VIETNAM – NEWS AND REGULATIONS

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HEADLINES

[BANKING & FINANCE](#_Toc194671389)

[Positive credit helps drive economic growth](#_Toc194671390)

[Bond market sees strong recovery in first few months](#_Toc194671391)

[ECONOMY](#_Toc194671393)

[Room remains for Việt Nam-US tariff talks to secure win-win benefits: official](#_Toc194671394)

[Việt Nam’s seafood exports surge to $2.45 billion in Q1](#_Toc194671395)

[INVESTMENT](#_Toc194671397)

[Foreign groups keen on smart manufacturing](#_Toc194671398)

[Foreign investment attraction flourishes on better business climate](#_Toc194671399)

[PROPERTY](#_Toc194671400)

[Keppel unlocks $104 million with divestment from Palm City](#_Toc194671401)

[KN Holdings advocates for better housing in Dong Nai](#_Toc194671402)

[OIL&GAS&ENERGY&MINING](#_Toc194671403)

[Investors will benefit through electricity law](#_Toc194671404)

[TKV works with Japanese partners on coal import and training cooperation](#_Toc194671405)

[LEGAL](#_Toc194671406)

[Vietnam to embark on two-tier administration model on July 1](#_Toc194671407)

[Vietnam pilots new housing policy to improve access to commercial real estate](#_Toc194671408)

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# BANKING & FINANCE

# Positive credit helps drive economic growth

*BIZHUB/VNS*

As of March 20, outstanding loans reached nearly VNĐ15.93 quadrillion, up 1.98 per cent compared to the end of 2024 and up 17.60 per cent compared to the same period in 2024.

The credit growth of the Vietnamese banking system has been positive since the first quarter of this year and flowed strongly into production, business, real estate and consumption, which has contributed to supporting economic recovery.

The Deputy Governor of the State Bank of Vietnam (SBV) Phạm Tiến Dũng, said that credit growth in early 2025 showed signs of improvement compared to the same period in 2024. As of March 20, outstanding loans reached nearly VNĐ15.93 quadrillion, up 1.98 per cent compared to the end of 2024 and up 17.60 per cent compared to the same period in 2024.

The higher credit growth since the beginning of the year shows that the demand for loans from businesses and individuals is gradually recovering. Preferential credit packages and monetary easing policies from the SBV have continued to be effective, helping commercial banks expand lending with more reasonable interest rates.

Previously, in the first two months of 2025, the SBV issued 10 documents directing credit institutions to implement solutions to increase credit growth, and simplify procedures and apply digital transformation technology to the credit granting process. Credit institutions were also required to strictly implement the direction of the Government, the Prime Minister and the SBV in stabilising interest rates and reducing lending rates.

With positive growth momentum from the beginning of the year, experts predict that credit will continue to accelerate in the following quarters and the driving force for the credit growth in 2025 will come from the strong recovery of the economy. The SBV targets a credit growth of 16 per cent for the year as a whole, while still strictly controlling credit quality to limit bad debt risks.

Analysts from the MB Securities Company (MBS) said that credit activities in 2025 could be driven by a number of factors, including the strong recovery of the Vietnamese economy.

Specifically, this recovery will be driven by the recovery of production and trade activities, thanks to increased domestic and foreign demand.

MBS’s analysts also expect that the high disbursement rate of public investment in 2025 will create jobs and support credit demand, in line with the goal of economic recovery and the implementation of Việt Nam's large infrastructure projects in the 2021-25 period.

Meanwhile, according to the analysts of the VCBS Securities Company, the driving force for credit growth in 2025 will come from low interest rates, promoting capital demand. Retail credit will also accelerate thanks to increasing business and consumption activities, including home loans, while wholesale credit will continue to remain stable.

The Chief Economist of BIDV Dr Cấn Văn Lực, said when the economy recovers strongly, the demand for loans for investment and business expansion will also increase, leading to credit growth. In particular, areas such as real estate, import and export, industrial production and personal consumption will be the main drivers.

Real estate credit has shown signs of improvement since the beginning of this year, as the market gradually regained confidence and stuck projects were cleared. This will continue to have a positive impact on credit growth in 2025.

The General Secretary of the Việt Nam Banks Association, Dr Nguyễn Quốc Hùng, believes that public investment is one of the growth drivers of the economy in 2025. Effectively implemented public investment will stimulate production in the private sector and the entire economy, leading to increased demand for credit.

[Back to Top](#_top)

**Bond market sees strong recovery in first few months**

*BIZHUB/VNS*

In the first two months of 2025, the total value of bond transactions, including both public and private offerings, reached VNĐ167.2 trillion (over US$6.5 billion), up 19 per cent on year.

The Vietnamese bond market is expected to undergo a significant resurgence in 2025, following a tumultuous period marked by volatility and uncertainty.

As the economy gradually stabilises, analysts are predicting a robust recovery driven by a combination of factors, including the increasing need for businesses to raise capital and the strategic initiatives of the banking sector to issue bonds that cater to investor demand.

