VIETNAM – NEWS AND REGULATIONS

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# TOP NEWS

## VIETNAM - INSURANCE - Regulatory Update - Asia Insurance Review interviewing Dr. Oliver Massmann

**Q1: Can you tell us about any significant regulatory changes to the insurance industry in the last 12 months (e.g. Decree no. 46/2023/ND-CP)? How have the changes affected the insurance industry?**

**A1:**

In the last 12 months, Vietnam witnesses the adoption of the following major legal documents:

*Decree 21/2023/ND-CP* on microinsurance: This decree establishes a legal framework for political-social organizations, social organizations, professional organizations, and cooperatives to establish supportive organizations to provide microinsurance to their members. This type of insurance facilitates insurance participation for low-income individuals who have limited access to conventional insurance products offered by insurance companies, contributing to the implementation of social security policies;

*Decree 46/2023/ND-CP* replaces Decree No. 73/2016/ND-CP and introduces several new provisions affecting the insurance industry, including: Expanding the regulatory scope to include insurance enterprises, state management agencies responsible for insurance business activities, as well as policyholders and beneficiaries; apart from non-life insurance, it also covers property insurance, cargo insurance, and other damage insurance;

*Decree 67/2023/ND-CP* on compulsory civil liability insurance of motor vehicle owners, compulsory fire and explosion insurance, compulsory insurance for construction investment activities;

*Circular 67/2023/TT-BTC* guides Decree 67/2023/ND-CP, supplements regulations on insurance sales through banks; it prohibits banks from selling investment-linked insurance along with loans.

**Q2: How would you describe the voluntary implementation of IFRS17 in Vietnam so far?**

 **A2:**

According to a survey conducted by the Ho Chi Minh City Stock Exchange and Deloitte Vietnam in December 2020, more than 50% of the surveyed enterprises have either adopted IFRS or are planning to convert to IFRS. The practical experience of enterprises currently applying IFRS also demonstrates that adopting international accounting standards is quite complex in terms of time, implementation costs, as well as the expenses associated with training personnel and preparing software systems. In fact, the majority of enterprises require up to 12 months to complete the transition. Additionally, there are certain challenges when implementing IFRS in Vietnam. Firstly, the complexity of the IFRS system poses a significant challenge. Secondly, many core provisions throughout the entire VAS accounting system differ substantially from IFRS. Thirdly, there are difficulties related to the level of expertise of personnel.

The voluntary implementation off IFFRS 17 in Vietnam has both positive and negative aspects:

Positive: The implementation can lead to an improvement in the quality of financial reporting by enterprises through enhanced transparency, increased comparability, and providing information for users of financial statements to make management, operation and investment decisions. It allows for the comparision of the financial position and performance of enterprises across countries. Moreover, financial statements prepared on the same standardized system provide Vietnamese enterprises with opportunities to attract investment capital.

Negative: According to a PwC report, the implementation may required more time due to a shortage of human resources, technology and time constrains.

**Q3: How is the Insurance Supervisory Authority (ISA) approaching regulation of InsurTechs and digital-only insurers? What are some challenges?**

**A3:**

The 2022 Law on Insurance Business includes a provision regulating the application of information technology in insurance activities.

Licensing and Compliance Monitoring: InsurTechs and digital-only insurers are often subject to licensing requirements and ongoing compliance monitoring by the ISA.

The challenges are:

-         -  Traditional insurance regulations may not adequately address the unique characteristics and risks associated with InsurTechs and digital-only insurers.

-         -  The digitalization of insurance processes may also lead to challenges related to transparency, disclosure, and fair treatment of consumers, requiring regulators to ensure adequate consumer protection measures are in place.

-         -  InsurTechs and digital-only insurers may face operational risks related to technological failures, system outages, or inadequate risk management practices.

**Q4: What insurance regulatory changes is ISA looking at over the coming 12 months?**

**A4:**

In the next 12 months, we expect that ISA will soon adopt the following documents:

Draft amendments to Decree 102/2021/ND-CP regarding administrative fines for violations in the insurance business sector;

Draft amending and supplementing Circular No 20/2022/TT-BYT on the list, rates and conditions for payment for pharmaceutical, biological products, and marked substances within the scope covered by health insurance participants.

**Q5: How does ISA plan to strengthen supervision of Vietnam’s insurance industry?**

**A5:**

Implementing a risk-based supervision approach allows the ISA to prioritize its supervisory efforts based on the level of risk posed by insurance companies.

Enhanced Regulatory Framework: The ISA may work on enhancing the regulatory framework governing the insurance industry by updating existing regulations and introducing new guidelines .

Enhanced Collaboration and Information Sharing**:** Collaboration with other regulatory authorities, industry associations, and international organizations can enhance the effectiveness of supervision efforts.

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Please do not hesitate to contact Dr. Oliver Massmann at omassmann@duanemorris.com if you have any questions. Dr. Oliver Massmann is the General Director of Duane Morris Vietnam LLC.

