VIETNAM – NEWS AND REGULATIONS

Dear Friends,

[Thank you for your interest in this topic. You have informed me that you wish to receive this newsletter. This communication may be considered promotional in nature.] If you no longer wish to receive any promotional communications from Dr. Oliver Massmann, please respond to this email and put "UNSUBSCRIBE ALL" in the subject line. Thank you!

With Compliments

Dr. Oliver Massmann

International Attorney at Law  
Certified Financial Accountant and Auditor

HEADLINES

[TOP NEWS](#_Toc163738602)

[Vietnam – A Rising Star in The World: New Straits Times](#_Toc163738603)

[BANKING & FINANCE](#_Toc163738604)

[VPBank’s ROE decrease – a possible advantage in the future](#_Toc163738605)

[Two banks plan to shift trading platform this year](#_Toc163738606)

[ECONOMY](#_Toc163738607)

[ADB projects VN’s economic growth at 6% in 2024, 6.2% in 2025](#_Toc163738608)

[Rice exports rise 42%](#_Toc163738610)

[INVESTMENT](#_Toc163738612)

[Suntory Pepsico begins construction of $300 million plant in Long An](#_Toc163738613)

[Wave of Taiwanese enterprises comes to Vietnam's shores](#_Toc163738615)

[PROPERTY](#_Toc163738616)

[Demand growing for HCMC premium, mid-priced office space](#_Toc163738617)

[Hanoi apartment listings on real estate trading platform see 20% price jump](#_Toc163738618)

[OIL&GAS&ENERGY&MINING](#_Toc163738620)

[PV GAS supplied nearly 70 thousand tons of LNG to EVN for electricity production in 2024](#_Toc163738621)

[Investors await instructions for financing power projects](#_Toc163738622)

[LEGAL](#_Toc163738623)

[Implementation of new land laws must benefit investors](#_Toc163738624)

[Deputy PM highlights incentive policies for rooftop solar power installation](#_Toc163738626)

# TOP NEWS

## Vietnam – A Rising Star in The World: New Straits Times

***After a period of hardship and sacrifice, Vietnam is now a rising star in the world with consistent gross domestic product (GDP) growth of about 6% for many years.***

New Straits Times - an English-language newspaper published in Malaysia on September 17 ran an article titled “Vietnam showcases its meteoric ascent from war-torn Ruins to global recognition.”

Its author Gary Lit Ying Loong, a retired academic from Nanyang Technological University, (NTU) Singapore, and now a visiting professor at some universities in Asia and Europe, highlighted Vietnam's economic growth with consistent gross domestic product (GDP) growth of about 6% for many years, thanks to [Doi moi](https://vietnamtimes.org.vn/international-friends-impressed-by-vietnams-diplomatic-achievements-38569.html)(Renewal) policy.

The Doi Moi policy helped to inject a newfound dynamism into Vietnam's economy in the late 1980s. The momentum for a market-driven economy accelerated further in the 1990s.

According to the article, following market reforms, billions of overseas investments began pouring into the country. Among them are those by Gamuda Land, Petronas, and Sunway group from Malaysia and the Vietnam-Singapore Industrial Parks (VSIP).

It has helped to attract billion-dollar investments from Samsung, Nike, Adidas, and others. Besides, an abundant young workforce has helped power the country's labor-intensive manufacturing sector.

“Vietnam is now a rising star in the world with consistent gross domestic product (GDP) growth of about 6% for many years,” the author wrote.

In the past decade, the economy has created more and better jobs, which helped improve the aspirations and living standards of its people. Famous Western brands such as Louis Vuitton, Gucci, and Chanel have a presence in all major cities in the country, the article said.

Vietnam remains an attractive destination for foreign businesses and customers throughout the HSBC network have continued to show very strong interest in the Vietnam story, the HSBC said in its recent survey.

HSBC commissioned the online survey of 3,509 businesses based in nine markets - China, India, the UK, France, Germany, the US, Australia, Hong Kong (China), and GCC countries (United Arab Emirates, Saudi Arabia, Bahrain, Qatar, Oman and Kuwait).

According to the HSBC Global Connections survey, Vietnam which has become known for its rapid economic growth also stands out as one of the top performers in the ASEAN region given its strong economic resilience during and after the COVID-19 pandemic.

