VIETNAM – NEWS AND REGULATIONS

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# TOP NEWS

## VIETNAM - LEGAL ALERT ON DECREE 69/2024/ND-CP ON ELECTRONIC AUTHENTICATION AND IDENTIFICATION

*Dr. Oliver Massmann, Duane Morris Vietnam LLC*

On June 25, 2024, the Vietnamese Government issued Decree 69/2024/ND-CP (***Decree 69***), effective from July 1, 2024, replacing Decree 59/2022/ND-CP. Decree 69 regulates electronic identification and authentication (***EIA***), with specific provisions for foreigners residing or having activities in Vietnam. This alert outlines key points for foreigners regarding electronic ID (***e-ID***) registration, procedures, and the availability of Vietnam’s IT infrastructure to support this process.

1. **Subjects eligible for EIA**

* Foreign nationals aged 6 years and older who have been issued a permanent residence card or temporary residence card in Vietnam are eligible for a Level 1 EIA account and a Level 2 EIA account upon request (Article 7.2 Decree 69)
* Foreign nationals under 6 years old who have been issued a permanent residence card or temporary residence card in Vietnam are eligible for a Level 1 electronic identification account upon request (Article 7.2 Decree 69)

1. **The IT infrastructure in Vietnam to do this registration**

Vietnam’s IT infrastructure supports e-ID registration through the VNeID application and the national EIA system managed by the Ministry of Public Security (***MPS***). The system is integrated with the National Public Service Portal (***NPSP***) and ministerial/provincial information systems, enabling seamless online administrative procedures.

1. **Step-by Step e-ID Registration for Foreign Nationals**

Foreigners can register for e-ID accounts (Level 1 or Level 2) through the following steps:

* **Level 1 e-ID Registration** (Article 11.1 Decree 69):
  + Use a mobile device to access VNeID.
  + Enter passport or valid international travel document details, along with an email address or phone number (if available), and provide the required information following the instructions in the National Identification App.
  + Take a portrait photo via the app and submit the registration request.
  + The EIA management agency will verify the information and notify the result via VNeID, a registered mobile phone number, or an email address within **01 working day** (Article 13.4(a) Decree 69)
* **Level 2 e-ID Registration**(Article 11.1 Decree 69):
  + Visit the immigration management agency under the Ministry of Public Security or the provincial-level police department, present their passport or valid international travel document.
  + Provide required information on the application form, including a registered mobile phone number, email address (if available), and any additional details requested for integration into the National Identification App.
  + The receiving officer will enter the provided information into the electronic identification and authentication system, capture a facial image, and collect fingerprints for verification against the National Immigration Database.
  + The immigration management agency will submit the request for an EIA to the EIA management agency.
  + The EIA management agency will notify the registration result via the National Identification App, a registered mobile phone number, or an email address within **3 working days** (if biometrics exist) or **7 working days** (if not) (Article 13.4(a) Decree 69)
  + Foreign nationals under 14 years old, those under guardianship, or those requiring representation must visit the immigration management agency under the MPS or the provincial-level police department along with their guardian or representative to complete the Level 2 electronic identification account registration process.
* **Activation**: Activate the e-ID account within 7 days of receiving the registration result via VNeID. If not activated, contact the EIA help desk for support. (Article 14.1 Decree 69)
* **For Minors or Wards**: Parents or guardians must use their registered mobile number to register Level 2 e-ID accounts at a police station or ID issuance location.(Article 11.1(d), 11.2(e) Decree 69)

Level 2 e-ID accounts allow access to more extensive online services, including national and specialized databases, compared to Level 1 accounts, which are limited to basic personal information verification.

1. **Notes**

## Optional but Recommended: e-ID registration is not mandatory for foreigners, as it is issued upon request (Article 7.2, Decree 69). However, foreigners are encouraged to register to facilitate access to digital administrative services, such as online public services, banking, or civil transactions.

## Practical Considerations: While the VNeID app supports online transactions, its utility is limited. Many services still require hard-copy documents (e.g., passports or residence permits), and the app may face delays or errors due to outdated updates. Vietnam’s digital infrastructure, though advanced, is not fully digitized, leading to challenges like inconsistent app performance, language barriers, and reliance on physical paperwork. Foreigners should register for better access to public services but carry original documents as a backup for these practical hurdles.