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## Vietnam - Dr Oliver Massmann interviewed by Asia Business Law Journal - Deal Market Situation

**1 - What specific types of deals and practice areas have been most active for your firm in recent months?**

**Answer:**

Recently, we have been intensively working on M&A deals in real estate, energy sectors, venture capital and Chinese related investment projects in Vietnam. In addition, we have been recently involved in restructuring and insolvency deals and these type of deals have been the most active for our firm for the last months. Our work related to these deals include advice on relevant regulations, drafting and amendment of transactional documents, drafting of supporting letters to improve our client’s position, liaison with line authorities to follow up on relevant progress, etc.

**2 - What market and regulatory factors have been driving those particular types of deals and practice areas (for your firm) in recent months?**

**Answer:**

With regard to real estate sector, 2023 is the year of major policy changes, including the issuance of the amended Law on Residential Housing, amended Law on Real Estate Business, Resolution 33/CP on corporate bonds, reduction and removal of land rental fees, and especially strict handling of violations in real estate sectors.

The main regulatory factors for our deals on restructuring and insolvency are the issuance of relevant legal documents on the Government’s instructions to deal with specific sectors whereby such instructions heavily affect our clients in different aspects of their business in Vietnam, i.e. regulations on cybersecurity, Power Development Plan VIII, etc.

Other major regulatory changes are regulations on local venture capital fund, proposed amendments to the Law on Capitals, Resolution 98/2023/QH15 on pilot programs on special policies to develop HCMC, etc.

**3 - What key changes in terms of deal work (both advisory and transactional work) have you observed in recent years?**

**Answer:**

In recent years, key changes in terms of deal work are the method of deal making, emphasis on technology, increment of regulatory scrutiny, expansion of due diligence scope and focus on sustainability. First of all, after the covid-19 pandemic, it is a common practice for parties (and, of course, lawyers) to work remotely to close deals. Such change creates a demand for technology to step up to support lawyers with deal work.

Further, with the growing emphasis on integrating ESG into deal making, the increment of regulatory scrutiny is inevitable. With the new trend on cybersecurity, ESG, etc. the scope of due diligence was expanded remarkably to cover all relevant aspects. Last but not least, after covid-19, the sustainability of business is more focused on as a target company’s ability to withstand and recover from the likes of COVID-19 is now taken into consideration.

We also handle client’s request with regard to the following changes in the recent years:

o    Geopolitical and political uncertainty leading to production chain disruption;

o    Digital transformation and cybersecurity;

o    Requirement on net zero emission commitment;

o    AI;

o    ESG

**4 - What are your firm's plans for growing its operations this year (or the new fiscal year), and what are or will be the key areas of focus?**

**Answer:**

Our firm focuses on global sustainable growth this year. To achieve this, we will put our emphasis on diversity and use of technology by recruiting people from diverse background and utilizing the new AI power into our work. For this year, our key areas of focus will be diversity and we will commit on fostering understanding, communication and respect among all people in the firm, including people of different races, religions, ages, genders, ethnic and cultural backgrounds, national origins, sexual preferences or orientations, medical conditions or disabilities, and marital, veteran or family statuses.

The firm believes it should capitalize on the strength emanating from these differences. Drawing on the talents of all of the firm's personnel helps to create an optimum workplace, one which can attract and retain diverse personnel and clients, allowing it to enter and serve varying markets and approach services to its clients more creatively. Duane Morris has the ability to meet these challenges and recognizes the beneficial impact that a successful diversity program will have on firm morale, productivity, strategies and success.

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Please do not hesitate to contact Dr. Oliver Massmann under omassmann@duanemorris.com if you have any questions on the above. Dr. Oliver Massmann is the General Director of Duane Morris Vietnam LLC.

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# BANKING & FINANCE

**World Bank: Vietnam’s stock market could attract additional $25bln after status upgrade**

*VNE*

**Official tells February 28 conference of the benefits to flow to Vietnamese stocks from an upgrade of the country’s stock market to emerging status.**

Speaking at a conference on the development of Vietnam’s stock market on February 28 in Hanoi, Mr. Ketut Ariadi Kusuma, Head of the Finance and Competition Group at the World Bank, expressed his belief in the Vietnamese Government’s determination to upgrade the market’s status from frontier to emerging by 2025 through the implementation of well-crafted strategies and detailed plans.

Vietnam is currently classified as a frontier market (FM) by MSCI and FTSE Russell and is included in the frontier market index, he told the gathering. Its stock market still accounts for the largest proportion within the FM index basket, at over 30 per cent of total assets under management (AUM), and has reached the expected limit within the frontier market index basket.

Since September 2018, Vietnam has been included on the watchlist of potential markets for reclassification to emerging market by FTSE Russell, and has been under periodic review by MSCI. The upgrade will provide a significant boost to the country’s capital market, increasing its accessibility to foreign investors. The Vietnamese market would reach a scale and liquidity comparable to that of other countries with similar levels of development.

“The World Bank predicts that the upgrade to emerging market would help Vietnam attract an additional $25 billion in international investment capital by 2030, with some important conditions," Mr. Kusuma emphasized.

The first condition is that the Vietnamese market needs to be reclassified by both FTSE Russell and MSCI. The World Bank appreciates and agrees with the approach of the State Securities Commission (SSC) of Vietnam, to prioritize the upgrade from FTSE Russell first. However, it also notes that the majority of new investments will come after the upgrade by MSCI.