This resilience coupled with its hard-working skilled workforce and competitive cost structures continues to attract strong FDI flows into the country.

The country's fast-growing middle class is also a real opportunity for international companies who are looking to tap into the consumer story that will see Vietnam become the 10th largest consumer market in the world by 2030, said Tim Evans, CEO of HSBC Vietnam.

Several international businesses see Vietnam’s growing consumer market as an opportunity, with 27% highlighting the appeal of increasing consumer prosperity.

*Vietnam lured close to $18.15 billion in foreign direct investment (FDI) from the beginning of this year to August 20, up 8.2% year-on-year, according to the Foreign Investment Agency under the Ministry of Planning and Investment.*

*In the period, there were 1,924 newly registered projects with a combined capital of $8.87 billion, up 69.5% and 38.6% compared to the same period last year, respectively.*

*Meanwhile, over $4.53 billion was added to 830 existing projects, down 39.7% and up 22.8% year-on-year, respectively.*

*The value of capital contribution and share purchase deals rose by 62.8% to $4.47 billion.*

*The manufacturing and processing sector led in FDI attraction, with close to $13 billion, followed by real estate with more than $1.76 billion.*

[Back to Top](#_top)

# BANKING & FINANCE

**VPBank’s ROE decrease – a possible advantage in the future**

*VNS*

 Looking solely at the numbers, VPBank experienced a significant decline in its return on equity (ROE) in 2023, indicating ineffective operations, but delve deeper into the reasons behind this sudden drop reveals that it actually presents a competitive advantage for VPBank in the future.

By the end of 2023, VPBank had the largest decrease in ROE among all banks listed on the Vietnamese stock exchange. The bank's ROE ratio declined from 16.0 per cent at the end of 2022 to 9.3 per cent at the end of 2023.

ROE is a crucial metric frequently employed by investors to assess a business's performance. It reflects the profitability generated from shareholders' invested capital. A higher ROE signifies greater operational efficiency. In the period of 2017-22, VPBank consistently fluctuated between 20 and 25 per cent, placing it among the banks with the highest ROE in the system. This operational efficiency is further exemplified by the consistent growth in profits over many years. Over the ten-year period from 2014 to 2023, pre-tax profit multiplied by seven, corresponding to a compound annual growth rate of nearly 24 per cent.

Upon a detailed analysis of VPBank's financial statements, it becomes evident that the primary factor influencing the bank's ROE is not ineffectiveness in operations but rather a significant increase in equity capital during the fourth quarter of 2023. Following a successful private placement of 15 per cent of equity capital to Japanese strategic shareholder SMBC, VPBank accumulated nearly VND36 trillion. This infusion of capital raised the bank's total equity to approximately VND140 trillion, positioning VPBank as the second-largest bank in terms of equity in the market.

Maybank Securities Company, in a report provided to investors at the end of March confirmed that VPBank's decreased ROE in 2023 was primarily attributed to the substantial capital injection in the years 2022-23. Maybank also anticipates that VPBank's ROE will continue to remain at a "modest" level during the period of 2024-26, as the bank will require a two to three year timeframe to effectively utilise its newly acquired capital strength.

Indeed, the significant decline in ROE is a temporary consequence that VPBank must accept following the implementation of a private placement plan for strategic shareholders. In return, VPBank will have access to a capital source exceeding $$1.5 billion at no cost, which will be readily available to support its long-term business plans. In the current landscape, despite the temporary sharp reduction in ROE, it will foster growth momentum for VPBank in the future, given its substantial capital holdings.

During a recent online meeting with investors, Lưu Thị Thảo, Deputy General Director and VPBank's Senior Executive Director, emphasised the importance of a solid capital foundation in banking operations.

She said: "A solid capital foundation is always a prerequisite, enabling the bank to establish a strong footing and weather the most challenging times."

She further highlighted that VPBank's large capital base is a formidable competitive advantage, particularly in a context where many banks in Vietnam are still considered to be capital-deficient.

Thanks to the substantial increase in equity, VPBank is projected to have the highest capital adequacy ratio (CAR) in the system in 2023, reaching 17.1 per cent.