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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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# BANKING & FINANCE

**Government bond issuances raise $5.85 bln in 4M**

*VNE*

**The results fulfilling 30.6% of the annual plan.**

Over VND152.8 trillion ($5.85 billion) have been raised through government bonds auctions held by the State Treasury in the first four months of 2025, fulfilling 30.6% of the annual plan, according to the Vietnam Bond Market Association (VBMA),

In April alone, the State Treasury organized 20 government bond auctions on the primary market, successfully raising over $42.42 trillion (about $1.69 billion).

The April auctions focused on bonds with 5-, 10-, 15-, and 30-year maturities. Ten-year bonds dominated, making up 72.2% of the issuance (VND30.6 trillion), followed by five-year bonds at 23.6% (VND10 trillion).

Yields edged up at the month’s final auction, with five-year bonds at 2.31%, 10-year at 3.05%, 15-year at 3.10%, and 30-year at 3.28%, reflecting rises of 5 to 16 basis points from March.

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## Over US$682 billion in credit poured into Vietnam's economy by mid-April

*HNT*

The government has also instructed banks to facilitate access to credit to promote production and business development.

Total outstanding credit in Vietnam's banking system reached over US$682 billion as of mid-April, an increase of 3.95% from the end of 2024.

This information was provided in a report submitted by the State Bank of Vietnam (SBV) to the National Assembly.

According to the report, credit growth in the first months of the year continued to focus on business production, with priority given to growth-driving sectors, in line with the directives of the government and the prime minister.

As of April 15, total outstanding credit reached VND16,230 trillion (US$682 billion), up 3.95% from the end of 2024 and grew by 18.19% year-on-year.

In addition, the average loan rate continued to decline. As of April 10, the average interest rate for new loans was 6.34% per annum, down 0.6% from the end of 2024. Banks have published their lending rates on their websites to provide more information to customers seeking loans.

Since the beginning of the year, the State Bank of Vietnam has implemented various measures to improve access to credit, such as using information technology, simplifying credit procedures, offering incentive programs, and restructuring debt repayment schedules to help customers facing difficulties.

The government has also instructed banks to facilitate access to credit, including efforts for real estate project developers, home buyers, contractors, and material suppliers to improve liquidity in the real estate market.

This year, the SBV aims for a credit growth target of about 16%, double the GDP growth target. To support credit supply, it has publicly announced transparent guidelines for allocating credit growth targets to banks.

Moreover, the government continues to implement its plan to phase out the practice of assigning individual credit growth targets to specific financial institutions. Foreign banks, joint venture banks, cooperative banks, and non-bank financial institutions are now allowed to independently manage their credit growth targets for this year.

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# ECONOMY

# Viet Nam reports trade surplus of US$3.79 bln in four months

## *VGP*

## Viet Nam’s total import-export turnover hit US$276.89 billion in the first four months of 2025, marking a 15.7 percent increase compared to the same period last year, the National Statistics Office (NSO) reported

## The country's export earnings grew by 13 percent, while its import turnover rose by 18.6 percent, resulting in a trade surplus of US$3.79 billion in the period.

In April alone, the total trade revenue reached US$74.32 billion, down 1.4 percent compared to the previous month, and up 21.3 percent year-on-year.

The export value in April stood at US$37.45 billion, down 2.8 percent month-on-month.

During January-April period, the domestic sector contributed US$40.74 billion (up 18.1 percent), accounting for 29 percent of total exports, while the foreign-invested sector, including crude oil, earned US$99.6 billion (up 11 percent), making up 71 percent of total exports.

On the import side, Viet Nam spent US$136.55 billion on imports in the first four months. The domestic sector imported US$51.26 billion worth of goods, up 21.1 percent, while the foreign-invested sector's import volume stood at US$85.29 billion, up 17.1 percent.

The U.S. remained Viet Nam's largest export market, with turnover reaching US$43.4 billion. Meanwhile, China continued to be the country's biggest import source, with imports valued at US$53.2 billion.

