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Unlocking Growth: Vietnam's Strategic Overhaul of Investment Rules

I. Introduction

Building on sustained economic growth, Vietnam is accelerating efforts to modernise its legal framework to create a more open, predictable, and competitive business environment. At the core of this reform agenda is the Investment Law 143/2025/QH15 (the "**New Investment Law**"), which will take effect on 1 March 2026 and replace most provisions of the current Investment Law 61/2020/QH14 (the "**Old Investment Law**").

The New Investment Law sets out a clear policy direction. Investment procedures are streamlined through greater decentralisation to local authorities and the adoption of a post-inspection approach, particularly for high-tech and innovation-driven projects. Collectively, these reforms mark a strategic shift from procedural pre-approval to risk-based oversight, with the aim of enabling faster market entry while maintaining regulatory effectiveness.

II. Major Developments

1. No prior investment project required for foreign investors

A key innovation under the New Investment Law is that foreign investors may establish an economic organisation to implement an investment project prior to completing procedures for the issuance or amendment of the Investment Registration Certificate ("**IRC**"), provided that applicable market access conditions for foreign investors are met.

This represents a significant departure from the Old Investment Law, where the IRC functioned as a prerequisite for enterprise establishment. Under the previous framework, investors were required to secure project approval at an early stage, even where investment parameters were still evolving. By contrast, the new approach introduces greater flexibility, easing procedural constraints during the initial market entry phase and allowing projects to adapt more dynamically to business needs.

2. Clear definition of projects requiring investment policy approval

a. Revised regulatory structure and approach

Under the Old Investment Law, projects requiring investment policy approval were classified separately according to approving authority, namely the National Assembly, the Prime Minister, or provincial People's Committees. By contrast, the New Investment Law consolidates such projects into a single provision under Article 24, with approval authority subsequently allocated under Article 25.

This structural redesign allows investors to determine more easily, from the outset, whether their projects fall within the scope of mandatory approval before identifying the competent authority. At the same time, the adoption of a list-based approach enhances legal certainty by replacing the broad and ambiguous criteria under the previous law with more specific and clearly defined cases.

b. Enhanced decentralisation of approval authority

The New Investment Law significantly decentralises approval authority, shifting responsibilities from central to local levels:

- **National Assembly:** Its approval authority is now confined to projects requiring special mechanisms or policies that diverge from existing laws or National Assembly resolutions. Projects with major environmental impacts, such as nuclear power plants or large-scale forest conversion, have been reassigned to the Prime Minister.
- **Prime Minister:** While assuming authority over certain high-impact projects, the Prime Minister no longer approves a range of major infrastructure projects, including airports, aerodromes, Class I seaports, and oil and gas processing projects. These responsibilities have been delegated to provincial authorities.
- **Provincial People's Committees:** Their approval powers have been expanded to cover a wide array of large-scale projects previously under the Prime Minister's power, reflecting a stronger role for local authorities in investment governance.

This redistribution of authority is anticipated to accelerate approval timelines, improve administrative efficiency, and strengthen responsiveness at the local level, while reserving central oversight for projects involving special policy considerations or matters of heightened national interest.

c. Changes to scope of projects requiring approval

The New Investment Law broadens the range of projects subject to investment policy approval, now encompassing:

- Projects involving the allocation of sea areas by the State;
- Housing and urban development projects where investors already hold, or have agreed to acquire, land use rights, regardless of land area or population scale;
- Development and operation of infrastructure for concentrated digital technology zones;
- Projects located within protection zones I and II of national relics, special national relics, and world heritage sites;
- Projects requiring the application of special mechanisms or policies that diverge from existing laws or National Assembly resolutions.

Conversely, the New Investment Law excludes projects related to the development of technical infrastructure for industrial clusters from the approval requirement. Collectively, these revisions establish a more targeted regulatory approach, expanding oversight for higher-risk projects while easing compliance obligations for lower-risk and technical investments.

3. Refined parameters for investment project adjustments

a. Reduced cases requiring amendment of the IRC

Under the New Investment Law, investors are required to amend the IRC only when the adjustments affect the "***core contents of the investment project***". This represents a major departure from the Old Investment Law, which mandated amendments for any change to the IRC, regardless of its significance. The revised approach is expected to ease procedural burdens by eliminating the need for amendments in cases of minor or non-substantive modifications. That said, the precise definition of what constitutes "***core contents***" remains subject to further guidance from competent authorities.

b. Updated cases requiring approval for investment policy adjustment

The New Investment Law introduces important revisions to the circumstances requiring approval for adjustments to investment policy, compared with the Old Investment Law. Key changes include:

- Elimination of certain approval requirements:
  (i) Adjustments to total investment capital by 20% or more that result in a change in project scale; and
  (ii) Changes in technology that were previously appraised or consulted during the initial investment policy approval process.

- Revision of key thresholds:
  (i) Project implementation schedule: approval is now required only when an extension exceeds 24 months, compared with the 12-month under the Old Investment Law; and
  (ii) Land use scale: the statutory threshold has been removed, with authority delegated to the Government to issue detailed regulations.

Taken together, these reforms signal a clear policy shift toward concentrating regulatory oversight on substantive project adjustments, while affording investors greater flexibility in managing project implementation.

4. Application of the special investment procedure

The New Investment Law introduces a special investment procedure, commonly referred to as the "**fast-track**" or "**green channel**" mechanism, which stands out as one of the most transformative reforms designed to significantly reduce time and cost for strategic investors.

Under this policy, investors may opt for the fast-track procedure when implementing projects in designated economic zones, provided such projects are not subject to investment policy approval as prescribed by the Government. Eligible zones include:

- Industrial parks and export processing zones;
- High-tech parks and concentrated digital technology zones;
- Free trade zones and international financial centres; and
- Functional zones within economic zones.