Trần Thái Bình, a market analyst from VPBankS Securities Company, estimates that a 1 per cent increase in the CAR corresponds to a 1.7 per cent increase in the credit growth rate in the subsequent period. Applying this estimation, if VPBank achieves a consolidated credit growth of 25.6 per cent in 2023, the credit growth for 2024 could potentially reach up to 32.4 per cent.

Bình said: "Abundant financial potential will enable VPBank to break through limitations, expanding beyond individual customers, SMEs, and consumer finance, and venturing into new business segments, particularly targeting the FDI customer segment through the strategic partnership with SMBC. This endeavor aims to leverage market opportunities to maximise revenue and profits while supporting traditional business segments."

It is highly likely that VPBank will demonstrate the effectiveness of its capital scale advantage in 2024. In documents sent to shareholders prior to the general meeting, VPBank proposed a plan to more than double its pre-tax profits compared to 2023. Specifically, the parent bank is expected to achieve a profit of VNĐ20 trillion, while subsidiaries including FE CREDIT, VPBankS, and OPES are projected to attain profits of over VNĐ1.2 trillion; VNĐ1.9 trillion and VNĐ800 billion, respectively.

[Back to Top](#_top)

**Two banks plan to shift trading platform this year**

*VNS*

VietABank and BVBank are going to seek shareholders' opinions on transferring their stock trading activities from the UPCoM to listing on the stock exchanges.

VietABank and BVBank will seek shareholders' opinions on transferring their stock listing from the UPCoM to the main stock exchanges - the Hồ Chí Minh Stock Exchange (HoSE) or the Hà Nội Stock Exchange (HNX).

VietABank's Board of Directors will propose to the shareholders the listing of all outstanding shares of the bank on the stock exchanges upon regulatory approval when favourable market conditions, proper procedures and legal requirements are met.

According to VietABank, the listing of shares will enhance the lender’s credibility, position and brand. It will also seize the opportunity to attract investment capital, promote banking activities and strengthen its image among strategic foreign investors and international financial institutions.

Meanwhile, Viet Capital Commercial Joint Stock Bank (BVBank) will propose to shareholders the transfer of listing the bank’s shares from the UPCoM to HoSE.

This plan was previously presented and approved at the 2023 annual general meeting but was not implemented due to unfavourable market conditions.

This year, BVBank forecasts persistent economic difficulties. However, the Board of Directors believe that the economy will soon show signs of recovery and BVBank's business performance in 2024 is expected to improve.

As a result, the bank will proceed with the plan to list on the stock exchange.

Currently, there are seven banks trading on the UPCoM, including VietABank, ABBank, Kienlongbank, Vietbank, PGBank, SaigonBank and BVBank.

In 2023, five banks, namely ABBank, VietBank, Kienlongbank, Nam A Bank and BVBank, announced plans to list their shares on either HoSE or HNX. Among them, only Nam A Bank successfully listed its shares on HoSE, Kienlongbank withdrew its application in January 2023, while VietBank, ABBank and BVBank have yet to complete their listing plans.

[Back to Top](#_top)

# ECONOMY

**ADB projects VN’s economic growth at 6% in 2024, 6.2% in 2025**

*VNS*

Việt Nam's economy is expected to grow at 6 per cent in 2024 and 6.2 per cent in 2025, according to the Asian Development Outlook April 2024 released today.

The Asian Development Bank (ADB) has maintained its earlier growth projection for Việt Nam this year despite lingering uncertainties in the external environment.

The economy is expected to grow at 6 per cent in 2024 and 6.2 per cent in 2025, according to the Asian Development Outlook April 2024 released today.

The report pointed out that a relatively broad-based restoration in export-led manufacturing and services as well as stable performance of the agriculture sector are expected to support the Vietnamese economy’s recovery momentum.

Positive inflows of foreign direct investment (FDI) and remittances, a sustained trade surplus, recoveries in domestic consumption, and continued fiscal stimulus characterised by a substantial public investment programme are seen as key to boosting growth in 2024.

“The Vietnamese economy is expected to grow at a solid pace this year and the next, despite a challenging global environment,” said ADB Country Director for Việt Nam Shantanu Chakraborty. “However, global geopolitical uncertainties and domestic structural fragilities could impact the outlook. Therefore, policy measures in 2024 will need to combine short-term growth support measures to strengthen domestic demand with long-term structural remedies to promote sustainable growth.”