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**Fruit and vegetable exports hit $1.6 bln in 4M**

*VNE*

**China, the US and South Korea remaining the three largest importers.**

Vietnam’s fruit and vegetable export turnover in the first four months of 2025 reached over $1.6 billion, down 10.5% year-on-year, figures from the Vietnam Customs show.

In April alone, the export value stood at more than $520 million, dropping 13% compared to the same period last year.

Among key export products, durian witnessed a sharp decline of 74% in export value, to $130 million.

Meanwhile, export value of other types of fruits rose remarkably such as mango with over $100 million, a year-on-year increase of 28%; and coconuts with $66 million, up 18%.

China remained the largest importer of Vietnamese fruit and vegetable with over $777 million, accounting for nearly 46% of the total export value during the four-month period. It was followed by the US and the Republic of Korea with export turnover of $154 million and $101 million, respectively.

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# INVESTMENT

**Japanese groups eye lucrative arenas**

*VIR*

Japanese companies and investors are accelerating their growth in the Vietnamese market despite the global economic uncertainty.

As reported by Nikkei Asia last week, Japanese retail giant AEON plans to expand its network of big supermarkets and general merchandise stores in Vietnam to 100 locations by 2030, an eightfold increase.

“To compete with companies like Thailand’s Central Retail, we need to aim for 100 general merchandise stores and super-supermarkets by around 2030. For smaller-scale shops such as grocery stores, we eye expanding to around 200 locations,” said Furusawa Yasuyuki, general director of AEON Vietnam.

Identifying Vietnam as the second key investment market behind Japan, AEON has injected $1.5 billion into Vietnam over the past decade. The retailer runs 12 general merchandise stores in the country, including three super-supermarkets, as well as 36 regular supermarkets, including Citimart outlets run by a subsidiary.

Likewise, Japanese trading house Sumitomo Corporation, in collaboration with BRG Group, plans to expand the FujiMart grocery supermarket chain from 20 to 50 outlets by 2028. The chain had only a few stores by the end of 2023, but it started focusing on expansion last year.

FujiMart is a Japanese-style supermarket that utilises the know-how accrued through the operation of the Summit chain – a grocery supermarket chain operated by Sumitomo in Japan.

Besides the lucrative retail sector, Japanese companies have increasingly relocated their production functions from Japan and China to ASEAN countries, including Vietnam, over the past five years. The number of Japanese companies shifting production to Vietnam is the largest among ASEAN countries, according to the Japan External Trade Organization (JETRO)’s survey in 2024.

For example, Tokuyama Vietnam was established to manufacture raw materials for semiconductor wafers. Erex Vietnam is promoting the biomass power generation business, while Otsuka Nutraceutical Vietnam started manufacturing beverages in Vietnam in April.

Matsumoto Nobuyuki, chief representative of JETRO in Ho Chi Minh City, said, “Vietnam is recognised as a very attractive country for Japanese investors due to its high economic potential, its abundant and talented people, and stable political and social conditions. These stable political and social conditions are the efforts of the government, and Vietnam stands out even as the world situation has become increasingly tense.”

“However, it is increasingly uncertain due to the US trade policy. This is coupled with complicated administrative procedures, an underdeveloped and opaque legal system, and complicated tax and fiscal procedures in Vietnam,” he said.

Addressing the challenges is important for Vietnam to develop supporting industries and facilitate small and medium-sized enterprises. This will help promote the utilisation of free trade agreements and economic partnership agreements for the sake of local companies. Thus, Nobuyuki explained, Vietnam can expand the multilateral trading system and proceed with the further development of infrastructure.

On the dealmaking front, discussions are ongoing and due diligence remains active, though investors may be more conservative in deploying capital. However, strategic Japanese investors are long-term oriented and the cautiousness of Japanese investors remain the same prior to the new US administration.

According to the Foreign Investment Agency under the Ministry of Finance, Japanese investors were the third-largest foreign investors in Vietnam in the first four months of 2025, trailing behind Singapore and China. Japanese investors have injected $573.2 million into Vietnam in the given period, accounting for 10.3 per cent of the total capital.

