INFORMATION SHEET

RESPONSIBLE BUSINESS CONDUCT IN VIETNAM

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INTRODUCTION

Vietnam is one of Asia's most dynamic economies, with sustained 6–8% annual GDP growth (excluding COVID years) and rising foreign investment. Yet rapid development brings challenges in labor standards, environmental protection, and governance.

The Netherlands remains Vietnam's largest EU trading partner, leading investor, and top export market. For Dutch companies, understanding and applying **Responsible Business Conduct (RBC)** standards is essential for sustainable and ethical growth.

OBJECTIVES

01 Provide insights into key RBC risks and considerations in Vietnam.

02 Explain the implications of these risks for Dutch businesses operating or planning to operate in the country.

03 Highlight cultural nuances and "grey areas" where local practices differ from Dutch/EU contexts.

The document does not aim to be exhaustive; instead, it focuses on the most relevant RBC themes and emerging challenges in Vietnam's current policy and business environment.

This Information Sheet helps Dutch businesses, policymakers, and partners navigate Vietnam's evolving business landscape using the **OECD Guidelines for Multinational Enterprises (2023)**, showing how companies can advance sustainable development while navigating economic, social, environmental, and governance risks.

RESPONSIBLE BUSINESS CONDUCT
9 TOPICS FOR CONSIDERATIONS

Source: OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023)

Disclosure	Enterprises should be transparent in their operations, providing clear and complete information to meet growing public and stakeholder demands for accountability.
Human Rights	Enterprises must respect internationally recognized human rights and align their actions with the UN "Protect, Respect and Remedy" Framework and Guiding Principles.
Employment and Industrial Relations	Enterprises should uphold international labour standards and promote fundamental rights at work in line with ILO principles.
Environment	Enterprises are encouraged to improve their environmental performance through effective management, planning, and contribution to sustainable development.
Combating Bribery, Bribe Solicitations and Extortion	Enterprises should actively prevent and combat bribery and corruption to support fair competition and good governance.
Consumer Interests	Enterprises should ensure fair marketing practices and provide safe, reliable, and high-quality products and services to consumers.
Science and Technology	Enterprises should foster technology transfer and innovation, contributing to host countries' scientific and technological development.
Competition	Enterprises must conduct business in compliance with competition laws and avoid anti-competitive practices that distort markets.
Taxation	Enterprises should meet their tax obligations transparently and responsibly, contributing to public finances and fair international taxation.

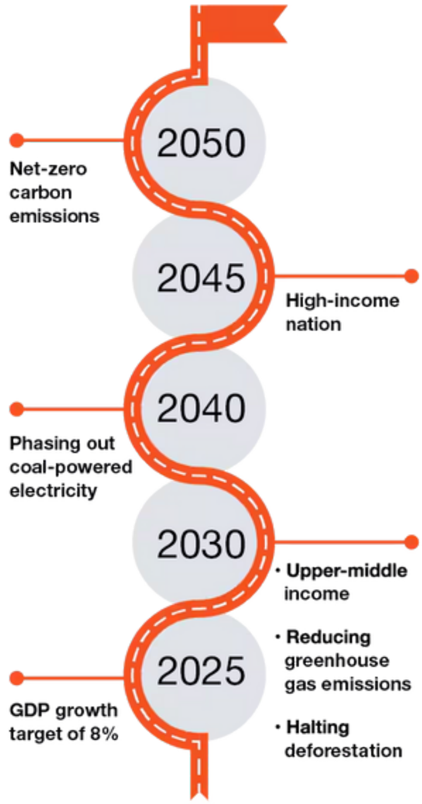
DISCLOSURE

Sustainability disclosure

Vietnam's corporate transparency and ESG disclosure landscape is still maturing, presenting notable risks for foreign businesses seeking alignment with international responsible business conduct standards.

While Circular 96 [1] mandates listed companies to report on environmental, social, and governance (ESG) issues in their annual reports, implementation remains inconsistent and largely superficial. Fewer than 30% of listed firms—and only 27% of surveyed foreign-invested enterprises—currently publish sustainability reports aligned with global frameworks such as GRI, SASB, or TCFD [2].

Over 97% of Vietnamese enterprises are classified as small and medium-sized (SMEs), many of which lack the capacity, awareness, or systems to collect and report ESG data. When these SMEs form part of global supply chains, data can be fragmented, incomplete, or unverifiable, making it difficult for Dutch companies to meet EU sustainability reporting and due diligence obligations.



