related sectors. The government is also implementing measures to improve the governance and investment environment to attract foreign investors. Despite a recent downward trend due to global economic impacts, Vietnam is likely to remain a promising destination for foreign investment in the coming years.

Law stated - 19 November 2024