Secondly, the State needs to address issues related to foreign ownership limits (FOL) and the equitization of large State-owned enterprises (SOEs). Solutions proposed by Mr. Kusuma include disclosure practices, increasing access to stocks that have reached their limit, and, most importantly, raising the FOL.

If the FOL were to remain, Vietnam would only receive an extra $5 billion in investment, as its market accounts for less than 1 per cent of global emerging market indices.

Lastly, there needs to be a healthy global investment environment so that Vietnam can benefit from the increase in investments into emerging markets, with an estimated growth of 7 per cent annually. This means that Vietnam can attract an additional $8-12 billion in investment by 2030.

The World Bank also emphasized the importance of developing a domestic investment base to accompany and match foreign investments, in which the diversification of investments by the Vietnam Social Security (VSS) fund would be crucial.

Diversifying VSS’s investments into corporate stocks would not only help the fund achieve long-term investment effectiveness but also broaden the investor base and stabilize and develop the domestic capital market.

A modest allocation to corporate stocks by VSS could translate into billions of additional dollars in funding for the corporate sector. Comprehensive reforms in the pension sector could potentially bring about new investments of up to $25 billion into the corporate sector by 2030.

Further reforms in the insurance and investment sectors, if done correctly, would provide an additional $28 billion for companies through the capital market. In total, Mr. Kusuma estimates that the potential for new capital mobilization of Vietnam to be in the order of $78 billion.

The increasing investment demand in Vietnam emphasizes the need for high-quality financial products, especially corporate stocks and bonds. This underscores the importance of a healthy ecosystem, including rigorous oversight, transparent disclosure, and reliable credit ratings.

This will ensure that extra capital into the stock market will provide funding for the development of companies that are operating effectively, as well as recapitalize banks and provide funds for infrastructure projects or innovative industries, and not just benefit current shareholders.

“The World Bank stands ready to support Vietnam on all these fronts,” he told the conference. “We hope to achieve breakthrough success this year.”

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**Government determined to secure upgrade to stock market status by 2025**

*VNE*

**PM allocates tasks for stock market to be upgraded from frontier status to emerging market status.**

While chairing a conference in Hanoi on February 28 on tasks to develop Vietnam’s stock market, Prime Minister Pham Minh Chinh emphasized that the government has determined that it will secure an upgrade from frontier status to emerging market status by 2025.

He asked relevant ministries and agencies to urgently address any obstacles to meet the necessary requirements for the upgrade.

The Prime Minister requested that they compile and carry out specific action plans to implement the stock market development strategy to 2030.

The Ministry of Finance will review related regulations to tackle shortcomings and coordinate with the State Securities Commission to boost the upgrade and construction of infrastructure to facilitate the operations of the stock market with the application of digital technology.

He called for favorable conditions to be created for businesses, market institutions, and investors in the stock market.

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# ECONOMY

## Vietnamese exports to US exceeds US$10 billion in January

*VOV*

Vietnam’s exports to the United States surpasses the US$10 billion mark in January, representing an increase of 64% compared to the same period from last year, according to data given by the General Department of Vietnam Customs.

The country’s key export products to the US include phones and components with a turnover of US$1.39 billion; computer, electronics, and components with US$1.79 billion; and machinery, equipment, tools, and spare parts with US$1.57 billion.

Garment and textile exports to the US hit US$1.32 billion, while wood, footwear, and aquatic exports to the demanding market hit US$821 million, US$688 million, and US$111 million, respectively.

Meanwhile, exports to the EU bloc reached US$4.6 billion, up 40% on-year, equivalent to an increase of US$1.32 billion.

The country’s exports to China, ASEAN, the Republic of Korea, and Japan surged by 19%, 47%, 38%, and 45% to US$4.56 billion, US$3.2 billion, US$2.34 billion, and US$2.23 billion, respectively.

Furthermore, the nation’s total export value in January stood at US$34.53 billion, recording the highest level since August, 2022, up 9.7% from the previous month and up 46% against the same period from last year.

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**US considers upgrading Vietnam’s economy status**

***VIR***

***The US is considering the recognition of Vietnam as a market economy, which means that Vietnamese goods entering the US would avoid many risks caused by trade barriers.***

US Ambassador to Vietnam Marc E. Knapper stated two weeks ago that the US government is currently reviewing Vietnam’s non-market economy status and its desire to receive market economy status.

“This is something our Department of Commerce (DoC) is working on. There is a 270-day deadline to do this, which began in October 2023. The US government is committed to an impartial and transparent process that is consistent with international rules,” Knapper said.

“We look forward to the continued effort by our DoC to do this. And we look forward to continuing to work with Vietnam as we deepen and strengthen even further our country’s trade and investment relationship.”

The review also includes a public comment period before a determination is made. Thus the US will conclude the review in around mid-July this year.

On September 8, the Vietnamese government filed an official request that the DoC consider it a market economy citing the country’s economic reforms made in recent years.

Since the first anti-dumping investigation involving Vietnam in 2002, the US has considered Vietnam a non-market economy. According to US regulations, the determination of a market economy status is based on six criteria set by the DoC.