In the first two months of 2025, the total value of bond transactions, including both public and private offerings, reached VNĐ167.2 trillion (over US$6.5 billion), data compiled by FiinRatings showed.

This figure represents a 19 per cent increase from the peak set in December 2024.

The banking and real estate sectors stand out as the primary drivers of this activity, collectively accounting for approximately 36 per cent and 38.9 per cent of transactions, respectively.

The current landscape reveals that most newly issued corporate bonds are sourced from credit institutions, which constitute a staggering 94.6 per cent of the total.

This trend highlights the critical role that banks play in the bond market, as they seek to bolster their capital bases while meeting the needs of a diverse range of investors.

In 2025, banks are expected to ramp up their bond issuance further, a strategic move aimed at satisfying both credit growth and the pressing demand to lower deposit interest rates.

In the first two months of 2025, the total buyback of corporate bonds reached over VNĐ17.2 trillion, reflecting a year-on-year increase of 22 per cent.

However, February alone saw a dramatic decline in buybacks, plummeting 71.2 per cent from January levels, primarily due to reduced demand from real estate issuers.

This trend highlights the ongoing difficulties faced by companies in this sector, many of which continue to grapple with substantial repayment obligations.

The challenges encountered by the real estate market could pose risks to the broader bond market, necessitating close monitoring by stakeholders.

According to FiinRatings, the number of problematic corporate bonds, those with late interest payments or extended repayment terms, has increased to 77 batches, worth a total value of VNĐ5.54 trillion.

While this rise may initially seem alarming, the overall ratio of problematic bonds has decreased, indicating a potential stabilisation in the market after a period of intense scrutiny.

**Up to 20 per cent growth expected**

Entering the second quarter of the year, industry experts estimate that around VNĐ40.6 trillion in private bonds will mature.

The real estate sector is expected to account for a substantial portion of these maturities, 40.7 per cent of the total, or VNĐ16.5 trillion.

It was followed by other industries and credit institutions, accounting for 29.2 per cent and 20.2 per cent, respectively.

The Vietnam Bond Market Association said that VNĐ192.3 trillion in bonds will come due over the remaining ten months of the year, with a significant share belonging to both the real estate and banking sectors, equivalent to over VNĐ105 trillion and nearly VNĐ41.2 trillion, respectively.

This upcoming wave of maturities will require careful navigation by issuers and investors alike as they seek to manage liquidity and investment strategies.

The outlook for 2025 is further bolstered by expectations that the bond market will grow by 15-20 per cent, a report from FiinRatings showed.

The growth is driven by commercial banks' aggressive issuance of subordinated bonds, which play a crucial role in supporting credit growth in alignment with government directives.

Maintaining controlled interest rates while facilitating corporate bond issuance is essential for fostering an environment conducive to economic recovery.

Meanwhile, VCB Securities said that the low-interest environment is expected to enable businesses to issue bonds more affordably, allowing them to restructure their financing effectively.

Economic expert, Dr Nguyễn Đức Hưởng, said that recent reforms introduced in late 2025 regarding the issuance of private and public bonds are poised to enhance the quality of bonds available in the market. These changes are expected to draw more investors into the fold, increasing confidence in the bond market.

Institutional investors are likely to play a dominant role, while individual investors may prefer public offerings from reputable issuers with solid credit ratings.

This shift could lead to a more diversified investor base, strengthening the overall market.

[Back to Top](#_top)

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# ECONOMY

**Room remains for Việt Nam-US tariff talks to secure win-win benefits: official**

*VNS*

In the wake of the US' fresh announcement of a 46 per cent tariff on Vietnamese exports, director of the Ministry of Industry and Trade (MoIT)’s Department of Foreign Market Development Tạ Hoàng Linh remains optimistic about the potential for negotiations to achieve a mutually beneficial outcome.

Speaking to the press in Hà Nội on Thursday, Linh expressed the MoIT's regret over the US tariff decision, effective from April 9.

Highlighting the complementarity of the two economies, including their export and foreign trade structures, he emphasised that Việt Nam's exports to the US primarily compete with third-country goods, not US products, while providing US consumers with affordable, quality options.

The most-favoured-nation (MFN) tariff rates Việt Nam is imposing on imports average 9.4 per cent, so the reciprocal tariff of up to 46 per cent that the US plans to levy on Vietnamese goods lacks scientific basis and unfair, not reflecting Việt Nam's goodwill and efforts in addressing trade imbalance between the two countries over the recent past, he added.

The Vietnamese Government, ministries, and sectors have recently taken proactive steps to address many problems facing US companies operating in Việt Nam, including a decree reducing the MFN tax rates, which benefits 13 categories of US goods.

"Besides, a large number of US investment projects have had their difficulties tackled," he said.

