

LEGAL UPDATE

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VIETNAM INTRODUCES SPECIAL INVESTMENT PROCEDURE: 15-DAY FAST-TRACK PROCESS FOR HIGH-TECH PROJECTS

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In a move that could significantly reshape Vietnam's investment landscape, the government has recently introduced a new "special investment procedure" that accelerates the approval process for certain high-tech and strategic projects. Specifically, on November 29, 2024, the National Assembly of Vietnam enacted the 2024 Law Amending the Law on Planning, the Law on Investment, the Law on Public-Private Partnership Investment, and the Law on Bidding. The amended legislation takes effect from January 15, 2025. Notably, the "special investment procedure" was formally codified through the addition of Article 36a to the Law on Investment. Subsequently, on February 10, 2025, the Government issued Decree No. 19/2025/NĐ-CP, providing detailed guidance on the implementation of Article 36a concerning the special investment procedure. This policy innovation offers investors a unique 15-day window for obtaining investment registration certificates, a process that used to take between 6 to 9 months. The changes are seen as a landmark development, especially for global investors looking to seize opportunities in Vietnam's rapidly evolving digital and industrial sectors.

The 15-Day Investment Revolution

The special investment procedure eliminates several traditional administrative procedures, such as obtaining separate approvals for investment principles, construction permits, environmental impact assessments, and fire safety permits. Instead, investors can commit to meeting relevant regulations and standards and begin project implementation immediately upon registration, with government authorities verifying compliance post-launch. This reform reduces approval times by up to 75%, the investment registration certificate is issued within 15 days from the date of receiving the complete

application, a stark contrast to the previous 6-9 month practical timeline. The authority to evaluate dossiers and issue certificates lies with the Management Boards of industrial parks, export processing zones, high-tech parks, or economic zones.

This shift from pre-approval to post-monitoring is part of Vietnam's broader ambition to become a global hub for high-tech industries, including semiconductors, artificial intelligence (AI), block chain, Internet of things, etc. The procedure is detailed in Decree 19/2025/ND-CP, which outlines the legal framework for this fast-track process, ensuring faster approvals and greater operational flexibility for investors.

Eligible Projects: Who Can Benefit?

Not all projects qualify for this fast-track process. The procedure is reserved for projects located in specially designated zones including industrial parks, export processing zones, high-tech parks, centralized information technology zones, free trade zones, and functional areas within economic zones and such projects must be in the following sectors:

- Innovation centers and research & development (R&D) hubs;
- Semiconductors and integrated circuit design and manufacturing;
- Flexible electronics (PE), chips, and semiconductor materials;
- High-tech industries prioritized under Decision No. 38/2020/QD-TTg of the Prime Minister.

However, it is important to note that this special investment procedure does not apply to projects that require approval from the National Assembly. These include projects that have, or are likely to have, significant adverse impacts on the environment; projects involving the conversion of large areas of land designated for wet rice cultivation; projects requiring large-scale relocation and resettlement; or those that seek the application of special mechanisms or policies subject to the National Assembly's approval.

Positive Impact on Vietnam's Investment Ecosystem

- *Reducing Administrative Barriers*

By eliminating the need for multiple approvals, the procedure simplifies the investment process, aligning with global trends toward creating more business-friendly environments. This could boost Vietnam's rankings in international indices measuring investment friendliness and regulatory efficiency.

- *Accelerating Project Implementation*

The fast-track 15-day approval process is a decisive factor in accelerating the construction process and bringing a project into operation. Faster approvals mean projects can start operations quicker,

boosting economic growth, creating jobs, and enhancing competitiveness. For time-sensitive sectors like technology, where rapid deployment can be a competitive advantage, this is particularly crucial.

- *Enhancing flexibility and reducing costs for investors*

Investors can begin projects immediately after registration, reducing waiting times and allowing them to seize market opportunities promptly. This is especially beneficial for fast-moving sectors like AI and semiconductors, where timing is critical. In addition, the streamlined procedure lessens the expenses of the investors for extensive legal, administrative, and technical consultancy services in the project preparation phase.

- *Attracting high-quality investment*

By streamlining administrative procedures, the government can significantly lower entry barriers and operational costs for investors. This not only speeds up project implementation but also improves investor confidence, especially in competitive sectors such as semiconductor and high-tech manufacturing..

Important Considerations for Investors

While the special investment procedure offers notable advantages, it does not mean that investors are exempt from complying with substantive requirements. Investors must still commit to meeting regulations of laws and technical standards related to construction, environmental protection, and fire prevention and fighting. These commitments must be clearly stated in the investment registration documents submitted to the competent state authority at the outset. Moreover, instead of a full environmental impact assessment, investors must forecast and describe potential environmental impacts and suggest mitigation measures in their investment proposal.

Furthermore, before commencing construction, investors must submit a commencement notice to both the local construction authority and the relevant management board. This notice must include:

- A construction investment technical-economic report prepared, assessed, and approved by the investor in compliance with construction laws;
- A verification report conducted by qualified entities concerning construction safety, environmental safeguards, fire prevention, and adherence to technical regulations and standards.

After the issuance of the investment registration certificate, the investor is obligated to maintain compliance with their commitments as well as relevant legal regulations throughout the entire duration of the project's operation. Failure to comply with post-registration obligations may result in administrative penalties or even project suspension.

Conclusion

Vietnam's special investment procedure represents a significant leap forward in making the country more attractive to foreign investors, particularly in high-tech sectors. By reducing bureaucratic delays and offering greater flexibility, this reform has the potential to transform Vietnam's investment environment and position it as a key player in global supply chains. For the investors looking to invest in Vietnam's burgeoning high-tech sector, this streamlined procedure could be the key to unlocking new opportunities. However, investors must navigate this new landscape with care, ensuring they meet all regulatory commitments to avoid potential pitfalls.

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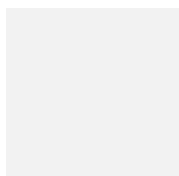
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