These criteria include the currency conversion rate, wage and labour negotiation issues, foreign investment levels, state and private ownership, government control over resources and prices, and other relevant factors.

Currently, the US categorises 12 countries as non-market economies in trade defence cases, which has a significant impact on Vietnamese businesses, especially in anti-dumping investigations.

The US assesses a Vietnamese product’s value based on what it is worth in a third country (a market economy) and then assumes this is the likely production cost to a Vietnamese company, rather than using data provided by the company itself.

This calculation causes the dumping margin to be pushed up very high and does not actually reflect the situation of Vietnamese companies, according to the Centre for WTO and International Trade managed by the Vietnam Chamber of Commerce and Industry.

If recognised, the market economy status will help Vietnam shun anti-dumping duties by the US, and Vietnam would be able to make their products more competitive in the US market, also meaning that Vietnam’s export-oriented manufacturing sector will develop further.

At present, the US is among the key export markets of Vietnam. Two-way trade between Vietnam and the US increased from $450 million in 1995 when the two countries established their diplomatic relations, to $110.6 billion last year. Vietnam is the US’ eighth-largest trading partner and its largest trading partner in ASEAN, while the US is Vietnam’s second-largest trading partner and its top export market.

“Vietnam is the US’ eighth largest trading partner and our largest trading partner in ASEAN, we are Vietnam’s second largest trading partner. And we are also Vietnam’s number one export market. You know, we firmly believe in the importance of Vietnam in terms of global supply chains,” Ambassador Knapper said.

During a state visit to Vietnam last September by US President Joe Biden, the two countries elevated ties to a comprehensive strategic partnership. President Biden and Vietnam Party General Secretary Nguyen Phu Trong reaffirmed the importance of economic, trade, and investment cooperation and innovation-driven inclusive economic growth as the core foundations and sources of momentum in the bilateral relationship.

Both sides pledged to create stronger conditions and facilitate the further opening of markets for each other’s goods and services, support trade and economic policy, and regulatory measures to achieve this aim; and to address issues such as market access barriers via the Trade and Investment Framework Agreement, said a joint leaders’ statement released during the visit.

“The US applauds Vietnam’s progress in significant market-based economic reforms, and affirms its enthusiasm and commitment for a broad, strengthened, supportive, and constructive engagement with Vietnam in its transition to a market economy, and subsequently to market economy country status, under US law,” the statement added.

Under the joint statement, the US noted Vietnam requested the review of its market economy status last September. The US will review Vietnam’s request as expeditiously as possible, in accordance with US law.

The US appreciates Vietnam’s ongoing efforts to further modernise and enhance the transparency of its monetary policy and exchange rate management framework, to promote macroeconomic stability, and to ensure the safety and soundness of the banking system, the joint address noted.

At the same time, the US also committed to work with Vietnam to help it to develop the semiconductor industry and other high-tech industries, as well as to build a workforce for the 21st century in terms of computer scientists, engineers, and IT workers who can help to work in the high-tech economy that Vietnam and the US aspire to.

It is expected that in late March, Vietnam and the US will jointly organise a dialouge at the foreign ministerial level in order to continue materialise the shared strong commitments made in the comprehensive strategic partnership. According to the Vietnamese Ministry of Foreign Affairs, the Vietnamese side will continue working with the US about the recognition of Vietnam as a market economy.

To date, 72 countries including major economies such as Canada, Australia, Japan, and South Korea have recognised Vietnam as a market economy. Most recently, the UK recognised Vietnam’s market economy status in a formal letter when it joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. This recognition ensures that the UK will not apply unfavourable rules to Vietnamese imports in cases of trade defence investigations.

*The joint leaders’ statement announcing the comprehensive strategic partnership upgrade has reaffirmed the importance of trade and investment collaboration and highlighted innovation-driven economic growth as a foundation of the bilateral relationship. On the heels of this momentous occasion, US businesses should have much to be excited about in the Vietnam market.*

*Previously, US firms were slow to take advantage of the growing opportunities that Vietnam presented. However, they are now increasingly looking towards this market as a key component to their growth strategy in Asia. There are five reasons explaining why US companies should consider exporting to Vietnam:*

*- The fastest growing middle and affluent classes in the region, providing the right demographics for growth and receptivity to US products and services.*

*- Over the past few years, Vietnam has been active in signing bilateral trade agreements with countries throughout the world.*

*- Strong GDP growth expected to continue for the medium term.*

*- Large population of almost 100 million consumers, half of which are under the age of thirty.*

*- Political stability.*

*The US-Vietnamese commercial relationship has grown dramatically since the US lifted its trade embargo against Vietnam in 1994 and the two countries renewed diplomatic relations in 1995. The US is now the largest export market, and the major source of foreign direct investment of Vietnam, helping fuel Vietnam’s remarkable economic growth.*

*The US has also benefitted from stronger trade ties. Over the past five years, Vietnam’s export revenue to the United States surged 230 per cent, while its import value grew by more than 175 per cent. This country of almost 100 million consumers, with an overwhelmingly positive view towards the US, exhibits the demographics needed for continuous growth over the next 20 years, a rising star among Asia’s bustling economies. Source: International Trade Administration under US Department of Commerce*