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**Free Trade Zone proposed for Hai Phong city**

***VNE***

***The proposal is part of a draft National Assembly resolution on spcial mechanisms and policies for Hai Phong.***

A Free Trade Zone (FTZ) is expected to be developed in northern Hai Phong port city under a draft National Assembly resolution that aimed at transforming the northern port city through pilot special mechanisms and policies.

The 15th National Assembly on May 13 heard a proposal and verification report on the draft resolution.

As proposed, the FTZ will be accompanied by several special preferential policies, including simplified administrative procedures for investment and business registration, export-import processes, immigration, temporary residence, and work permits.

Additionally, the FTZ will feature streamlined rules for land use and construction investment, optimised investment incentives such as land and water surface rent reductions, and tax breaks. It will also facilitate other investment and business activities, including permission for foreign bank branches to open transaction offices within the FTZ outside of their branch headquarters.

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# PROPERTY

**HCMC plans 14 new industrial parks by 2033**

*VNE*

***The city also plans to rapidly shift resource-intensive, low-value-added sectors toward high-tech and environmentally friendly industries.***

Ho Chi Minh City has announced its industrial park planning for 2021-2030, with a vision to 2050, along with investment attraction solutions for 2025.

Under the 2025-2033 development plan, the city will establish 14 new industrial parks, spanning a total area of more than 3,800 ha.

According to Mr. Vo Van Hoan, Vice Chairman of the City People's Committee, after over 30 years of development, the city’s industry is facing limitations as labor resources, management, and technology gradually becoming outdated. To maintain growth and competitiveness, the industry must undergo significant transformation, ensuring it keeps pace with other localities and global markets.

Mr. Pham Thanh Truc, Deputy Head of the Ho Chi Minh City Export Processing and Industrial Zones Authority (HEPZA), stated that during this new development phase, HCMC aims to preserve its industrial land bank while pursuing in-depth transformation to enhance quality and competitiveness, restructuring towards high-tech industries, the digital economy, the green economy, and the circular economy. The city also plans to rapidly shift resource-intensive, low-value-added sectors toward high-tech and environmentally friendly industries.

Currently, HEPZA is collaborating with infrastructure companies to pilot transformations in five existing export processing zones and industrial parks, including Tan Thuan, Hiep Phuoc, Tan Binh, Cat Lai, and Binh Chieu. These areas will be converted into high-tech industrial parks, eco-industrial parks, industrial-urban-service complexes, and logistics centers.

For its new industrial parks, the city plans to build smart, modern facilities, featuring specialized industrial zones aligned with the city’s strategic vision. The goal is to establish industry clusters, both within individual industrial parks and among neighboring zones, fostering an environment that effectively attracts investors and contributes to the city’s socio-economic growth.

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**Hanoi mid-priced serviced apartment rents soar**

*VE*

Hanoi mid-priced serviced apartment rents jumped by 14% in the year’s first quarter to US$25 per square meter per month.

The occupancy rate for the segment was 77%, according to property consultancy Avison Young.

But in the high-end segment saw rents remained steady at $35 while occupancy was 82%.

Data from property consultancy Savills shows overall serviced apartment rents rose by 5% year-on-year to $23 before value-added tax.

The average occupancy was 86%, a 2-percentage-point increase from the last quarter of 2024.

The demand for serviced apartments is driven by the development of industrial zones and the foreign direct investment they are attracting, Matthew Powell, director of Savills Hanoi, explained.

Nearly $1.5 billion worth of FDI has come this year, a 31% rise from the same period last year.

Powell said experts from Japan and South Korea employed at enterprises, embassies, international banks, and industrial zones are the primary customers for serviced apartments.

With limited supply in nearby industrial areas like Hai Phong, Bac Ninh and Hai Duong, Hanoi remains the top choice for foreigners seeking high-quality accommodation.

Avison Young analysts said the recovering tourism industry is also bolstering the serviced apartment market.

In the first quarter Hanoi received an estimated 7.3 million tourists, up 8.7% year-on-year.

As international visitors increasingly favor flexible accommodation, projects offering amenities like swimming pools, gyms, reception services, and 24/7 security are becoming top choices.

Improved infrastructure like ring roads and expressways and transportation facilitate easy travel between the city and industrial zones, further driving demand for serviced apartments in Hanoi.