According to the White House, the reciprocal tariffs on trade partners of the US aim to address the injustices of global trade, reshore manufacturing, strengthen national security, and boost economic growth, with the tariffs remaining in place until trade deficits and perceived unfair practices are resolved.

"Therefore, in our opinion, the two sides still have room to negotiate to achieve a mutually beneficial outcome," Linh said.

As soon as the US announced the tariffs, Minister of Industry and Trade Nguyễn Hồng Diên sent a diplomatic note requesting US authorities delay the imposition to allow for constructive dialogue to seek a reasonable solution for both sides, Linh said, adding that the MoIT is arranging a ministerial phone call and technical talks with the Office of the US Trade Representative (USTR) as soon as possible.

According to the official, the MoIT set an export growth target of 12 per cent for this year, equivalent to about US$450 billion, driven by a recovering global economy and Việt Nam's robust network of 17 free trade agreements (FTAs) with over 60 countries and territories.

While the US tariffs may cause certain adverse impacts on the export growth target if the two sides fail to seek a positive solution, he assured that the ministry had foreseen such risks and prepared a detailed action plan.

The MoIT has submitted proposals to the Government and issued guidance to enterprises to mitigate potential impacts, he said.

To meet the export targets, Linh called on businesses to leverage Việt Nam's FTAs and 70 bilateral cooperation mechanisms while diversifying into new markets. With the US accounting for 13 per cent of global imports and 30 per cent of Việt Nam's export turnover, he pointed to the vast potential in the remaining 87 per cent of global markets.

"The Ministry of Industry and Trade is intensifying efforts to open these pathways," he said.

The ministry is stepping up FTA negotiations with new markets such as the Middle East, Latin America, Central Asia and other emerging markets. It is also enhancing trade promotion, upgrading logistics infrastructure, and expanding Việt Nam's network of overseas trade offices, according to Linh.

Looking ahead, the official stressed that Việt Nam will restructure its economy and diversify markets, products, and supply chains to ensure fast and sustainable development.

The implementation of concerted measures will help Vietnamese businesses improve their resilience to global trade volatility and maintain long-term export sustainability, he said.

[Back to Top](#_top)

Việt Nam’s seafood exports surge to $2.45 billion in Q1

VNS

Industry insiders pointed to stable raw material prices and a strategic shift towards higher-value processed products as key factors underpinning the strong performance of the two top earners -shrimp and tra fish.

Việt Nam’s seafood exports staged a remarkable recovery in the first quarter, reaching a total value of US$2.45 billion, up 26 per cent year-on-year, according to the Việt Nam Association of Seafood Exporters and Producers (VASEP).

Shrimp and tra fish remained the key drivers of growth. By the end of Q1, shrimp exports totalled $931.6 million, a sharp increase of 35.7 per cent compared to the same period last year. This surge was largely attributed to robust demand from major markets such as China, the US and the EU. Meanwhile, tra fish exports contributed $465 million, an annual rise of 13 per cent.

Industry insiders pointed to stable raw material prices and a strategic shift towards higher-value processed products as key factors underpinning the strong performance of the two top earners.

However, tra fish exports experienced a slower growth rate compared to shrimp, reflecting a cooling market in early 2025 amid geopolitical uncertainties and continued anti-dumping duties in the US. Vietnamese shrimp, while maintaining upward momentum, faced intense competition from Ecuador and India, both of which benefit from cost and production scale advantages.

In addition, revenue from overseas shipments of crabs, swimming crabs and molluscs with shell fish stood out as a highlight in the first quarter, reaching $86.4 million, a staggering 66 per cent increase year-on-year, driven by soaring demand from China during its Lunar New Year period.

Tuna exports saw modest growth of 3.6 per cent, with cumulative earnings of $222.7 million between January and March. Nguyễn Hà, a VASEP expert on the tuna market, cautioned that the EU’s regulations on illegal, unreported and unregulated (IUU) fishing continue to pose significant challenges for Việt Nam’s seafood industry, particularly for the tuna sector.

[Back to Top](#_top)

# INVESTMENT

**Foreign groups keen on smart manufacturing**

*VIR*

More foreign financiers are planning new initiatives in Vietnam as it strives to transform itself into a smart manufacturing powerhouse.

At last week’s conference on intelligent manufacturing industry collaboration in Hanoi, experts and Chinese businesses praised the status of Vietnam as an attractive destination for foreign investors and an important link in the global supply chain.

“The cooperation between Vietnamese and Chinese enterprises in developing the supply chain welcomes great opportunities. More businesses with smart, digital devices will contribute to upgrading Vietnam’s manufacturing industry, together welcoming the huge chance to restructure the global industrial chain,” said Wu Lang Wen, CEO of media organisation Sunrise Big Data.

The data asserts that Vietnam is transforming from the traditional textile and footwear industry to the high-end electronics and smart manufacturing industry, Wen added. Last year, Vietnam’s total import-export turnover reached $786.3 billion, up 15.4 per cent on year. In terms of exports alone, in 2024, there were 37 items with an export turnover of over $1 billion, accounting for 94 per cent of total export turnover.