Ambition of Vietnam
Photo: PwC

Beneficial ownership transparency

Under EU regulations such as the Corporate Sustainability Due Diligence Directive (CSDDD), companies are expected to assess ownership risks across their value chains. However, beneficial ownership transparency in Vietnam remains limited, posing reputational and compliance risks for Dutch businesses seeking responsible partnerships.

Despite Vietnam's commitment to implementing Financial Action Task Force (FATF) recommendations, enforcement is inconsistent and there is no centralized public registry of beneficial owners. Many private or family-owned firms operate through opaque structures, making it difficult to verify who controls or benefits from a business. This lack of clarity can obscure links to environmental violations, labor exploitation, or politically exposed persons.

Traceability

Transshipment and upstream sourcing practices in Vietnam pose growing risks for foreign companies, especially those subject to EU or U.S. trade compliance and due diligence regulations. Many Vietnamese businesses — particularly in textiles, electronics, furniture, and packaging — source raw materials, components, or semi-finished goods from China, often without full traceability or origin documentation.

This creates exposure to transshipment risks, where goods are re-exported from Vietnam but retain substantial Chinese content, potentially violating rules of origin under trade agreements like the EU-Vietnam Free Trade Agreement (EVFTA) or triggering scrutiny under U.S. anti-circumvention measures. For EU-bound exports, this can jeopardize tariff preferences or breach deforestation and due diligence regulations if the original supply chain is not properly disclosed.

[1] Circular No. 96/2020/TT-BTC dated December 16, 2020, providing guidelines on disclosure of information on the securities market.
[2] Vietnam Business Forum. (2024). *Pathway towards a sustainable economic recovery.*

HUMAN RIGHTS

Land acquisition and community consent

In sectors like agriculture, energy, and infrastructure, land acquisition processes in Vietnam often lack transparency and meaningful consultation. Projects may proceed without obtaining free, prior, and informed consent (FPIC) from affected communities, particularly ethnic minorities in upland or coastal regions. This can result in displacement, loss of livelihoods, and long-term social disruption.

Foreign companies involved in land-intensive operations or sourcing from such projects risk complicity in human rights violations if they fail to verify how land was acquired or whether communities were adequately consulted.

Restricted civic space and retaliation

Vietnam's civil society space remains constrained, and individuals who speak out against business-related harms — including environmental damage or land disputes — may face intimidation, surveillance, or reprisals. This limits access to remedy and violates the right to freedom of expression and peaceful assembly.

Companies must ensure that grievance mechanisms are accessible, independent, and safe for stakeholders to use, and avoid partnerships with entities known to suppress dissent or retaliate against whistleblowers.

Abandoned houses in the Thanh Chuong resettlement area, Nghe An. Nearly 20 years after the Ban Ve Hydropower Project, many of the 2,674 resettled ethnic minority households have left their homes, with over 1,000 migrating for work due to inadequate farmland and delayed land redistribution.
Photo: Dan Tri

Environmental harm and community wellbeing

Environmental degradation is a growing concern, especially in the Mekong Delta and industrial zones. Activities such as sand mining, poorly regulated waste disposal, and water pollution from factories can lead to riverbank erosion, contaminated water sources, and reduced agricultural productivity. These impacts directly undermine the right to health, food, and clean water, particularly for vulnerable rural populations.

Businesses sourcing from affected regions or operating near sensitive ecosystems must assess environmental risks not only for compliance, but also for their human rights implications.

Thousands of Vietnamese protested in 2016 against Taiwanese company Formosa after its toxic spill devastated marine life and livelihoods across four provinces, affecting over 500,000 people and leading to $500 million in compensation.
Photo: Reuter/SCMP

Access to remedy

In Vietnam, many workers — especially internal migrants, ethnic minorities, and foreign laborers — face significant barriers to seeking redress for business-related harms. Informal employment arrangements often leave workers without written contracts, social insurance, or access to formal complaint channels.

Even where mechanisms exist, fear of retaliation, lack of language support, and limited legal protections deter victims from reporting abuse. State-based remedies may be slow, inaccessible, or biased, placing greater responsibility on companies to provide non-judicial avenues for remedy.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Informal workers

Informal labor remains a dominant feature of Vietnam's economy, accounting for nearly 70% of total employment nationwide [3]. These workers are concentrated in sectors such as agriculture, manufacturing, construction, logistics, domestic work, and street vending, where employment is often unregistered, seasonal, or subcontracted.