But the market faces potential challenges such as the U.S.’s tariffs, which can hurt foreign capital inflows, impacting industrial zones, commercial services and accommodation demand.

"If the tax is applied, it will create short-term concerns for foreign enterprises operating in Vietnam," David Jackson, general director of Avison Young Vietnam, said.

"Instead of expanding investments, they are likely to delay and monitor the situation."

But he remained optimistic, pointing out that foreign investors are likely to have contingency plans and long-term strategies.

Lessons learned during the Covid-19 pandemic have made businesses cautious about inventory and production management to prevent disruptions when logistics costs rise.

Savills experts said Vietnam offers long-term advantages for [foreign investors](https://e.vnexpress.net/news/property/foreign-investors-bet-on-vietnam-apartment-market-4733664.html), driven by government reforms to streamline administration and simplify investment procedures and investments in major projects like the North-South Expressway and the Hai Phong-Hanoi-Lao Cai railroad.

The supply of serviced apartments is projected to grow. Savills reported that seven apartment projects are slated for completion in Hanoi this year with over 1,000 units, mostly in the inner city.

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

**Implementation plan next for revised PDP8**

*VIR*

In the country’s revised power plan, approved in April, targets for the nation’s power capacity have almost tripled within just five years. With annual investment needs reaching $27.6 billion, experts warn that unresolved issues, especially electricity pricing, will pose a major challenge for attracting financial backers.

Under the revised Power Development Plan VIII (PDP8), total installed capacity is expected to soar to between 156,000 and 208,000MW by 2030. This aggressive growth is designed to ensure energy security, sustain rapid economic development, and reduce reliance on imported fossil fuels.

The focus is heavily weighted towards renewables, including significant additions in solar, wind, biomass, waste-to-energy (WtE), and battery storage.

Vietnam is positioning itself as a key player in the regional energy transition. However, the capital required and ongoing regulatory uncertainties present formidable barriers that must be addressed to turn the vision into reality.

A key highlight of the PDP8 is the planned surge in renewable energy capacity. By 2030, Vietnam is targeting between 26,000 and 38,000MW of onshore and nearshore wind power, nearly doubling from current levels. Offshore wind (OSW), a relatively untapped resource, is projected to add 6,000MW, marking Vietnam’s first major foray into this sector.

Solar power leads the renewable expansion, with a target range of 46,450-73,400MW.

To support these renewable ambitions, Vietnam also plans to scale up its energy storage capacity significantly. Battery storage systems are set to reach between 10,000-16,300MW by 2030, a hike from just 300MW under the original PDP8. This development is essential for grid stability, particularly in regions with high renewable penetration.

Limited capacity

However, the financing requirements are substantial. According to former director of the Renewable Energy Centre at the Ministry of Industry and Trade, Dr. Nguyen Anh Tuan, Vietnam will need around $136.3 billion in investment between 2026 and 2030 – about $27.6 billion annually – to achieve the revised targets.

“This is nearly double the amount projected in the plan approved just two years ago,” he noted. “State-owned power corporations, including Vietnam Electricity (EVN), Petrovietnam, and Vinacomin, currently have limited capacity to invest beyond a few strategic projects such as nuclear energy and core grid infrastructure. For the majority of renewable energy schemes, Vietnam must rely on private sector resources, especially for wind and solar.”

With such high demands for capital and manpower in a relatively short timeframe, market mechanisms to attract investment and personnel are critical. Tuan emphasised that since Vietnam ended the feed-in tariff (FiT) support mechanism in 2021, renewable energy development has stalled.

“Only around 1,200MW of wind power has been added, and there have been virtually no new ground-mounted solar projects,” he explained.

One of the key obstacles to attracting private investment is Vietnam’s electricity pricing framework. Most power purchase agreements are denominated in VND, with limited adjustments for exchange rate fluctuations. This model has raised red flags for foreign investors, who raise capital in US dollars and face significant foreign exchange risks. The VND depreciates by an estimated 4-6 per cent annually, eroding investor returns over time.

Moreover, such agreements contain retroactive clauses requiring developers to return payments to EVN in the event of regulatory violations, even those resulting from unclear guidelines. This has made investors wary, particularly after the experience of projects developed under the FiT regime in 2018-2021.