According to Sunrise Big Data, the number of Chinese-listed companies in Vietnam is increasing rapidly, which will be more than 350 manufacturing facilities by the end of 2025. Chinese enterprises moving to Vietnam are gradually shifting from labour-intensive industries such as household appliances, textiles, footwear, and toys, with the move of Samsung and LG out of China, followed by the shift of the entire supply chain.

Meanwhile Chen Hui, deputy general director of vehicle maker Chery Vietnam, said that, as one of the important strategic points in Southeast Asia, Vietnam is becoming a key link in its globalisation strategy.

“Particularly, while the global supply chain is restructuring strongly now, seizing new opportunities for the Vietnamese manufacturing industry and strengthening cooperation in the industry chain has become a special interest of Chinese businesses,” he said.

Brand automobile manufacturer Omoda & Jaecoo, a joint venture between Geleximco Group and Chery International, is building a factory in Hung Phu Industrial Park in the northern province of Thai Binh. With a capacity of 200,000 units per year, the factory will produce Omoda and Jaecoo car models. The construction will be carried out in three phases, with a total investment estimated at more than $800 million. The first phase is expected to be completed in the first quarter of 2026.

“Chery has identified Vietnam as the main vehicle manufacturing centre of Southeast Asia,” Hui added. “We choose very capable partners and a destination with great potential to build a factory.”

Another vehicle manufacturer, Geely, also chose Vietnam to set up a factory. At the end of 2024, Tasco Auto and Geely signed documents related to the assembly and distribution of Geely brands in Vietnam, as well as building an assembly plant in Thai Binh province.

The annual factory’s capacity will be 75,000 vehicles in the first phase, with investment of about $168 million. Construction of the plant is expected to begin this year, and the first vehicle will be delivered in 2026.

Seeing the trend of high-tech manufacturing supply chain development increasingly moving to Vietnam, Andrew Stuart Cunane, senior sales manager at NanoFilm Technologies Vietnam, said that the company is planning to expand production capacity, add production lines, and optimise manufacturing processes to meet global market demand.

“We will strengthen local cooperation with original equipment manufacturers and tech companies, empower Vietnam’s manufacturing industry, encourage innovation, train people, and optimise supply chains, contributing to making Vietnam a global optical manufacturing centre with some core and unique technologies like microlens array, five-axis diamond turning, and micro-optics,” he said.

Wang Li, CEO of investment consultants 1Station Vietnam, stated that more and more Chinese electrical manufacturers are interested in Vietnam as the supply chains of big giants like Apple, Samsung, Dell, HP are in the country. “This contributes significantly to enhancing the quality of supply chains and vendors in Vietnam,” Li said.

However, Li also raised some concerns from investors. “The trend clear, but this year there have been some problems in terms of possible tariffs from the United States, difficulties in hiring workers in some provinces, and the increase in the cost of both land and labour,” he said.

Experts said Vietnam should shift to more efficient smart production to gain a more favourable position in the global value chains. Wen from Sunrise Big Data pointed out the problem in Vietnam’s current industrial chains that the capacity to support domestic supply chains is still weak, so businesses in the chain have to import raw materials and accessories from abroad.

“This not only increases the cost of businesses but also reduces the flexibility and stability of the supply chain,” he said. “Vietnam needs to localise supply chain services, research and develop new materials, and adapt advanced technologies.”

He also recommended that Vietnamese businesses boost cooperation with supply chain enterprises from China, Japan, South Korea, and Taiwan to upgrade smart production chains, especially those associated with semiconductors and AI digitalisation.

[Back to Top](#_top)

# Foreign investment attraction flourishes on better business climate

*VNA*

The northern localities of Bac Ninh, Ha Nam, and Hai Phong attracted substantial foreign investments in the first quarter of 2025, including those from world-leading economic conglomerates with advanced and environmentally-friendly technologies.

With an unwavering effort to improve the business environment, the northern localities of Bac Ninh, Ha Nam, and Hai Phong continued to attract substantial foreign investments in the first quarter of 2025, including those from world-leading economic conglomerates with advanced and environmentally-friendly technologies.

FDI capital surges

On the first working day of 2025, Bac Ninh province granted investment registration certificates and investment approval decisions to 18 domestic and foreign enterprises, with a total registered capital of 1.8 billion USD. Of the total, foreign direct investment (FDI) reached 1.67 billion USD, fulfilling the province's yearly target.

According to Director of the provincial Department of Finance Nguyen Viet Hung, from the outset of the year, the locality’s FDI attraction has increased 3.9 times in newly registered and additional capital compared to the same period in 2024, keeping Bac Ninh at the forefront of FDI attraction nationwide.

The province has persistently adhered to attracting FDI projects based on the criteria of low land and labour use; high investment rate, high technology, and high economic efficiency; readiness in high-quality human resources, administrative reform, and solving difficulties; and no environmental pollution.