***Adam Sitkoff, Executive director American Chamber of Commerce in Hanoi***

*This month marks 30-years since US President Clinton lifted the 19-year old trade embargo on Vietnam. This year is also the American Chamber of Commerce’s (AmCham) 30th birthday in Vietnam. During that time, we have witnessed firsthand the transformation of Vietnam’s economy and the remarkable changes that have occurred. The US and Vietnam are now good friends and recently upgraded to comprehensive strategic partners - something once thought unimaginable.*

*Vietnam has become one of America’s fastest growing trading partners and we expect this positive trend to continue. AmCham regularly works with our partners in the Vietnamese government on challenges to foreign investment, including corruption, a weak legal system, a shortage of skilled vocational labour, obstacles to investment in key infrastructure, and the government’s slow decision-making process. We believe continuous improvement and dialogue – rather than unfair tariffs – can benefit both countries.*

*While there may be some disagreement over whether Vietnam has adequately addressed each of the statutory criteria commerce uses to evaluate a country’s market economy status, it is certain that Vietnam’s economy is very different to the other 11 countries on the non-market economy list. We believe that sufficient progress has been made and that graduating Vietnam to market economy status serves the interests of both of our great countries.*

***Nguyen Hoai Nam, Deputy general secretary Vietnam Association of Seafood Exporters and Producers***

*If the United States recognises Vietnam as having a market economy, future anti-dumping lawsuits initiated by the US will be subject to market economy rules, meaning that the US will no longer use a third country as a replacement value. Then hopefully there will be more advantages for Vietnamese exports to the US.*

*In 2023, Vietnam’s shrimp exports to the US are estimated to hit $682.5 million, down 15.4 per cent on-year, while exports of tuna and tra fish hit $326.6 million and $271 million, down 32.9 and 49.6 per cent on-year, respectively.*

*Also last year, the US remained the biggest importer of Vietnam’s aquatic products, with a total value of $1.56 billion, down 27.2 per cent on-year.*

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# INVESTMENT

## Vietnam looks to remain strong competitor for global FDI

*VNS/VNA*

Vietnam remained an exception in attracting foreign direct investment (FDI) on the global and regional scale last year. The Southeast Asian economy was expected to attract a large amount of FDI this year, said economists and analysts.

Data from the United Nations Conference on Trade and Development (UNCTAD), according to Rong Viet Securities Company (VDSC), showed global FDI in 2023 increased by 3% compared to the year before, reaching over 1.365 trillion USD, mainly attributed to a significant increase in European Union countries. FDI in the Asia-Pacific, traditionally a major force of global investment, recorded a 9% decline, amounting to 849 million USD, including a 6% reduction in China, a 47% reduction in India and a 16% reduction in ASEAN.

Vietnam, Thailand and Indonesia, however, maintained impressive growth in FDI throughout 2023 with increases of 32.1%, 42% and 13.7%, respectively, with Vietnam topping the chart in FDI amount recorded.

"Vietnam remains an exception in attracting FDI in the global and regional context in 2023," said VDSC.

According to the Foreign Investment Agency, under the Ministry of Planning and Investment (MPI), the total registered FDI capital in Vietnam reached 36.61 billion USD in 2023. The accumulated realised capital of foreign investment projects in the Southeast Asian economy was estimated at 23.18 billion USD, a 3.5% increase from the previous year, setting a new national record in FDI disbursement.

The number of newly registered projects in 2023 reached 3,188, a 56.6% increase compared to the same period in the previous year, with the number of registered projects with increased capital growing by 14.0%. Average registered capital per new project increased slightly by 3.6% compared to 2022.

According to fDi Markets, a global monitor of FDI sources, FDI into Vietnam's processing and manufacturing industry accounted for 64% of the total registered FDI capital, reaching 23.5 billion USD, a 39.9% increase compared to the same period last year.

Energy remained a bright spot in 2023 with large projects including the 1.99 billion USD Thai Binh LNG Power Plant by Japan, the 1.5 billion USD photovoltaic cell production project by Chinese Jinko Solar and the 1.05 billion USD electronic component manufacturing projects by LG Innotek (the Republic of Korea).

As of January 20, 2024, the total FDI capital in Vietnam reached approximately 2.4 billion USD, a 40.2% increase compared to the same period in 2023.

Newly registered capital reached 2.0 billion USD, a 66.9% increase from the same period. In comparison, additional registered capital and capital contribution decreased by 23.1% and 33.1%, reaching 35.4 million USD and 16.5 million USD, respectively.

The significant increase in FDI in January 2024 has been said to be mainly due to large-scale real estate investment projects.

A major urban development project in Hanoi with a total capital of 662 million USD accounted for 53.9% of the total registered investment capital attracted in the first month of the year in the real estate business sector. Excluding this sudden surge, registered investment capital in the year's first month was equivalent to the same period in 2023. However, actual investment capital for foreign investment projects was estimated to reach 1.5 billion USD, a 9.6% increase.

Thanks to the positive growth in FDI throughout 2023, the country's disbursement rate of FDI capital has significantly improved. In 2023, FDI disbursement reached 23.2 billion USD, a 3.5% increase compared to 2022.

