

Franchise Update: Vietnam

REGISTRATION REQUIREMENT FOR FOREIGN FRANCHISORS TO BE ABOLISHED

The Vietnamese Ministry of Industry and Trade (“MIT”) has recently issued Decision No. 3610a/QĐ-BCT (the “**Decision**”), which sets out its plans to remove 675 existing requirements and conditions across 27 business sectors in a bid to streamline the administrative procedures relating to foreign investments in Vietnam.

One of the key proposed changes in the Decision relates to Vietnam’s franchising laws. Presently, foreign franchisors are required to be registered with the MIT, and the business must also have been in operation for at least a year before it may franchise the business in Vietnam. The proposed abolishment of the registration requirement for foreign franchisors is undoubtedly good news for overseas businesses looking to enter the fast-growing Vietnamese market.

These changes are anticipated to come into effect by the second quarter of 2018. We note that the proposed deregulation is also in line with the simplification of franchise regulations applicable to local businesses. Since 2012, domestic franchisors have in fact been exempted from any requirement to seek prior approval from the MIT. They need only report to the relevant local authorities.

The Decision is by far the most extensive reform announced by the MIT, and this move aims to boost foreign investments into the country by improving the ease of doing business in Vietnam. As the MIT is expected to announce more details regarding the implementation of Decision No. 3610a/QĐ-BCT, we will continue to closely monitor the implications of the Decision in the coming months ahead.

Should you have any queries as to how this update may affect your organisation or require further information, please do not hesitate to email us.



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This article is only intended to highlight the salient issues relating to the Vietnamese Ministry of Industry and Trade Decision No. 3610a/QĐ-BCT issued in Vietnam in relation to franchising, and it is not intended to be comprehensive nor should it be construed as legal advice. This article is updated as at 9 October 2017.