As for Hai Phong, some 4.9 billion USD in FDI capital was secured last year, up 1.3 times year-on-year, making the port city the second most attractive FDI destination. The city has set a target of luring 4.5 billion USD in FDI this year.

Director of the Hai Phong Economic Zone Authority Le Trung Kien reported that since the beginning of the year, the city has enhanced investment promotion in countries with strengths in high-tech industrial development as well as leading global corporations in the domains of electricity, electronics, and semiconductor chips.

Multiple cooperation agreements, memoranda of understanding, and investment commitments in existing industrial parks, the southern coastal economic zone, and shaping industrial parks, have been signed, opening positive prospects in the near future. In the first two months of 2025, the city attracted 278 million USD in FDI, bringing the total figure to 34.31 billion USD. Hai Phong is home to over 1,000 FDI projects from 42 countries and territories, contributing more than 86% of its total export value.

General Director of Pegatron Vietnam Co., Ltd. Chen Chi Liang said a consistently safe social and business-investment environment is the prerequisite for companies to unceasingly invest in finance, technology and equipment while expanding production scale in Hai Phong city. He added that after five years of operation, from a 275,000 sq.m factory producing electronic components and semiconductors, the firm has put into use two additional workshops exceeding 384,000 sq.m and two more buildings with an area of over 515,000 sq.m for further production expansion.

In the meantime, Ha Nam province is now working to deliver on its target of attracting 1 billion USD in FDI capital, with 50% of the amount already secured in the first quarter, marking an auspicious beginning towards exceeding the goal. With a vision of developing industrial parks integrated with urban areas and services, and prioritising high-tech, environmentally friendly industries, the province continues to select investors with strong reputation and economic potential.

The province has recently received approval from the Prime Minister to establish a 663-hectare high-tech park in Ly Nhan district. It has invested in roads connecting the facility with the Hanoi-Hai Phong and Cau Gie-Ninh Binh expressways.

Expanding infrastructure to welcome major investors

The localities’ leaders have provided substantive and effective support to promote the development of the FDI business sector.

Secretary of the Hai Phong Party Committee Le Tien Chau emphasised that the city is striving to achieve an economic growth rate of 12.5%, contributing the country’s overall growth target of 8% of higher.

Hai Phong is now focusing on developing new economic growth drivers, with the 20,000-hectare southern coastal economic zone, envisioned as a green, multi-sector economic zone meeting international standard. Boasting development pillars in high-tech industry, modern logistics services, smart urban areas, eco-tourism, and new-generation free trade zones, this emerging establishment will enable Hai Phong to pilot new mechanisms and policies, creating an open and favourable investment environment to attract both domestic and foreign resources.

With a determination to concretise the double-digit economic growth target in 2025, Bac Ninh province will continue to strengthen foreign relations and proactively promote investment in potential markets through the end of the year.

Encouraging investment resources in industries and services, with a focus on those with great potential, the province will work with major FDI investors to increase occupancy rates in industrial zones and clusters, ensuring infrastructure readiness for large investment projects.

In Ha Nam province, the local administration has directed infrastructure development and human resources readiness to attract large investment projects. Secretary of the provincial People's Committee and Chairman of the provincial People’s Committee Truong Quoc Huy ordered departments and sectors to remove bottlenecks for enterprises in a timely manner, particularly site clearance and administrative reform.

[Back to Top](#_top)

# PROPERTY

**Keppel unlocks $104 million with divestment from Palm City**

*VIR*

Keppel Ltd has divested its entire 42 per cent stake in South Rach Chiec City LLC (SRC), the developer of Palm City in Ho Chi Minh City, according to a statement released on April 1.

Vietnamese real estate company Gateway Thu Thiem JSC (GWTT) purchased the stake, unlocking total cash proceeds of VND2,612 billion (about $104 million).

The proceeds include a cash consideration of VND1.702 triillion (about $68 million) for the 42 per cent equity stake, taking into account the adjusted net asset value of Keppel’s stake as of March 4 based on the agreed value of the Palm City development attributable to the shares.

According to Louis Lim, CEO of Real Estate at Keppel Ltd., the divestment from Palm City is another step forward in Keppel’s ambitious plan to monetise a cumulative S$10-S$12 billion ($7.4 to $8.9 billion) in assets by the end of 2026.

“This move demonstrates Keppel’s continued execution of our asset light strategy despite the challenging market. Since embarking on our asset monetisation programme in October 2020, we have announced the unlocking of about S$7.1 billion ($5.3 billion) in assets from our balance sheet, excluding businesses such as Offshore & Marine,” said Lim.

In connection with the divestment, Keppel has also assigned 840,000 bonds issued by SRC to GWTT for a consideration of VND910 billion (about $36.4 million), which is equivalent to the face value of the bonds and accumulated bond interest up to March 31.