"Growth in FDI in January 2024 continued to reinforce our view that FDI disbursement may continue to accelerate due to the large amount of FDI registered in 2023 and multinational companies continuing to diversify their investments out of China. Vietnam looks to remain an attractive investment destination due to advantages such as its strategic location, various free trade agreements (FTAs), and competitive labour costs. Upgrading diplomatic relations with the United States and Japan will help boost investment in Vietnam," said Hanoi-based VietCap Securities Company.

According to UNCTAD's forecast, global FDI flows may experience modest growth in 2024 due to predictions about inflation and borrowing costs in stable developing markets. However, negative developments are still overshadowing the positive direction, related to political risks, high debt levels in countries, and the risk of declining global economic growth. In addition, in 2024, voters in more than 80 countries and territories (representing over half of the world's population) are expected to vote in elections, which will also impact global investment.

VDSC experts said the prospects for attracting FDI in 2024 will remain positive due to Vietnam's position as a potential destination for strategic diversification of supply chains by global manufacturers, the country's trend of positive economic growth, and a stable political environment.

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**Quang Ninh attracts additional $332 million in foreign investment capital**

*VIR*

Quang Ninh Industrial Zones Management Authority granted investment certificates for two projects on February 22, valued at a combined $332 million.

One of the projects is from China-based Gokin Solar to manufacture monocrystalline silicon wafers and monocrystalline silicon photovoltaic bars worth $275 million. The project is located in Texhong Hai Ha Industrial Park (IP) and is set to begin operating in October 2025.

The second one is a $57 million project invested by IKO Thompson Vietnam from Japan. Located in Song Khoai IP, the project is designed to produce 930 tonnes of bearings and linear motion equipment per year, starting January 2026 when the project’s first phase is operational.

Earlier this month, Quang Ninh granted investment certificates to two China-invested projects. Xiamen Solex High-Tech Industries will invest in an $80 million plant to produce 10,000 tonnes of bathroom products per year. The investment will cover 6.78 hectares in Bac Tien Phong IP.

The other project, covering 5.92ha of Texhong Hai Ha IP with an investment of $41 million, will manufacture 192 million pairs of labour protection gloves a year, or 6,080 tonnes.

With the latest investments, Quang Ninh attracted eight foreign-invested projects with the total registered capital of $478 million in the first two months of the year.

In the first quarter of 2024, Quang Ninh expects to welcome foreign investment capital of $1 billion towards the target of $3 billion this year, close to the sum of $3.1 billion in 2023. Last year, the province reported a breakthrough in attracting both domestic and foreign investment, totaling nearly $5 billion.

This result makes Quang Ninh emerge as one of the leading localities nationwide in attracting foreign-invested projects in the year. This was the record-breaking year in attracting new-generation foreign investment after more than 20 years since the first foreign-invested project licensed in the province in 2002.

The province is home to nearly 200 foreign-invested enterprises from 20 countries and terriorites worth nearly $14 billion.

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# PROPERTY

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**Cushman & Wakefield: Vietnam to welcome large volume of new office supply in 2024**

*VNE*

**Vietnam set to see significant new office supply this year, mostly in Hanoi and HCMC, recent report from real estate consultants notes.**

Vietnam is poised to welcome a substantial influx of new office supply in 2024, primarily focused on its two major office markets of Ho Chi Minh City and Hanoi, according to the Asia-Pacific Office Market Outlook 2024 report released recently by global real estate services company Cushman & Wakefield.

Hanoi is expected to receive approximately 80,700 sq m of new office supply this year, primarily in the CBD area. Some 100,000 sq m of new Grade A office space is projected to come online during the 2024-2027 period.

Meanwhile, in Ho Chi Minh City, new Grade A office supply is anticipated in the CBD area (District 1) from 2024 to 2025, with contributions from three projects totaling 118,700 sq m of premium office space. Approximately 81,000 sq m of additional Grade A supply are also slated for completion in areas outside of the city center during the 2024-2026 period.

Economic instability has affected general office demand in the southern city as tenants become more concerned about cost. The absorption rate will gradually increase from 2024 onwards, thanks to new, higher quality supply and improved economic conditions. Office vacancy rates are expected to be above 20 per cent throughout 2023-2026, driven by continued new supply, according to Cushman & Wakefield.

“New supply from the Thu Thiem New Urban Area, neighboring the CBD, marked a significant step for this sub-market to be a true extension of the existing CBD area,” said Ms. Ngoc Le, Head of Commercial Leasing at Cushman & Wakefield Vietnam. “District 7 and Thu Thiem New Urban Area will rise as new business and commercial hubs of the city thanks to the immediate proximity to the existing CBD and competitive rents, newer projects with advanced technology, abundant land banks for new developments, and improving infrastructure.”

In Hanoi, market demand was strong in the first half of 2023 but then slowed in the second half and is expected to remain low throughout 2024. Vacancy rates are expected to be at 25-30 per cent in 2023-2024 and then gradually fall to about 20.5 per cent by 2027. With abundant new supply throughout Hanoi, the market is expected to be favorable for tenants in the near future. On average, Hanoi’s total supply will grow 3.5 per cent each year in the 2023-2027 period.