The defining feature of this mechanism is the shift from **ex-ante approval to ex-post inspection**. Projects registered under the fast-track procedure are exempt from several time-consuming administrative requirements, including:

- Investment policy approval;
- Technology appraisal;
- Environmental impact assessment;
- Detailed planning procedures;
- Construction permits and approvals in relation to fire prevention and fighting.

In place of these requirements, investors must submit a written commitment to comply fully with applicable standards on construction, environmental protection, and fire prevention and fighting, along with a project proposal outlining environmental impact identification, forecasting, mitigation measures, and any use of restricted technologies.

While detailed regulations on the dossiers and procedural steps will be issued by the Government, this mechanism is widely regarded as one of the most innovative and anticipated features of the New Law on Investment, signalling a decisive move toward streamlined, investor-friendly governance.

5. Streamlining conditional business lines to reduce market entry barriers

The New Investment Law advances the ongoing efforts to streamline and restructure the list of business lines subject to conditional investment requirements, with a clear policy orientation toward eliminating sectors that no longer warrant ex-ante licensing.

Notably, 38 conditional business lines have been abolished, while the scope and application of conditions for several remaining sectors have been recalibrated. Among those removed from the conditional list are:

- tax procedure service businesses;
- customs clearance service businesses;
- insurance auxiliary services;
- labour sub leasing services;
- commercial inspection services;
- temporary import and re-export of frozen food products; and
- temporary import and re-export of goods classified as used.

The Government is mandated to identify and publish:

(i) conditional business lines and sectors that continue to require licensing or certification before operations may commence, and

(ii) conditional business lines and sectors where regulatory oversight is shifted from prior approval to post-licensing supervision, achieved through public disclosure of applicable business conditions.

These reforms reduce initial compliance costs for investors and strengthen transparency and predictability in the investment environment.

6. Harmonising project duration regulations with investor needs

The New Investment Law adopts a more investor-friendly approach by stipulating that, where the remaining operational term of a transferred investment project is insufficient to support the transferee's financial plan or business plan, the competent authority may grant an extension of the project duration, up to the maximum term applicable to a newly approved project, depending on the project's classification.

Building on this principle, the new Investment Law further empowers investors to adjust the operational term of a project, whether by extension or reduction, at any stage during implementation. Although not a wholly new reform, this amendment represents a significant improvement with practical investment needs and granting investors greater flexibility in managing the lifecycle of their projects.

By contrast, under the Old Investment Law, adjustments to a project's operational term were generally permitted only as the project neared expiry. In practice, extending a project after its term has lapsed often created regulatory gaps due to the time required to complete administrative procedures, thereby disrupting project continuity. This challenge was particularly pronounced for projects involving the establishment of an economic organisation by foreign investors, as the IRC is directly tied to the company's lawful operation. Consequently, investors were frequently compelled to adjust project terms while still valid, rather than pursuing a formal extension, to mitigate potential legal risks.

7. Abolition of investment policy approval for outbound investment

The New Investment Law establishes a more selective framework for regulating outbound investment through the following measures:

- **Narrowed certification scope:** Limited to projects that exceed Government prescribed capital thresholds or operate in conditional outbound investment sectors as listed under this law;
- **Centralised regulatory authority:** Consolidated under the Ministry of Finance, with delegated powers to subordinate bodies and a requirement for prior Prime Ministerial approval in the case of large scale projects or those seeking special support mechanisms;
- **Exemptions:** All other outbound investment projects are exempt from certification, subject only to foreign exchange transaction registration with the State Bank of Vietnam.

These reforms reflect a more facilitative regulatory approach, reducing procedural barriers while preserving targeted oversight of strategic and sensitive investments. This shift is expected to encourage outbound M&A activity and support the overseas expansion of Vietnamese corporate groups.

8. Expansion of investment project transfer scope

The New Investment Law substantially broadens the categories of investment projects eligible for transfer, whether in whole or in part. These now include:

- Projects that have obtained investment policy approval;
- Projects holding an Investment Registration Certificate;
- Projects that have undergone adjustment during their implementation.

Compared with the previous legal framework, this reform significantly expands the scope of project transfer transactions, aligning with the growing dynamism of the M&A market and ongoing investment restructuring activities.

From a strategic perspective, the expanded transfer rights improve the liquidity of investment projects, support divestment and portfolio restructuring activities and grant investors greater flexibility in shaping and adapting long-term investment strategies.

III. Closing Remarks

The New Investment Law marks a pivotal advancement in Vietnam's ongoing efforts to modernise its investment regime and strengthen its appeal as a destination for both domestic and foreign capital. By streamlining procedures, decentralising approval authority, concentrating regulatory oversight on substantive risks, and introducing fast-track mechanisms for priority projects, the new law signals a decisive shift towards a more facilitative, transparent, and investor-oriented framework.

For investors, the reforms create tangible opportunities to accelerate market entry, restructure investment projects with greater flexibility, and reduce compliance burdens, particularly in high-tech, innovation-driven, and strategic sectors. At the same time, the introduction of post-inspection mechanisms and expansion of approval requirements for higher-risk activities highlight the importance of careful regulatory planning.

With the New Investment Law scheduled to take effect on 1 March 2026, investors are encouraged to:

- review existing and proposed investment structures to determine eligibility for streamlined or special procedures;
- re-evaluate approval, registration, and adjustment strategies under the revised thresholds and decentralised authority framework;
- reassess business lines and market access conditions in light of the narrowed conditional investment regime; and
- align transaction planning, M&A strategies, and project transfers with the enhanced flexibility introduced by the new law.

Early preparation and proactive legal structuring will be essential to fully leverage the opportunities presented under the New Investment Law while effectively managing regulatory risk in Vietnam's evolving investment landscape.