Palm City is a 30-hectare integrated township located in District 2 of Ho Chi Minh City. The first two residential phases, Palm Residence and Palm Heights, were completed and handed over in 2017 and 2019, respectively. There are four remaining plots in the project – two residential plots, a mixed-use plot, and a medical plot.

Over the years, Keppel has recognised cumulative profits after tax of approximately S$24.6 million ($18.3 million) from the sales of residential units at Palm City, prior to the divestment. The divestment, which was completed in March, will result in a net divestment profit of approximately S$55 million ($40.9 million) for Keppel.

The transaction is not expected to have any material impact on earnings per share or net tangible assets per share for Keppel this financial year.

Keppel Ltd is a global asset manager and operator with strong expertise in sustainability-related solutions spanning infrastructure, real estate, and connectivity.

Headquartered in Singapore, Keppel operates in more than 20 countries worldwide, providing critical infrastructure and services for renewables, clean energy, decarbonisation, sustainable urban renewal, and digital connectivity.

Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts.

[Back to Top](#_top)

## KN Holdings advocates for better housing in Dong Nai

*VIR*

Dong Nai People's Committee held a launch ceremony on March 28 for an initiative to eliminate temporary and dilapidated houses.

With the goal of having no dilapidated houses in the province by September 2, Dong Nai has set a plan in motion to build and repair 265 houses for policy beneficiaries, families of martyrs, poor and near-poor households and people with difficult housing circumstances.

The province has called for joint efforts from all levels, sectors, businesses, and the whole society, in the spirit of mutual love and solidarity to help those in difficult circumstances.

At the ceremony, Le Nu Thuy Duong, vice chairwoman and CEO of [KN Holdings](https://vir.com.vn/corporations-propose-swathe-of-development-initiatives-114668.html), a multi-industry group also involved in real estate and construction, and its subsidiary, Long Thanh Golf Company, donated $2.2 million to support the cause.

This was part of KN Holdings Group's commitment to contribute $7.2 million to the scheme across eight localities in the country.

At the ceremony, Dong Nai’s leaders expressed appreciation for the individuals, groups, and organisations contributing to the cause, while calling for unity at all levels to propel the movement and full transparency in funding support for housing construction.

With a total contribution of $2.8 million from organisations, individuals and businesses, the initiative has garnered a lot of attention from the wider community.

Such support from individuals, businesses, and local authorities not only helps improve the living conditions of poor households but also contributes to spreading the spirit of humanity and mutual love in society.

[Back to Top](#_top)

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

**Investors will benefit through electricity law**

*VIR*

Guidance on the new Law on Electricity will help ensure that consumers, projects, and suppliers are offered a stronger foundation. Dr. Oliver Massmann, partner and general director of Duane Morris Vietnam LLC, looks at what this means for the energy market.

After the new Law on Electricity was passed at the end of last year, earlier this month Vietnam is

issued a series of decrees to guide the legislation.



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| *Dr. Oliver Massmann, partner and general director of Duane Morris Vietnam LLC* |

The first is Decree No.56/2025/ND-CP, which provides guidance on implementation of a number of articles of the Electricity Law regarding power development planning, power grid expansion, investment in power projects, and bidding for electricity projects.

Several power projects are exempt from the requirements for master plan inclusion. These include self-production and self-consumption renewable and new energy sources either grid-connected at a low voltage level, or not connected at all; grid-connected power sources equipped with zero-export systems; power sources using excess heat generated from the manufacturing lines for self-consumption, whether connected or not connected to the national grid; and more besides.

For effective assessment, the bidder evaluation score with regard to the level of power industry development will contribute 80-90 per cent of the score allocation percentage for determining the winner.

The defined ceiling tariff for this case is required to be lower or equal to the ceiling tariff specified in the bidding dossier. The bidders are required to propose a power tariff lower or equal to the ceiling tariff for the power purchaser, and the winning bidder to negotiate the power purchase agreement (PPA) tariff.

When it comes to the minimum annual contribution to the state budget, regardless of the investor’s legal obligations to the state budget, the bidder must propose an amount that is higher or equal to the amount specified in the bidding dossier.

As for PPA discussion and implementation, approval of the feasibility study report will be within 15 months (for hydropower, gas-to-power, coal-fired, and wind power projects) or six months (for biomass power and solar power projects) from the execution date of the venture’s contract.

According to the bidding outcomes and the sanctioned feasibility study report, PPA negotiation and execution must take place within three months from the day the successful bidder presents a valid application to the power buyer.

Power projects already included in the master plan with a capacity scale included in the power supply network development plan at the provincial level under Decree 56 will continue to be implemented in accordance with the decisions approved by competent authorities.

These projects shall be updated in the provincial plan or the implementation plan after this decree takes effect.

Mechanism implementation

In the meantime, Decree No.57/2025/ND-CP replaces Decree No.80/2024/ND-CP on mechanisms for direct power trading between renewable energy generators and large electricity consumers.