Observing many new office developments, Cushman & Wakefield has seen that a heavy focus on sustainability and green practices is becoming clearer, mirroring a trend that has been occurring in other markets globally, especially in Europe and the US.

“According to our observations, most projects in Vietnam, both new and operating, are either pursuing or have attained ESG certifications, highlighting the shift in interest towards more sustainable development in recent times,” Ms. Ngoc said. In Ho Chi Minh City and Hanoi, a total of 21 buildings have been awarded LEED/BCA Green Mark certificates - the two leading globally recognized building quality standards. This means that there are hundreds of buildings under pressure to retrofit to remain competitive in the market, especially if they want to attract global occupiers.

Ms. Trang Bui, Country Head of Cushman & Wakefield Vietnam, said global businesses are making net-zero commitments and sustainable real estate will be a critical factor in meeting their goals. Take any technology services company, bank, or insurance company by way of example. Up to 80-90 per cent of their carbon emissions can come from real estate. “This is part of the reason why we are seeing tenants’ priorities gradually shifting from a focus on location, rental price, and amenities to what a building could offer in terms of helping reach their sustainability goals.”

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**Overseas Vietnamese snap up domestic property**

*VE*

Foreign Vietnamese are spending big on apartments and land in Vietnam, which they consider a good investment assets compared to prices in developed markets.

Harry Nguyen from Australia bought a 100-square-meter apartment in Da Nang City last December for just over VND3 billion ($122,000), which he said was a "sound" investment.

"The same apartment would have cost me around $1.5 million in Hong Kong, $400,000 in Australia and $300,000 in the Philippines," he said, adding that he could either live in the property or lease it for around VND30 million a month.

Hung Trinh, who lives in Singapore, said that he and many overseas Vietnamese he knows in Singapore are very interested in Vietnam’s property market, especially now that prices have eased.

"Middle-age people like me need to starting thinking about a place to rest [when we retire]. I have chosen Nha Trang and am investing in a property there," he said, referring to the famous beach city in south-central Vietnam.

Harry and Hung are among around 4 million foreigners and overseas Vietnamese who are looking to buy property in Vietnam for both residential and investment purposes, according to the Ministry of Construction.

A recent survey by property consultancy CBRE showed that Vietnam’s property market ranked second behind India in terms of [attractiveness in the Asia Pacific region](https://e.vnexpress.net/news/property/vietnam-2nd-most-attractive-emerging-property-market-in-asia-pacific-survey-4713442.html).

Many foreigners are looking to buy discounted assets, implying that they have a long-term vision of the potential of Vietnam’s economy and the recovery of the property market, said Nguyen Pham Anh Duy, director of investment consultancy at CBRE Vietnam.

Duan Nguyen, a property broker, said that in recent years an increasing number of foreign Vietnamese have been looking to buy houses and villas in the high-end segment.

"Many foreigners ask their family members to make purchases on their behalf. Usually they buy villas at VND15 billion or higher."

He estimated that 15% of his customers are overseas Vietnamese. As villa prices are around 20% lower than their previous peak, foreigners are buying them up quickly.

"They often look in the high-end segment for investment opportunity. Even if they cannot sell the assets for profit later they can still use it as their retirement home."

Alvin Ong, CEO of Hutton, a property brokerage in Singapore, said that whenever a new project is up for sale, around 20-30% of his customers are overseas Vietnamese.

Many of them have inquired about projects in Vietnam recently as prices conintue to fall, he said.

In Singapore, taxes can reach up to 65% of a home, which is why many overseas Vietnamese look for potential investment in Vietnam where prices are much lower, he added.

There are around 5.5 million overseas Vietnamese, and many of them want to spend the last years of their lives in Vietnam, which means they are generating demand for property here, said Peter Hong, deputy chairman of the Business Association of Overseas Vietnamese.

A survey by the Ho Chi Minh City Real Estate Club showed that 3 million overseas Vietnamese want to own property in Vietnam when they return to the country, and most of them want to live in Ho Chi Minh City."

Ngo Thanh Huan, CEO of asset consultancy and management FIDT, said that when foreigners spend the money they gain overseas on Vietnamese property, the local economy gains.

However, they need to be cautious about [property prices](https://e.vnexpress.net/news/property/property-sector-suffering-three-plagues-4712169.html) in Vietnam as they vary greatly, and it takes time to evaluate a property’s true value, he added.

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# OIL&GAS&[ENERGY](http://tuoitrenews.vn/society)&MINING

**Lao Cai accelerates construction of hydropower projects**

*VNA*

*Steering committee established to tackle difficulties in project implementation.*

The Lao Cai Provincial People’s Committee has decided to establish a steering committee on speeding up the construction of 20 hydropower projects in the northern province.

The Committee will coordinate with relevant departments and agencies to consult on and propose solutions to tackle difficulties and obstacles to quicken projects and ensure they remain on schedule.

It will urge investors to implement projects in line with approved investment policies and to ensure project quality.

There are 73 existing hydropower projects in Lao Cai with a total capacity of over 1,148 MW.