Softened global demand caused by a slow economic recovery and delayed normalisation of interest rates in the US and other advanced economies, coupled with continued geopolitical tensions, are likely to hamper a full recovery of Việt Nam’s export-led growth in 2024.

To accelerate growth, stronger measures are required to address domestic structural fragilities, such as heavy reliance on FDI-led manufacturing exports, weak linkages between manufacturing export industries and the rest of the economy, incipient capital markets, an overreliance on bank credit, and complex regulatory barriers to business.

Public investment remains a catalyst for Việt Nam’s economic growth, so its effective implementation is crucial. Although the Government has applied various measures to expedite public investment and enhance effective execution, more systematic measures are required to improve legal and regulatory processes, reducing constraints on efficient delivery, according to the report.

[Back to Top](#_top)

**Rice exports rise 42%**

*VE*

Vietnam exported 2.1 million tons of rice in the first three months, worth $1.4 billion in total, up 42% year-on-year in value.

Main buyers such as the Philippines, Indonesia, China, Ghana, Malaysia and Singapore all posted growth, according to the Ministry of Agriculture and Rural Development.

The Philippines and Indonesia, however, are making efforts to increase production to reduce their dependence on Vietnamese rice.

African countries, which have long been a buyer of [Vietnamese rice](https://e.vnexpress.net/news/business/companies/vietnam-s-biggest-rice-importers-buying-more-vietnamese-rice-4663557.html), are now also being supported by other countries to grow their own rice.

The ministry therefore urged rice exporters to diversify their markets and increase their product quality to make Vietnamese rice more competitive.

Vietnam’s 5% broken rice export price is now at $576 per ton, down 12% from the beginning of the year and lower than competitors in Thailand and Pakistan.

Vietnam, which ranks third globally in rice exports, aims to ship $5 billion worth of rice this year, up from a record $4.7 billion last year.

[Back to Top](#_top)

# INVESTMENT

**Suntory Pepsico begins construction of $300 million plant in Long An**

*VIR*

Suntory PepsiCo Vietnam commenced construction of its sixth plant on April 8. The new plant is located in Huu Thanh Industrial Zone, Duc Hoa district, Long An province.

The project is expected to cost more than $300 million, with the facility poised to become the largest and most cutting-edge Suntory PepsiCo plant in the Asia-Pacific region. Upon completion, the plant will have an annual capacity of 800 million litres, meeting the demand of consumers and solidifying Suntory PepsiCo's leading position in Vietnam's beverage market.

Addressing the ceremony, Do Thanh Trung, Deputy Minister of Planning and Investment said, "This project is among the largest foreign investments in Long An and is expected to contribute to the socioeconomic development of the Mekong Delta province," said Trung.

Spanning approximately 20 hectares of land, the Long An plant will be powered by renewable energy, such as biomass and solar power, significantly reducing emissions at the plant.

Products made there will use packaging made from 100 per cent polyetylen terephthalate, along with other initiatives to save resources in its production. This signifies Suntory PepsiCo’s move towards realising the sustainability commitments of the government of Vietnam and its pledge to reach net-zero emissions by 2050.

"The establishment of this sixth plant, touted as the largest and most advanced facility within the region, is poised to strengthen Suntory PepsiCo Vietnam's leadership in the market. It will augment production capacity to meet consumer demand, spur the launch of more product innovations, and foster the expansion of the local supply chain, further reinforcing the company's foothold in the country," said Takayuki Sanno, CEO of Suntory Beverage and Food Asia Pacific, Vietnam

Jahanzeb Khan, CEO and general director of Suntory PepsiCo Vietnam, said, "This plant will be the largest investment in Vietnam in our company’s history, setting new benchmarks for productivity and sustainability and paving the way for its long-term growth."

With its three decades of operation in Vietnam, from its first manufacturing facility in the Hoc Mon district of Ho Chi Minh City, Suntory PepsiCo remains committed to further investment in Vietnam by expanding it footprint nationwide with five plants in Can Tho, Dong Nai, Ho Chi Minh City, Quang Nam, and Bac Ninh, complemented by six offices dispersed across the country.