Similar to the previous decree, Decree 57 regulates the private wire model where renewable energy generators sell electricity to large electricity consumers through a private power wire, and the grid-connected model where the sale and purchase of electricity are implemented via the grid.

While Decree 57 replaces and inherits the mechanisms as set out previously, it introduces two amendments to enhance the enforceability of the direct PPA mechanism. Firstly, biomass energy generators are added as regulated renewable energy generators. Secondly, while only industrial consumers are defined under the previous decree, businesses providing electric vehicle charging services are defined in Decree 57 as one type of large electricity consumers.

For large electricity consumers who have been using electricity for 12 months or more, the average overall electricity usage over the past 12 months (calculated based on the total electricity acquired from a power corporation or its authorised entities) cannot be less than the minimum electricity consumption threshold for large electricity users, as outlined in the regulations governing the operation of the competitive electricity market issued by the Ministry of Industry and Trade (MoIT).

For large electricity consumers who have been using electricity for less than 12 months, the average overall electricity usage is determined by the projected electricity demand acquired from a power corporation (or its authorised entities) and must meet or exceed the minimum consumption threshold for large electricity consumers, also as outlined in rules established by the MoIT.

Surplus electricity from renewable generators with rooftop solar systems selling directly to major electricity users must not surpass 20 per cent of the total electricity produced. This surplus electricity is also determined at the average market electricity price from the prior year, as reported by the electricity system and market operator. It must not go beyond the highest cost of the ground-mounted solar energy pricing structure

As for the private wire model, the selling price of electricity must not exceed the maximum price within the price framework. Similarly, the surplus electricity output from renewable energy generation units sold to Vietnam Electricity (EVN), power corporations, or electricity companies shall have its output and selling price agreed upon by both parties, but must not exceed the maximum price level within the price framework for the corresponding type of power source.

Qualifying for incentives

Elsewhere, Decree No.58/2025/ND-CP replaces a 2024 decree on policies encouraging the development of self-production and self-consumption rooftop solar power and introduces several provisions.

There is exemption from sea area usage fees during the basic construction period but not exceeding three years from the date of commencement of construction, and a 50 per cent reduction in sea area usage fees for a period of nine years after the exemption period of the basic construction period.

Exemption from land use fees and land rent will occur during the basic construction period, but not exceeding three years from the date of commencement of construction. After the exemption period of the basic construction period, the exemption and reduction of land use fees and land rent shall be implemented in accordance with the provisions of laws on investment and land.

The minimum long-term contracted electricity output is 70 per cent within the loan principal repayment period but not exceeding 12 years unless the investor and the electricity buyer have another agreement. This mechanism shall not be applied in cases where the project fails to generate the minimum committed output due to reasons from the project side, or due to load demand or technical conditions of the power system that cannot consume all the output.

New energy projects that qualify for incentives are those produced from 100 per cent green hydrogen/ammonia, or a mix of both; those supplying electricity to the national power system; and the first project for each type of new energy.

Decree 58 also provides two models for rooftop solar power ventures, where developers can opt to either connect or not to connect their system to the grid. In the case of connection to the grid, no more than 20 per cent of the power system’s installed capacity may be sold to EVN in exchange for the surplus power produced.

Finally, when it comes to development of offshore wind power projects, applicable schemes will be those with an in-principle investment policy approval issued by competent authorities before January 1, 2031. Conditions will also be applied to foreign investors which include experience, financial capability, the participation of domestic enterprises, authority consensus, and commitment to using domestic resources.

[Back to Top](#_top)

**TKV works with Japanese partners on coal import and training cooperation**

*Vietnamenery*

General Director of Vietnam National Coal and Mineral Industries Holding Corporation Limited (TKV), Vũ Anh Tuấn, and Member of the Board of Members Nguyễn Hoàng Trung, made a business trip to Japan to work with partners on coal imports, training cooperation, and resource exploration.

The delegation worked with Sumitomo and Nippon Steel on coal trade. With the Vietnamese government's approval and authorization, the Corporation will continue to export high-quality coal to Japanese partners.

From their cooperation in coal exports, the Corporation and its Japanese partners have expanded their collaboration into various fields, including alumina trading.

On March 27, 2025, TKV met with Marubeni to promote the alumina consumption trade. Both parties discussed and agreed to sign a 2025 contract based on the previous alumina sales agreements.

On the same day, the delegation also worked with JOGMEC regarding the Implementation Plan and the agreement on coal mining safety technology training for the 2025 fiscal year, which was signed by both parties on February 25, 2025, at TKV’s headquarters.

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In 2025, JOGMEC will continue to provide training for TKV's trainees in Japan and send Japanese experts to train, transfer technology, and provide technical expertise to TKV's subsidiaries. This initiative aims to improve the techniques and technology for modern underground mining and coal extraction, train human resources, enhance production capacity, and improve safety management at mines, contributing to the stable supply of coal for both Vietnam and Japan.

