1. Vietnam has been making great efforts to improve the legal environment, developing the rule of law, especially for business, to turn Vietnam into an attractive investment destination. Continuous legal reform has been being made to liberalise the business environment, and equally important is the restructuring of the economy to improve growth, productivity and competitiveness.

2. Foreign investors play an increasingly important role in the development of the economy of Vietnam. Pursuing the objective to attract foreign investment, Vietnam's law makers have set out a number of innovative investment regulations to prepare for upcoming opportunities from the ASEAN Economic Community and a series of newly negotiated FTAs.

At the centre of the legal framework for attracting investment, the Law on Investment receives the most focus. In 2014, a new Law on Investment with breakthrough changes aimed at improving the investment environment was passed. In 2016 Vietnam took further action to remove legal barriers for business by revising the Law on Investment. On November 12, 2015, the government issued Decree 118/2015/ND-CP guiding the implementation of the Law on Enterprises 2014 (Decree 118). Clarification of new concepts and scope: Many problems in implementing investment-related regulations before the 2014 Law on Investment were the results of authorities misunderstanding legal concepts or the lacks of key definitions in legislation. This led to the issue of different licensing authorities interpreting the law differently, and various aspects of the investment registration procedure became unpredictable. Therefore, clarifying key legal concepts was a notable objective of the 2014 Law on Investment.

3. The concepts of "foreign investor" and "foreign-invested economic organisation" are clearly distinguished. Under the 2014 Law on Investment, a foreign investor is a foreign individual holding foreign nationality, or an organisation established under the laws of a foreign country, conducting a business investment in Vietnam, while a foreign-invested economic organisation is a business organisation established under the laws of Vietnam whose members or shareholders consist of a foreign investor. Given these concepts, a foreign-invested economic organisation will no longer be confused with a foreign investor, and will

not be required to comply with the same investment procedures applicable to foreign investors as was the practice in the past.

4. Expansion of the freedom of business: In recent years eliminating criminalisation of business activities has been a priority of Vietnam to protect private investors. The principle that investors are entitled to carry out investments in business areas which are not prohibited by the government is now reconfirmed under the Law on Investment. Freedom to do business can be seen from amendments to the regulations of the Law on Investment on prohibited and conditional businesses.

5. Regarding prohibited business areas, the Law on Investment adopts a "negative list" approach, meaning that investors are allowed to operate in all areas except for seven areas prescribed in Article 6 of the Law on Investment, consisting of these business lines:

- Narcotic substances;
- Chemicals and minerals;
- Specimens of wild flora and fauna; specimens of rare and/or endangered species of wild fauna and flora;
- Prostitution;
- Human trafficking; human tissues and body parts;
- Business pertaining to human cloning; and
- Firecrackers

6. Regarding conditional business lines, the 2014 Law on Investment set a decisive principle that every conditional business in Vietnam must be clearly stated in Annex 4 of the Law on Investment, and business requirements for a conditional business can only be provided by laws, ordinances, decrees and international treaties to which Vietnam is a contracting party. Ministries and other state bodies at lower levels of Vietnam now have no right to set new business conditions in legal documents issued by them. There are 243 conditional business lines regulated in Article 7 and Annex 4 attached to Law on Investment. When the Law on Investment was passed, Annex 4 consisted of 267 business areas.

However, after a year of implementation, several business lines in the list turned out to be overlapping. As a result, in 2016 the National Assembly of Vietnam passed an amendment to the 2014 Law on Investment to reduce the number of conditional business to 243.

7. Investment forms: Investment forms are regulated in Articles 22-29 of the Law on Investment and elaborated in Articles 44-46 of Decree 118. A foreign investor may choose one of the following investment forms:

• Establishing a foreign-invested company (joint-venture companies, 100% foreign companies);

• Contributing capital to or acquiring shares from enterprises; or

• Executing a PPP or BCC. Under Article 22 of the Law on Investment, foreign investors can own an unlimited percentage of shares in an enterprise established in Vietnam, except shares in:

• Listed companies, public companies, securities-trading organisations and securities investment funds; and

• State-owned companies being equitised or privatised under other forms. Under Article 25 of the Law on Investment, foreign investors can contribute capital or acquire shares in enterprises under the forms of JSCs, LLCs and partnerships.

8. Simplifying investment procedures: As competition for foreign-invested capital into developing countries becomes more intense, Vietnam cannot turn a blind eye to the common request of foreign investors for the simplification of investment procedures. Solving this issue is indeed necessary. The new Law on Investment shortens the time to issue certification.

9. The law does not distinguish between an investment project of a Vietnamese investor and that of a foreign investor. The law classifies projects into two categories: a decision on investment policies project and those not subject to issuance of a decision on investment policies project. It also provides detailed guiding procedures for each project type, and application forms are regulated in Circular 16/2015/ TT-BKHDT.

10. Article 36 of the Law on Investment regulates cases in which an Investment Registration Certificate (IRC) is not required, as follows:

• Investment projects of Vietnamese investors;

• Investment of business organisations made by contributing capital, buying shares or buying capital contributions; and

• Investment projects of foreign-invested economic organisations to establish business organisations; made by contributing capital, buying shares, buying capital contribution of business organisations; making investments under a BCC except in the following cases:

- Having foreign investors holding 51% of the charter capital or more, or the majority of the general partners of the partnership are foreigners;

- Having business organisations which have foreign investors holding 51% of the charter capital or more, or the majority of the general partners of the partnership are foreigners holding 51% of the charter capital or more; and

- Having foreign investors and business organisations which have foreign investors holding 51% of the charter capital or more, or the majority of the general partners of the partnership are foreigners holding 51% of the charter capital or more. According to Article 37 of the Law on Investment, application times for the IRC have been shortened for:

• Projects which are subject to the issuance of a decision on investment policies shall receive the IRC within five business days from the day of receipt of the decision on investment policies; and

• Projects which are not subject to an issuance of a decision on investment policies, shall receive the IRC within 15 days from the date on which competent authorities receives sufficient documents. In the case of adjusting the IRC, under Article 40 of the Law on Investment, within 10 working days from the day on which the competent investment registry authority receives sufficient documents, the authority shall issue the amended IRC. Furthermore, the Department of Planning and Investment of each city has its own Investment Promotion Agency to facilitate all foreign investment, and a website guides investment registration procedures. Overall, registering investments is becoming easier for all investors, including foreign investors.