

# VIETNAM'S GOVERNMENT RESTRUCTURING: WHAT IT MEANS FOR FOREIGN INVESTORS

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Vietnam is undergoing a government restructuring aimed at enhancing efficiency, improving governance, and aligning policies with its long-term economic goals. For foreign investors, these changes could lead to **faster approvals, greater transparency, and a more business-friendly regulatory environment**, but also some short-term uncertainties.

## A Leaner, More Efficient Government

One key focus of restructuring is **streamlining ministries and agencies** to reduce bureaucracy and overlapping responsibilities. As part of this initiative, **the number of ministries has been reduced from 18 to 14** through mergers and consolidations. The restructured ministries commenced operations on **1 March 2025**.

## Key Changes in the Restructuring

The restructuring involves significant mergers and eliminations, including:

- **Ministry of Finance** has absorbed the **Ministry of Planning and Investment**.
- **Ministry of Construction** has been formed by merging the **Ministry of Transport** and the **Ministry of Construction**

- **Ministry of Agriculture and Environment** combines the **Ministry of Agriculture and Rural Development** with the **Ministry of Natural Resources and Environment**.
- **Ministry of Science and Technology** now includes the former **Ministry of Information and Communications**.
- **Ministry of Home Affairs** has integrated functions from the dissolved **Ministry of Labor, Invalids, and Social Affairs**.
- A new **Ministry of Ethnic and Religious Affairs** has been established to oversee ethnic minority and religious matters.

This restructuring is part of a broader effort to reduce government bodies by 15-20%, aiming to cut costs and improve administrative efficiency.

### Impact on Foreign Direct Investment (FDI)

Vietnam has built its reputation as an attractive investment destination partly due to its consistent economic policies. With restructuring, the government continues aiming for boosting investment policies in priority sectors such as:

- **High-tech:** Incentives for data centers, AI, semiconductor, electronics, and green industries
- **Renewable energy:** A clearer regulatory framework to attract foreign capital into solar, wind, and LNG projects, and prioritizes the implementation of programs on research, development and application of science and technology, production of photovoltaic panels, wind turbines, and power source conversion equipment.
- **Financial services & digital economy:** More streamlined regulations for foreign banks, fintech, and e-commerce businesses.
- **Real estate & infrastructure:** Ongoing reforms in land laws, foreign ownership rules, and PPP projects. The Government is also streamlining the funding process to accelerate the disbursement for public projects.
- **E-commerce and Tourism:** More development of mechanisms and policies on taxation and credit to support increasing purchasing power, stimulating consumer demand and domestic tourism; implement synchronous solutions to exploit domestic consumption.

Overall, the Government is intensively implementing solutions to achieve 8% growth, maintain macroeconomic stability, control inflation, and ensure major economic balances.

For investors, legal certainty is key. While restructuring may improve long-term policy clarity, it's important to stay updated on any regulatory shifts that could affect tax incentives, land use rights, and foreign ownership limitations.

### What This Means for Investors

Vietnam's restructuring is expected to have several impacts on the foreign investment landscape:

- **Streamlined Procedures:** Merging ministries may lead to more coordinated and efficient processes for investment approvals, reducing bureaucratic hurdles.

- **Policy Clarity:** Consolidation can result in clearer regulatory environments, eliminating overlapping functions and providing investors with more straightforward guidelines.
- **Short-Term Adjustments:** During the transition, there may be temporary delays or adjustments as new ministries establish their workflows. Investors should stay informed and maintain flexibility during this period.

## Final Thoughts

Vietnam remains one of the most promising investment destinations in Asia, and its government restructuring could further strengthen its position. While short-term uncertainties exist, investors who navigate the changes strategically will find new opportunities in a more transparent and efficient market.

**Are you currently investing in Vietnam or contemplating entering the market? What are your perspectives on the implications of these recent changes? Let's connect.**

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