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KNOW?**

*LEGAL UPDATE  
March 2025*

# Did you know Vietnam is slashing bureaucracy and streamlining governance at lightning speed?

Vietnam is implementing its most ambitious reform ever, revolutionising its political and administrative framework. The government is directly addressing bureaucracy by streamlining processes, enhancing efficiency, and modernising procedures. This initiative is transforming the public sector, fostering increased transparency and accountability, which are essential for sustainable development.

This legal update offers insights into the key changes and their potential impact on businesses operating in Vietnam.

## 1. Government Restructuring: A New Era for Vietnam

### 1.1 Background and Objectives

Vietnam's government restructuring is among the most significant changes in the country this year, with profound implications for businesses and investors. The restructuring framework is outlined under Law No. 65/2025/QH15 on the Organisation of Local Governments, which serves as an essential resource for all stakeholders to navigate the ongoing process. The restructuring aims to optimise the political system by reducing bureaucratic obstacles and improving efficiency.

### 1.2 Key Directions and Implementation

Vietnam's Political Bureau (Politburo) and the Secretariat have issued various directives outlining specific guidelines for ministries and agencies. Conclusion No. 127-KL/TW issued on 28 February 2025 by the Politburo and Secretariat (**Conclusion 127**) serves as the latest and most important guide detailing specific tasks for restructuring Vietnam's political system. The restructuring involves merging certain provincial administrative units, eliminating the district level, and continuing the merger of commune-level administrative units.

### 1.3 Plan for Amending the Constitution and Other Laws

To align Vietnam's legal system with restructuring efforts, Conclusion 127 directs amendments to the Constitution and various laws. The Party Committee of the National Assembly is tasked with directing research on amending certain articles of the Constitution, with the finalisation by the National Assembly by 30 June 2025.

Additionally, decrees and regulations regarding the mechanisms and policies for cadres, civil servants, public employees, and workers affected by local administrative reorganisation will also be developed.

## 2. Streamlined Administration: Cutting Through the Red Tape

## 2.1 Overview of Administrative Reforms

The Vietnamese government is streamlining its administrative procedures to create a more efficient and responsive political system. The restructuring involves reducing the number of ministries and agencies from 22 to 17, with several ministries being merged to eliminate overlaps and improve coordination.

## 2.2 List of Ministries and Their Functions

Ministry	Merged Entity	Functions
<b>Ministry of Finance</b>	Ministry of Planning and Investment	Financial management, investment planning
<b>Ministry of Home Affairs</b>	Ministry of Labour, Invalids, and Social Affairs	Internal affairs, labour management
<b>Ministry of Construction</b>	Ministry of Transport	Construction, transportation infrastructure
<b>Ministry of Science and Technology</b>	Ministry of Information and Communications	Science, technology, information management
<b>Ministry of Culture, Sports, and Tourism</b>	Press management responsibilities from Ministry of Information and Communications	Culture, sports, tourism, press management
<b>Ministry of Agriculture and Environment</b>	Ministry of Agriculture and Rural Development and Ministry of Natural Resources and Environment	Agriculture, environment management
<b>Ministry of Ethnic and Religious Affairs</b>	Committee for Ethnic Minority Affairs and Ministry of Home Affairs	Ethnic and religious affairs
<b>Ministry of National Defence</b>	Unchanged	National defence
<b>Ministry of Public Security</b>	Unchanged	Public security
<b>Ministry of Justice</b>	Unchanged	Legal affairs
<b>Ministry of Industry and Trade</b>	Unchanged	Industry, trade management
<b>Ministry of Foreign Affairs</b>	Unchanged	Foreign relations
<b>Ministry of Education and Training</b>	Unchanged	Education, training
<b>Ministry of Health</b>	Unchanged	Health management

## **2.3 Impact on Businesses**

These changes are expected to simplify regulations and expedite licensing processes, benefiting businesses by reducing bureaucratic hurdles and improving the speed of administrative approvals.

# **3. Foreign Investment: A Smoother Path Ahead**

## **3.1 Streamlined Investment Procedures**

The consolidation of State agencies will result in a more streamlined process for obtaining investment and enterprise registration certificates. The Ministry of Finance will now handle investment-related functions, previously managed by the Ministry of Planning and Investment.