Hydropower projects have helped create 1,800 jobs.

Mostly located in remote and disadvantaged areas, such projects have played an important role in improving the living conditions of local people and particularly in rural electrification.

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**Honeywell involved in Vietnam’s first green hydrogen plant**

*VNE*

**US giant to offer its technologies to the Tra Vinh Green Hydrogen project in the Mekong Delta.**

US multinational conglomerate Honeywell recently announced it has signed an MoU with The Green Solutions Group Corporation (TGS) regarding Vietnam’s inaugural green hydrogen plant, the Tra Vinh Green Hydrogen project in the Mekong Delta province of Tra Vinh.

Under the MoU, Honeywell will contribute its advanced technologies like project automation design and management along with energy management solutions such as battery energy storage systems (BESS) to enable TGS to integrate renewable energy sources into the green hydrogen plant.

“Honeywell’s battery energy storage system will play a key enabling role in the Tra Vinh Green Hydrogen project,” said Mr. Ramanathan Valliyappan, Regional General Manager of Honeywell Process Solutions. “It will extend renewable energy from TGS’s solar farms beyond sunlight time as well as extend wind power when the winds are calm. Honeywell’s BESS platform helps decrease costs and carbon emissions by providing grid stability from renewable power sources, thus enabling the production of green hydrogen at the Tra Vinh plant.”

In addition to BESS, Honeywell will provide extensive solutions and expertise covering the entire hydrogen value chain to help TGS operate safely and profitably and meet its renewable energy production goals.

“Our collaboration marks a critical step towards the production of green hydrogen at the Tra Vinh plant,” said Ms. Huynh Thi Kim Quyen, Managing Director of TGS. “The Tra Vinh Green Hydrogen project is a major landmark for our company and a significant milestone towards realizing our national goal of decarbonizing the energy sector with renewable energy solutions, contributing to a cleaner and more sustainable future.”

According to “Country: Vietnam”, the World Bank Group Climate Change Knowledge Portal, 2021, Vietnam is one of the top 5 countries likely to be most affected by climate change, with possible severe social and economic risks. In that context, Vietnam’s commitment to achieving net-zero emissions by 2050 underscores the urgency of initiatives like the Tra Vinh Green Hydrogen project, especially in regions with high solar and wind power potential like the Mekong Delta.

Covering an area of 21 ha, the Tra Vinh Green Hydrogen project has total investment of $341 million. Construction began in March 2023, and the project is expected to become operational two years later, initially producing 24,000 tonnes of green hydrogen and 195,000 tonnes of oxygen a year. It will also provide direct jobs for 300-500 local people.

Committed to achieving carbon neutrality in its operations by 2035, Honeywell has a rich history of innovation to support environmental and social objectives. In 2022, approximately 60 per cent of its research and development investment for new product introductions was directed towards ESG-driven outcomes, aligning with its sustainability goals.

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# LEGAL

**Compilation board established to guide implementation of Law on Real Estate Business**

*VNE*

*Law is scheduled to take effect from January 1, 2025.*

The Ministry of Construction has established a board to compile a decree guiding the implementation of the revised Law on Real Estate Business.

The board has 34 members and is chaired by Deputy Minister of Construction Nguyen Van Sinh.

The National Assembly adopted the revised law on November 28, 2023.

It regulates the real estate business, the rights and obligations of organizations and individuals in the real estate business, and State management over the field.

The law is scheduled to take effect on January 1, 2025.

Under the law, the State policy is to encourage organizations and individuals from different economic sectors to invest in the real estate business in line with the country’s socio-economic development goals in different periods and different regions.

The State offers preferential policies to organizations and individuals to invest in building social houses and real estate projects with investment incentives.

It also invests in and encourages organizations and individuals to invest in infrastructure works outside the scope of projects, as well as public works and social infrastructure.

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**Vietnam to develop legal framework on virtual assets**

*VNE*

*Move forms part of country’s efforts to combat money laundering.*

Vietnam will develop a legal framework to prohibit or regulate virtual assets and virtual asset service providers, which is expected to be completed by May 2025.

This is one among 17 specific actions outlined in a national action plan issued recently by the government to implement its commitment to preventing and combating money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction.

The goal is to realize the National Action Plan to implement the government’s commitment with the Financial Action Task Force (FATF), so as to soon remove the country from the Increased Monitoring List (Grey List) on the basis of ensuring maximum national interest.

Other actions include demonstrating that relevant authorities have improved their understanding of money laundering / terrorist financing risks and are taking steps to mitigate these risks through the implementation of strategies and policies, and establishing effective cooperation, coordination, and communications between relevant agencies.

Formal cooperation (multilateral cooperation in extradition and legal assistance) and informal cooperation (of law enforcement agencies and Financial Intelligence Units) with foreign partners will be enhanced by providing constructive information and proactively seeking cooperation regarding criminals and their assets, and ensuring relevant authorities, including central agencies, are provided with appropriate resources to carry out international cooperation.

Law enforcement and prosecution agencies will prioritize parallel financial investigations and demonstrate a significant and sustainable increase in the number of money laundering investigations and prosecutions, consistent with Vietnam’s money laundering risk profile.

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