



LEGAL UPDATE

DECREE 8 ON AMENDING CERTAIN CONDITIONS FOR BUSINESS INVESTMENT

Following last year's Decision No. 3610a/QĐ-BCT (**Decision 3610a**) of the Ministry of Industry and Trade (**MOIT**) to eliminate 675 existing investment requirements and conditions, Decree No. 8/2018/ND-CP (**Decree 8**) was issued.

Decree 8 sets out a wide range of amendments of investment conditions imposed on enterprises in various trade areas such as food production and trading, oil and gas, tobacco, electricity, and franchising. Its main objective is to reduce administrative procedures and easing doing business. Decree 8 entered into force on 15 January 2018.

Below we will highlight the several relevant parts of Decree 8.

1. Registration requirement for franchising operations

Decision No. 3610a suggested that the obligation to register before conducting any franchise activities in Vietnam might be removed. Decree 8 which amends parts of Decree No. 35/2006/ND-CP (**Decree 35**), provides otherwise. Registration of the franchise with the MOIT remains and foreign franchisors still need to register before conducting franchising activities. The burdensome registration requirement foreign franchisors hoped for after Decision 3610a is not abolished.

Most conditions applicable to foreign franchisors and franchisees, and the restriction on goods and services that

can be franchised are abolished. The only condition that remains is the requirement that the franchise system must have been operating for at least one year.

For the franchisee there are no conditions to receive the commercial rights from the franchisor.

2. Food production and trading

Decree 8 also amends various parts of Decree No. 77/2016/ND-CP of 1 July 2016. Decree 8 confirms what we wrote in our earlier update on this topic. The requirement to obtain an enterprise or household business registration certificate is indeed removed. This means that for producing and trading of food, the food production and trading establishments no longer need to submit an enterprise or household business registration certificate, or any other equivalent document to obtain the certificate of conformity with food safety regulations.

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