As many as 172 renewable energy plants remain without final commissioning approvals, leaving them unable to access FiT1 rates of 9.35 US cents per kWh. Instead, they receive lower temporary rates or operational-cost-based payments, causing financial strain and dampening investor enthusiasm.

Dr. Nguyen Huy Hoach, an expert from the Vietnam Energy Association, stressed the importance of setting electricity prices promptly following the approval of the revised PDP8. “The target of reaching up to 236,350MW by 2030 is highly ambitious. Achieving this will require clear legal frameworks and strong solutions, including attractive electricity pricing mechanisms,” Hoach said.

He added that for OSW, which Vietnam has yet to implement, setting competitive tariffs will be crucial.

“We need to study international markets carefully to determine appropriate pricing that reflects both the local context and global benchmarks,” he noted. “Given that OSW projects rely heavily on foreign investment, largely denominated in US dollars, pricing in VND must be evaluated to ensure it meets investor expectations.”

Clear pricing mechanisms

Emerging sectors like OSW and WtE are integral to the PDP8’s vision, yet both remain constrained by unresolved pricing frameworks.

For OSW, EVN has proposed a tiered pricing model based on geographic regions. Northern projects in Quang Ninh and Haiphong could receive VND3,975 (15 US cents) per kWh, as would some areas in the south, while those in south-central Binh Thuan are priced at VND3,078 (12 US cents). These rates, however, remain provisional, and industry experts warn they may fall short of the levels required to attract financing for such capital-intensive ventures.

Hoach emphasised that Vietnam, having yet to implement a single OSW project, must set tariffs that reflect both international benchmarks and local conditions. OSW initiatives often face higher development costs and extended payback periods, necessitating a carefully calibrated pricing structure.

However, Tuan argues that these rates are insufficient. WtE projects contend with unique risks, including unreliable waste supply and the absence of long-term waste delivery guarantees from local authorities. Moreover, being categorised as public services, WtE plants are subject to local governments’ efforts to minimise waste treatment costs, further compressing profit margins.

Currency depreciation compounds these issues. Developers estimate that over five years, exchange rate fluctuations could erode revenues by up to 30 per cent, far outpacing the modest inflation adjustments embedded in existing tariffs. For projects like OSW and WtE, which require long-term capital commitments, these financial risks are deterrents unless adequately addressed.

Recognising these challenges, the Ministry of Industry and Trade (MoIT) is working on detailed implementation guidelines for the PDP8. The ministry has asked provincial governments and state-owned enterprises to review and align all energy projects with the revised plan’s objectives. Provincial authorities must update local planning documents to reflect PDP8 targets, ensuring alignment with the national energy strategy.

The MoIT has also stressed strict oversight. Underperforming developers could face licence revocation, while land clearance for critical infrastructure schemes is being prioritised. Institutions like the Vietnam Energy Institute and the National Load Dispatch Centre have been assigned to produce detailed reports on grid capacity and propose technical solutions to support the PDP8’s rollout.

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**American groups take mantle in LNG-to-power initiatives**

*VIR*

The growing race among enterprises to invest in power projects in Vietnam is poised to significantly increase imports from various markets, with the United States emerging as a key supplier.

At its AGM on April 22, PV Power chairman Hoang Van Quang highlighted that 2025 marks a critical year for the company. PV Power is concentrating its resources on the Nhon Trach 3 and 4 power plants, Vietnam’s first liquefied natural gas (LNG) power schemes featuring advanced technology and high-efficiency, set to be commercially operational by the end of 2025.

“We are allocating all available human and financial resources to ensure the Nhon Trach plants are completed on schedule and meet the highest performance standards,” Quang stated.

Beyond Nhon Trach, the company is progressing on projects aligned with the revised Power Development Plan VIII, including Quynh Lap and Quang Ninh LNG power plants, and exploring partnerships in projects like the Ca Mau expansion.

Meanwhile, during its AGM held on April 24, Vingroup announced energy as a new business pillar. Chairman Pham Nhat Vuong emphasised that Vietnam faced a shortage of green energy, outlining the group’s ambitious plans to address this gap.