Suntory PepsiCo Vietnam and the Ministry of Education and Training also presented clean water constructions to primary schools in Long An at the event, helping to improve access to clean water and improve the quality of facilities.

The company planted 6,000 trees in Duc Hoa district, Long An last year.

[Back to Top](#_top)

**Wave of Taiwanese enterprises comes to Vietnam's shores**

*VIR*

At the Vietnam-Taiwan Business Forum held on April 8, more than 2,000 Taiwanese enterprises from 176 member associations spanning 72 economies worldwide convened to establish business connections with Vietnamese counterparts.

During the event, Tran Duy Dong, Deputy Minister of Planning and Investment, said that in recent years, Taiwan has consistently been among the top foreign investors in Vietnam.

"In 2023, investment from Taiwan into Vietnam reached $2.2 billion, quadrupling on-year," Dong said. "Cumulatively, Taiwan currently ranks fourth out of 105 countries and territories pouring money into Vietnam, with nearly 3,200 projects and a total registered capital of over $39.5 billion."

"Taiwan has also become Vietnam's fifth-largest trading partner," he said.

According to CY Huang, chairman of the Southeast Asia Impact Alliance, Vietnam is an attractive destination for Taiwanese investors and a crucial link in the Southeast Asian supply chain relocation trend.

Huang said that the cultural similarities between Vietnam and Taiwan, which help reduce communication barriers and facilitate favourable conditions for investment cooperation. Furthermore, Vietnam's young population, high economic growth rate, and diverse industries present opportunities for Taiwanese businesses to expand their investments.

Expressing satisfaction with the cooperation between enterprises of both countries, Dong proposed that Taiwanese businesses enhance technology transfer, increase localisation rates, and support skilled labour training.

He also expressed hope that Taiwanese enterprises would adhere to local laws and actively collaborate with local businesses, showing concern for the livelihoods of workers and engaging in social work.

"Vietnam encourages and promotes Taiwanese businesses to invest in fields such as science and technology, electronics, and semiconductors, areas where Taiwan excels, and which align with Vietnam's development direction," Dong said

[Back to Top](#_top)

# 

# PROPERTY

**Demand growing for HCMC premium, mid-priced office space**

*VE*

Grade A and B office segments in HCMC saw lower vacancy rates and a number of large lease contracts in the first quarter, real estate consultancy Knight Frank said.

The [vacancy rates](https://e.vnexpress.net/news/property/grade-a-office-vacancy-rates-20-in-hanoi-hcmc-in-2023-4700112.html) were 16.7% for the premium segment and 9% for the mid-priced one, down 1.9 and 2.3 percentage points from the previous quarter.

Their average monthly rents rose by 0.3% and 0.5% year-on-year to $58.06 and $34.31 per square meter.

There were numerous large rental contracts signed during the quarter.

At The Nexus, a premium office building that opened during the first quarter in District 1, all tenants rent offices rangingfrom 2,000 to 10,000 square meters.

In the mid-price segment, the OfficeHaus building in Tan Phu District also saw a 10,000-square-meter lease contract.

Most of the transactions are for office relocation as many businesses opt for larger places.

There were three transactions for more than 10,000 square meters, a rare occurrence in any quarter, Leo Nguyen, director of occupier strategy & solutions at Knight Frank Vietnam, said.

Most new office buildings achieved occupancy rates of 70-80% very quickly after launch, he said.

The majority of the large transactions were by firms in the technology (75%), retail (9%) and pharmaceuticals (6%) industries, he said.

"Demand for large office spaces is increasing as foreign businesses are upscaling."

He said the soaring demand indicates the growth potential of the commercial real estate market.

This year [the premium office segment](https://e.vnexpress.net/news/property/nothing-shakes-demand-for-premium-office-space-4680379.html) will see the addition of the Sun Tower in District 1 with around 80,000 square meters of space.

Two mid-priced buildings, the D'Saint Raffles in District 1 and Etown Central in District 4, will also be completed with 52,780 sq.m.

Knight Frank forecast the average grade A monthly rent to climb to $60 per square meter and the vacancy rate to 27%.

The grade B segment is expected to have an average rent of $33 and 13% vacancy.