[Back to Top](#_top)

# LEGAL

## Vietnam to embark on two-tier administration model on July 1

*VNA/VLLF*

*Vietnam is set to abolish operations of district-level administrations, transitioning to a streamlined two-tier administration model from July 1 as part of the Party’s policy to re-organize the political system's apparatus.*

Vietnam is set to abolish operations of district-level administrations, transitioning to a streamlined two-tier administration model from July 1 as part of the Party’s policy to re-organize the political system's apparatus.

The Ministry of Home Affairs is working on amendments and supplements to the Law on Organization of Local Governments to address related complications and clearly define jurisdictional authority, ensuring that the new administrative structure will operate with a full legal foundation, avoiding any governance gaps.

In the meantime, the National Assembly (NA) Party Committee is directing amendments to several provisions of the 2013 Constitution, specifically focusing on the organizational structure of the political system. These changes include amendments and supplements to Chapter IX on the local administrations, with plans to eliminate district-level administrative units and reorganize the local administrations into just two tiers.

Vice Chairwoman of the NA’s Committee for Legal and Judicial Affairs Nguyen Phuong Thuy said that the Law on organization of Local Governments must be submitted to the parliament at the beginning of its 9th session scheduled to open on May 5 to gather feedback from lawmakers.

The Constitution will be adopted between June 20 and 25, providing the foundation for other laws to be passed such as the Law on organization of Local Governments, she said, expecting the Constitution to take effect simultaneously with the other laws on July 1.

Thuy held that the NA should issue a resolution to formally terminate operations of the district-level administrations, dissolve district-level administrative units, and end activities of district-level administration agencies when the Constitution and related laws come into effect.

Minister of Home Affairs Pham Thi Thanh Tra revealed that the proposal to merge certain provincial-level administrative units, eliminate the district level, and continue consolidating commune-level units is being carefully finalized for submission to the Party Central Committee at its upcoming 11th meeting. Upon the Party Central Committee’s approval, a national conference will be held on April 16 to implement the plan for merging provincial and communal-level administrative units and organizing the two-tier local administration system.

The ministry aims to submit all matters related to provincial and communal mergence and the two-tier local administration organization to the NA Standing Committee before June 30. By this date, the reorganization of commune-level administrative units will be completed. From July 1, when certain constitutional amendments and revisions to the Law on organization of Local Governments and related laws take effect, the district-level local administrations will end operations.

Tra added that the restructuring of courts, prosecutors' offices, and related forces will also align with the two-tier local administration model.

It is expected that Vietnam's current 63 provinces and cities will be merged into 34, district-level administrative operations will be eliminated, and about 5,000 commune/ward-level administrative units will be established.

The NA Standing Committee’s draft resolution on administrative unit reorganization reveals that 11 provincial-level administrative units will not undergo reorganization, including Hanoi, Hue, Lai Chau, Dien Bien, Son La, Lang Son, Cao Bang, Quang Ninh, Thanh Hoa, Nghe An, and Ha Tinh. Fifty-two provincial-level administrative units will be reorganized, including the four cities of Hai Phong, Ho Chi Minh, Da Nang, Can Tho and 48 provinces.

Reorganization criteria for provincial and commune-level administrative units adhere to six criteria approved by the Politburo, namely natural area; population size; historical, traditional, cultural, religious, and ethnic criteria; geo-economic criteria (including geographical location, scale, and level of economic development); geo-political criteria; and national defense and security criteria.

[Back to Top](#_top)

**Vietnam pilots new housing policy to improve access to commercial real estate**

*VNN*

**Decree No. 75 enables developers to build housing projects through direct land-use agreements, boosting legal clarity and project execution.**

The Vietnamese government has officially issued Decree No. 75, providing detailed regulations on piloting commercial housing projects developed through agreements to receive or transfer land use rights.

This new decree guides the implementation of Resolution No. 171, previously passed by the National Assembly, with the goal of removing legal barriers and revitalizing the real estate market, especially in the commercial housing segment.

Decree No. 75 outlines procedures for listing potential land plots for pilot projects, as well as investment processes, construction steps, and other relevant procedures for real estate businesses.

Specifically, once the demand for pilot project implementation is received, within 15 days of the registration deadline, provincial land management agencies must review and assess the proposed plots. They will then compile a list of eligible land plots and submit it to the provincial People's Committee for approval.

If any of the proposed plots fall under land recovery for public-use projects, both the provincial People's Council and People's Committee must jointly review and determine the conversion of land use purposes for the relevant sections.

Once an investment policy for a pilot project is approved, procedures related to land recovery, land allocation, lease agreements, land use conversion, contract signing, land registration, and issuance of land use right certificates will follow current land laws.

Land pricing and financial obligations related to land use for these pilot projects will also comply with existing regulations under Vietnam’s laws on land, taxation, fees, and other applicable legal frameworks.

This pilot program takes effect from April 1, 2025, through March 31, 2030.

[Back to Top](#_top)