“Vietnam urgently needs additional power sources, especially in the north. Although LNG is not completely green, it is significantly cleaner than traditional energy sources. We must act quickly to build an LNG plant to ensure energy security for the region,” Vuong said.

Vingroup has registered to develop around 25.5GW of renewable and LNG energy capacity by 2030, aiming to expand it to 52.5GW by 2035. In addition, the group is preparing to invest in a 4.8GW LNG plant, which Vuong said could “greatly alleviate the risk of power shortages” in the north of Vietnam.

According to the revised plan, by 2035, Vietnam’s gas-fired power capacity is projected to surpass 51,000MW, with over 36,000MW coming from LNG imports. This marks a sharp increase from the current 7,900MW sourced mostly from domestic gas fields in the Cuu Long and Nam Con Son basins, whose production is declining.

As a result, importing LNG becomes critical to ensuring energy security. More than 10 LNG power projects are currently in development, totalling close to 16,400MW in planned capacity.

Vietnam’s LNG demand surge also aligns with government policy. Minister of Industry and Trade Nguyen Hong Dien stressed that LNG-to-power offers a balanced solution between sustainable energy transition and supply security. However, this requires synchronised development of LNG receiving terminals, regasification facilities, and transmission networks, alongside stable, internationally aligned policies for electricity and gas pricing and power purchase agreements.

However, experts warn that Vietnam could face significant bottlenecks in realising its LNG ambitions without timely and synchronised development of LNG infrastructure including import terminals, storage and regasification facilities, pipeline networks, and expanded transmission grids.

Investment must not only focus on building large-scale LNG ports such as Cai Mep and Thi Vai but also on establishing a national pipeline system, enhancing grid interconnectivity to absorb new power capacity, and upgrading facilities for downstream industries. Inadequate infrastructure could lead to supply chain disruptions, higher logistics costs, and delayed project operations, undermining the intended energy security and transition goals.

Currently, Vietnam’s LNG imports, mainly from the UAE, Kuwait, South Korea, Indonesia, and Malaysia, are estimated at 3.13 million tonnes in 2024, worth approximately $2.04 billion. However, rising demand will further shift attention towards the US, the world’s largest LNG producer.

In March, PV GAS signed MoUs with ConocoPhillips and Excelerate Energy for long-term LNG supply. These agreements are expected to secure stable LNG sources to meet Vietnam’s escalating electricity demand. PV GAS targets nine million tonnes of LNG imports per year by 2030 and 15 million tonnes by 2035, valued at about $7.2 billion annually.

The private sector is also active. US-based Nebula Energy’s subsidiary AG&P LNG acquired a 49 per cent stake in the Cai Mep LNG terminal in the southern province of Ba Ria-Vung Tau. The $500 million terminal has an initial capacity of three million tonnes per year, expandable to six million tonnes, and will supply LNG to power plants and industries across southern Vietnam.

Moreover, US suppliers are also making inroads through technology and equipment. General Electric (GE) has supplied high-efficiency gas turbines and related systems for the Nhon Trach plants. GE Vernova turbines, known for high efficiency rates, will likely feature in upcoming schemes such as Quang Ninh LNG, where PV Power is actively involved.

John Rockhold, chairman of the Vietnam Business Forum’s Power and Energy Working Group, said the US remains a leader in LNG exports, with terminals achieving a combined capacity of 92.9 million metric tonnes per year as of September 2024.

“Exports are projected to grow by 15 per cent in 2025, potentially exceeding 14 billion cubic feet per day, signalling steady growth in both production and global demand,” he said. “With Vietnam’s growing need for stable and cleaner energy sources, US LNG is well-positioned to play a major role in Vietnam’s energy future.”

At the November 2024 US-Vietnam Annual Business Summit, American energy leaders discussed opportunities to transfer advanced carbon reduction technologies alongside LNG imports to Vietnam, paving the way for a more sustainable energy transition.

“With dozens of LNG projects advancing and a growing appetite for stable, diversified energy supplies, Vietnam’s future energy landscape is being reshaped with US LNG playing an increasingly central role,” added Rockhold.