Nguyen explained: "Many office buildings in HCMC have maintained over 90% occupancy rates for several years. However, the [increasing supply of office space](https://e.vnexpress.net/news/property/expanding-supply-to-increase-hanoi-hcmc-office-vacancy-4717759.html) will gradually reduce this rate in older buildings as tenants move to newer ones."

[Back to Top](#_top)

**Hanoi apartment listings on real estate trading platform see 20% price jump**

*VE*

Hanoi apartments listed on Batdongsan have seen their prices rise 11-20% year-on-year this quarter, the real estate trading platform has said in its quarterly report.

Mid-priced apartments experienced the biggest price increases of nearly 20%, it said. Prices were up 17% and 11% in the premium and affordable segments.

The average apartment price on the site is now VND46 million (US$1,840) per square meter, 44% up from 2021, Batdongsan said.

Nguyen Quoc Anh, Batdongsan’s deputy CEO, chalked the price hikes up to limited supply.

Despite various measures taken to resolve legal hurdles and expedite project implementation, new apartment supply this year has only managed to meet 30-35% of demand, he said.

A Batdongsan survey of 200 real estate agencies found over a third of participants saying they had witnessed 10-50% more transactions in the first quarter compared to the previous one.

Many HCMC investors have shifted their focus to the Hanoi market to capitalize on the rising prices and demand, Anh said.

The number of searches done in HCMC for Hanoi apartments has jumped 7.5-fold since early 2021.

This is because apartment rental yields are higher in Hanoi (4.1-4.9%) than HCMC (3.9-4.5%) and prices are slightly lower on average, Anh explained.

Nguyen Hoai An, a senior director at property consultancy CBRE Hanoi, said the [Hanoi apartment market](https://e.vnexpress.net/news/property/affordable-apartments-grow-increasingly-out-of-reach-for-hanoians-4728171.html) had previously been dominated by a few major developers.

As southern and foreign property developers seek to enter the market, they prefer to develop high-end projects since they give them more room to differentiate their products from those of existing firms, she said.

Several recently launched projects are priced as high as VND60-70 million per square meter despite being located far from the city center, he said.

This increase in premium supply has [pushed up average prices in the city](https://e.vnexpress.net/news/property/hanoi-apartment-market-will-skew-towards-high-priced-segment-analysts-4722842.html).

Nonetheless, An said, the increased competition from foreign and southern developers would help improve quality and management standards in the market.

[Back to Top](#_top)

# 

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

## PV GAS supplied nearly 70 thousand tons of LNG to EVN for electricity production in 2024

*VEN*

Recently, Vietnam Gas Corporation (PV GAS) signed a contract to sell nearly 70 thousand tons of liquefied natural gas (LNG) for the Electricity of Vietnam (EVN) to supplement gas sources for electricity production in 2024.

Accordingly, LNG gas will be supplied to Phu My 3 Thermal Power Plant (April-May 2024), adding about 500 million kWh to the power system. The urgency to supplement imported LNG gas sources demonstrates PV GAS's role and commitment to ensuring energy security and ensuring fuel sources for national electricity production.

PV GAS - a unit with nearly 95.76% of shares owned by Vietnam Oil and Gas Group (PVN), is the leading unit assigned by the Party and State to lead Vietnam's gas industry within the framework of Open a competitive energy market (according to Decision No. 2233/QD-TTg dated December 28, 2020, of the Prime Minister). Up to now, PV GAS is the first and only enterprise qualified to import and export LNG; At the same time, it owns a complete LNG port warehouse infrastructure system in Vietnam (operating since July 2023).

PV GAS's pioneering use of LNG to serve electricity production in Vietnam in the context that other fuel sources are facing difficulties affirms PV GAS's commitment to the country in its role of ensuring national energy security.

Implementing the Prime Minister's direction (in Directive No. 05/CT-TTg dated February 14, 2024), the Al Jassasiya oil tank will provide nearly 70 thousand tons of LNG from Ras Laffan, Qatar, expected to arrive at PV GAS Vung Tau Warehouse on April 11, 2024. Providing fuel for electricity production in Phu My 3 Thermal Power Plant with a strong demonstration in the spirit of "Energy originates innovation" in PV GAS's clean energy journey.