## **3.2 Attracting Top Talent**

The government's focus on attracting and retaining top talent through increased salaries and benefits is likely to result in a more professional and efficient public sector, further encouraging foreign investment.

## **3.3 Implications for Foreign Investors**

Foreign investors will benefit from a more efficient and transparent environment, with quicker permit and license processing facilitated by digital platforms. Better coordination among State agencies, enhanced through digitalisation, will further streamline these processes. The restructuring aims to improve Vietnam's business climate by reducing bureaucracy and leveraging technology to increase the ease of doing business. This digital transformation ensures that all transactions are more accessible and traceable, fostering trust and encouraging more foreign investment.

# **4. Real Estate Growth: New Prospects Unveiled**

## **4.1 Consolidation of Ministries**

The real estate sector in Vietnam is set to benefit from the government's restructuring efforts. The Ministry of Construction will merge with the Ministry of Transport to form a consolidated entity, which will oversee both construction and transportation projects.

## **4.2 Improved Infrastructure Coordination**

The aforementioned merger is expected to enhance the coordination and implementation of infrastructure projects. This streamlined approach will facilitate faster approvals for real estate developments, reducing delays and costs for developers. Improved infrastructure coordination will also lead to better urban planning and more efficient land use.

## **4.3 Impact on Real Estate Development**

The restructuring will likely lead to more efficient land use planning and better management of urban development projects. This will create opportunities for real estate developers to invest in new projects and expand their operations in Vietnam.

## 5. Judicial Reforms: A More Efficient Legal System

### 5.1 Reorganisation of District Courts

The government has proposed merging district courts into regional courts of first instance to improve the efficiency and consistency of judicial proceedings.

### 5.2 Criteria for Restructuring

The restructuring will follow specific criteria based on the region and the minimum number of cases per year as follows:

Region	Minimum Cases per Year
Special Urban Areas (Hanoi and Ho Chi Minh City)	3,000
Suburban Areas	1,000
Rural Plain Areas	800
Mountainous Areas	200

### 5.3 Impact on Businesses

The elimination of district-level courts will centralise dispute resolution in higher courts. In the short term, this centralisation may result in increased caseloads and longer waiting periods for commercial disputes, causing businesses to experience delays in receiving judgments for their cases. However, the long-term objective is to enhance consistency, standardisation, and legal certainty in dispute resolution processes.

## 6. Challenges and Inconveniences During Restructuring

### 6.1 Temporary Disruptions

During the restructuring, businesses may encounter temporary disruptions in administrative processes, leading to delays in the issuance of permits and licenses. These disruptions are expected as newly formed agencies undergo internal restructuring. Additionally, the evolving regulatory landscape may create uncertainty as businesses navigate new procedures and requirements. However, these hurdles are short-lived and will diminish as the new systems and frameworks are fully implemented.

### 6.2 Strategic Planning to Manage Temporary Challenges

To mitigate these temporary challenges, businesses should take proactive measures:

- Regularly monitor government publications and consult with legal counsel to gain insights into upcoming changes.

- Prepare contingency plans for potential delays to safeguard operations.
- Reassess current contracts and compliance processes to ensure they align with the new regulatory requirements.

By taking these proactive steps, businesses can navigate the temporary challenges more effectively and position themselves to take full advantage of the reduced bureaucracy and enhanced transparency promised by the restructuring.

## **7. Outlook**

The future for businesses and foreign investors in Vietnam is filled with optimism and opportunity. While the restructuring process may pose some temporary challenges, these are manageable and will soon be outweighed by the long-term benefits. The government's dedication to modernising governance and enhancing administrative efficiency will create a more favourable business environment, making the short-term inconveniences worthwhile.

As the restructuring progresses, businesses can anticipate a more streamlined and responsive political system that supports their growth and development. The improved coordination among State agencies and the focus on attracting top talent will lead to a more professional and efficient public sector. This transformation will ultimately create a stable and thriving environment for businesses and investors, ensuring sustained growth and prosperity in Vietnam.

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