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# LEGAL

**Government proposes 2% VAT reduction on select goods and services until 2026**

*VNS*

The Government has proposed a 2 per cent reduction in the value-added tax (VAT) for goods and services currently taxed at 10 per cent, lowering the rate to 8 per cent.

The proposal, which recommends maintaining this VAT reduction until December 31, 2026, was presented by Minister of Finance Nguyễn Văn Thắng during the ongoing National Assembly (NA) session.

The VAT reduction will not apply to sectors including telecommunications, financial services, banking, insurance, securities, real estate, metal products, mining (excluding coal) and items subject to special consumption tax (except for gasoline), according to the proposal.

Additionally, the State has proposed adding gasoline, washing machines, and microwave ovens to the list of goods eligible for the 2 per cent VAT reduction.

Despite gasoline being subject to a special consumption tax and oil being a refined petroleum product, the Government has proposed applying the 2 per cent VAT reduction to these items. This move comes in recognition of the significant role both gasoline and oil play in the economy and daily life.

According to the proposal, gasoline prices directly influence production costs, consumer prices, and overall macroeconomic stability.

Minister of Finance Nguyễn Văn Thắng said that the reduction will contribute to macroeconomic stability despite potential short-term revenue losses. He said the move would encourage business expansion, create jobs, and ultimately result in long-term economic benefits for the country.

The Ministry of Finance has projected that the reduction will lead to a decrease in state revenue by approximately VNĐ121.74 trillion (over US$4.69 billion) over the proposed period. This includes an estimated VNĐ39.54 trillion in the second half of 2025 and VNĐ82.2 trillion in 2026.

The policy is expected to lower the price of goods and services, thereby supporting consumer spending, stimulating consumption, and promoting business and production activities. This, in turn, is anticipated to create jobs, stabilise the macro economy, and drive economic growth.

For consumers, the 2 per cent VAT reduction will help reduce daily living and consumption costs. Meanwhile, businesses stand to benefit from lower product costs, improved competitiveness, expanded markets for consumption and production, and increased job opportunities.

Phan Văn Mãi, Chairman of the National Assembly Committee for Economic and Financial Affairs, said that a majority of National Assembly deputies support the Government’s proposal to expand VAT incentives. They viewed the move as essential to supporting businesses, maintaining macroeconomic stability, and promoting economic growth amid ongoing challenges.

However, Mãi noted that the committee has called on the Government to develop clear and practical measures to address potential complications during implementation, particularly in relation to goods and services excluded from the tax reduction.

The committee also emphasised that the rollout of the policy must be fair, transparent, and convenient for both taxpayers and regulatory authorities, he added.

Meanwhile, NA deputies stressed the need for a more comprehensive assessment of the policy’s impact on state budget revenues. They said the tax cut must align with medium-term fiscal goals, ensure public debt safety, and remain consistent with other tax policies, such as environmental protection and special consumption taxes.

Some deputies also suggested reviewing the list of goods excluded from the VAT reduction, particularly those affected by international trade conflicts and reciprocal tax measures from countries like the US. They said extending support to such sectors could help shield domestic businesses from external economic pressures.

Additionally, there were calls for the Ministry of Finance to consider expanding the VAT cut to cover all goods and services, especially if the revenue difference between included and excluded groups proves minimal. This, they argued, would enhance fairness in the tax system and simplify implementation for both consumers and businesses.

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# Agricultural land-use tax exemption proposed to last through 2030

***VNE***

## *The exempted tax amount is estimated at VND7.5 trillion ($287 million) per year.*

The Ministry of Finance has proposed that agricultural land-use be continued to exempt from taxation through 2030 to promote sustainable agricultural development.

The Minister of Finance on May 13 presented a draft National Assembly (NA) resolution on the tax exemption to the legislative body during its ninth session in Hanoi.

The policy is expected to encourage more investment in agricultural and rural development, thus contributing to accelerating the restructure of the agricultural sector, improving values and competitiveness for farm produce, according to the ministry.

The exemption tax has been in place since 1993 and has received strong support from local governments for its role in encouraging land use and food production.

The exempted tax amount is estimated at VND7.5 trillion ($287 million) per year and would not create any new burden on the budget, as the policy is already in effect, according to the ministry.

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