With the support of PVN, ministries, agencies and the Government, in the coming time, PV GAS will actively develop and work with competent authorities to review and remove policy bottlenecks related to the mechanism and infrastructure in deploying LNG products in Vietnam. Focusing on implementing the construction of central LNG warehouse infrastructure (LNG Hub) to optimize the resources, factor endowments of the country, develop mechanisms to encourage and promote infrastructure investment, along with specific regulations on price parity transfer mechanisms, volume monopoly sales, and principles on fees, contributing to construct LNG business market with transparent, fair and sustainable.

[Back to Top](#_top)

**Investors await instructions for financing power projects**

*VIR*

Vietnam is pushing ahead with implementation of its national power strategy, but specific incentives still need to be formulated.

Among 11 solutions outlined in documentation regarding the newly issued implementation plan for the Power Development Plan VIII (PDP8), creating and mobilising capital to develop the electricity industry requires additional specific instructions from the Ministry of Industry and Trade (MoIT) as well as other agencies. A power purchase agreement (PPA) is one of the most sought-after instructions.

The PDP8 and its implementation plan mention a series of domestic gas thermal power projects and projects using imported liquefied natural gas (LNG) that will operate sometime between 2027 and 2030. By then, the total domestic gas thermal power capacity will be 14,930MW and the total LNG thermal power capacity will reach 22,400MW.

One of the prerequisites for large power projects to be implemented as set out in the PDP8 is that financial issues related to the power industry need to be more detailed and specific because it takes several years to implement a power project, at which 2-4 years are required to negotiate the PPA and arrange loans.

The MoIT’s report sent to the government last December calculated that it would take 7-10 years to complete any LNG power project, which includes completing and approving the feasibility report and necessary legal documents, as well as negotiating the PPA and arranging loans, depending on the capacity and experience of the investor.

The Nhon Trach 3 and 4 power plants are a case in point. In February 2019, they received investment planning approval. In March 2022, the investor signed the engineering, procurement, and construction contract with an implementation period of 36 months. Nhon Trach 3 is expected to start generating commercial electricity in November this year and Nhon Trach 4 in May 2025, but the PPA has still not yet been signed.

“We are closely monitoring the disbursement process of Nhon Trach 3 and 4, and know that some of the disbursements have collateral from other sources of the investor. The export credit loan using the project’s revenue has not yet been disbursed,” said an expert on the issue from a European financial institution.

Banks must look at the official PPA to know the cash flow, profit, and loss to decide to lend to the project. It is obvious that there are also projects where investors mortgage other assets instead of the project itself, and can still arrange loans, but these cases are few, he said.

“Before being able to arrange capital, few private and foreign investors will dare to spend billions of USD building large projects if they cannot be sure about their fate. Therefore, to accelerate large ventures, they need more detailed and more specific guides relating to financing,” the expert added.

[Back to Top](#_top)

# 

# LEGAL

**Implementation of new land laws must benefit investors**

*VIR*

Foreign investors have expressed their concern about the upcoming implementation of new laws on housing, land, and real estate business, which aim to help expand the right to do business and attain ownership in Vietnam.

During the Vietnam Business Forum Conference held in Hanoi last month, representatives of the European Chamber of Commerce in Vietnam (EuroCham) suggested that clear guidelines on land-use terms, and the granting of land use right certificates must be well implemented through from central to grassroot level.

“A good implementation will encourage the interest of foreign investors to put their money into Vietnamese real estate. These reforms, among others, are essential to boost the real estate market and contribute to Vietnam’s social security, continuous economic growth and increasing sustainability,” a representative said.

A decree guiding the Law on Real Estate Business 2023 and a decree on construction, management, and use of information systems on housing and real estate markets will be issued before mid-September.

Meanwhile, a circular on the framework programme for training and fostering knowledge to practice real estate brokerage and operate real estate trading floors will be issued by the Ministry of Construction, and a circular regulating funds on information systems and databases for housing and real estate markets will be issued by the Ministry of Finance before November.

The draft decree details and guides the implementation of a number of articles of the new Law on Housing, while the decree on renovating and rebuilding apartment buildings, and the decree on social housing development and management are also being built.

EuroCham also proposed that the government carry out legal reforms, which currently discourage investors, to promote investment in hotel apartments, hotel residences, and hotel offices.

“From our understanding of the latest draft regulations, we endorse legal reforms to promote investments in condotels, hometels, and officetels,” said a EuroCham representative.

Additionally, to further the protection of foreign investors’ rights, EuroCham recommends expediting the issuance of land use right certificates in practice. This also pertains to the publication of a foreign ownership prohibited projects list that will increase the transparency of the Vietnamese real estate market for foreign investors.

In the revised Law on Real Estate Business, each developer can only allocate a specific number of its housing products in each project to foreign buyers. This limitation encompasses a maximum of 30 per cent for apartments and a maximum of 250 landed houses within a commune and ward boundary.

It also stipulates clearly that the government will provide detail guidelines of areas that fall within the criteria of national defence.

According to the law, local authorities are responsible for approving lists of projects which are not located in national defence and security areas, according to government regulations, and are allowed to be sold to foreigners. However, local approval is still quite slow, preventing opportunities for many investors.

Meanwhile, Seck Yee Chung, vice chairman of the Singapore Chamber of Commerce Vietnam, said that the foreign community recognised the efforts made to improve the regulatory framework around investments and activities in relation to land and real estate.

“We look forward to the meaningful implementation of these new laws and the issuance of draft decree for further review,” Chung said.

In particular, the foreign community hopes to see more transparency and efficiency around land clearance and compensation, access to sites by way of auction or project bidding, and land pricing mechanisms.

“We hope that the implementation of these new laws will create more legal certainty around mixed used development, condotels, and projects which take on separate floors as opposed to the whole building. It is also important to improve the ability for the public to have access to land related information. For example, the ability to search for the certificates of land use rights,” Chung added.

“With a significant number of projects and industrial parks with 10-15 years of land tenure left, it is important to have plans and/or guidance as to what happens to these projects at the end of the tenure.”

[Back to Top](#_top)

## Deputy PM highlights incentive policies for rooftop solar power installation

*VNA*

Deputy Prime Minister Tran Hong Ha highlighted the importance of rooftop solar power in ensuring energy security, saying that there needs to be mechanisms and policies to encourage organisations and individuals to invest in solar power.

He made the statement while chairing a meeting held on April 10 to discuss a draft decree stipulating mechanisms and policies to encourage the development of rooftop solar power.

He said rooftop solar power is a renewable energy source that needs to be prioritised and encouraged.

He emphasised the need to mobilise resources of organisations and individuals, and take advantage of the existing transmission network.

The draft decree must include methods of rooftop solar power operation (self-production, self-consumption, linked to the national electricity system, with electricity storage equipment) as well as technological solutions to ensure the safety and stability of the base power system when connecting rooftop solar power with the grid, he said.

He said rooftop solar power, offshore wind power, biomass power and waste power are given priority for development in conditions that they meet technology, system safety conditions and have appropriate prices. Developing rooftop solar power is an economical and effective energy plan.

Procedures should be simplified for households and offices installing rooftop solar power for self-production and self-consumption, not for business purposes, except for works with special requirements regarding safety and fire prevention.

Businesses that invest in rooftop solar power for use, and at the same time install additional electricity storage equipment for sales, need to calculate reasonable prices, financial support and interest rates, he said.

According to the Ministry of Industry and Trade, rooftop solar power can be installed on houses, offices and in industrial parks for use in the form of self-production and self-consumption. It may or may not be linked to the national electricity system and is not sold to other organisations or individuals.

Do Van Nam, member of the Board of Members of the Northern Power Corporation, said businesses in industrial parks need incentives from rooftop solar power procedures and policies. Installing additional rooftop solar power requires ensuring the safety of existing buildings.

Bui Quoc Hoan, Deputy General Director of the Southern Electricity Corporation, said it is necessary to encourage businesses in industrial parks to install equipment to store unused rooftop solar power and convert it into a clean background power source, then transmit it to the grid during the evening peak at a suitable price.

According to the National Load Dispatch Centre, the power grid can remain stable and safe when renewable electricity accounts for up to 50% of total load capacity. It is possible that the power grid in the North can ensure safety and stability when the rooftop solar power capacity is maintained at 5,000-7,000MW, equivalent to the current assessment of rooftop solar power potential.

[Back to Top](#_top)