Informal workers typically lack written contracts, social insurance, occupational safety protections, and access to grievance mechanisms, leaving them highly vulnerable to exploitation, wage theft, and hazardous working conditions. The risks are particularly acute for internal migrants, ethnic minorities, and women, who face additional barriers due to low education levels, discriminatory hiring practices, and exclusion from formal employment channels.

For Dutch businesses in Vietnam, risks may arise indirectly through suppliers, subcontractors, labor brokers, or outsourced service providers, particularly in urban and industrial zones where informal labor is often embedded in supply chains to cut costs or meet production targets.

Migrant workers

Migrant labor is a vulnerable segment of Vietnam's workforce, driven largely by internal migration.

These workers are concentrated in the Southeast and Red River Delta—especially Ho Chi Minh City, Binh Duong, Dong Nai, Hanoi, Bac Ninh, and Hai Phong—where industrial parks and export zones draw rural labor into textiles, electronics, logistics, and construction.

Many are employed informally or through subcontractors, often lacking written contracts, social insurance, and grievance mechanisms. This creates reputational, legal, and operational risks for employers, who may be held accountable for labor rights violations or face compliance challenges.

Exploitative labor practices

In high-risk sectors like textiles, electronics, and agriculture, exploitative labor conditions remain a major concern in Vietnam's supply chains.

Common violations include excessive overtime—often exceeding the legal limit of up to 60 hours/month—without proper compensation. Unsafe working environments are frequently reported, with poor ventilation, chemical exposure, inadequate fire safety, and lack of protective equipment documented in both formal and informal production sites. Female workers, who dominate the workforce in textiles and electronics, sometimes face discrimination in hiring, promotion, and maternity protections. Migrant workers from rural provinces or neighboring countries such as Cambodia and Laos are especially vulnerable, often lacking contracts, social insurance, or access to grievance mechanisms, and facing wage theft or verbal abuse.

For Dutch companies sourcing from Vietnam, these risks may be embedded beyond Tier 1 suppliers and require proactive mapping of labor conditions and engagement with local stakeholders to promote decent work and avoid complicity in abuse.

A 2023 survey on workers' living conditions, employment, and wages by VGCL found that over 11% of factory workers earn below subsistence levels, forcing them to take extra jobs or loans to survive, while only 8% have any savings.
Photo: VnEconomy

[3] ILO and ILSSA. (2025). *Informal employment in Viet Nam through a gender lens.*

EMPLOYMENT AND INDUSTRIAL RELATIONS

Forced labor

Vietnam is considered a "high-risk" country for forced labor in certain sectors [4], particularly where informal employment and migrant labor overlap, such as agriculture, construction, and home-based manufacturing. Forced labor may take the form of debt bondage, coercive recruitment practices, or excessive control over workers' movement and wages. Although Vietnam has ratified key ILO conventions, including Convention No. 29 on Forced Labor and No. 105 on the Abolition of Forced Labor, enforcement remains uneven, and informal labor arrangements often fall outside regulatory oversight. This high-risk designation means Vietnamese products in these sectors face increased scrutiny and potential prohibition under the upcoming EU Forced Labor Regulation, posing a significant threat to market access.

Child labor

Vietnam's 2019 Labor Code and 2016 Law on Children align with ILO standards, setting age limits, restricting hours, and banning hazardous work, yet enforcement remains weak, especially in the informal economy.

In rural areas, children often help on family farms or small workshops—culturally accepted but legally ambiguous activities that can disrupt schooling or involve hazardous tasks. Rules allowing "light work" for 13–15-year-olds are loosely enforced, and adolescents aged 15–18 may work up to 40 hours a week, often exceeding limits under production pressure. Despite Vietnam's solid legal framework, weak oversight and poverty make child and adolescent labor a hidden part of its workforce.

For Dutch businesses, this poses compliance risks across informal supply chains, particularly as the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the Dutch Child Labour Due Diligence Law (Wet Zorgplicht Kinderarbeid) will require companies to identify and address child labor risks throughout their value chains.

Freedom of association and Trade union

The Vietnam General Confederation of Labor (VGCL) is the only trade union legally recognized by the government. While some foreign trade unions and labor organizations are active through partnerships and advocacy, the 2025 amendment to the Trade Union Law—though improving VGCL's governance and negotiation capacity—still does not allow union pluralism. Independent worker representation and genuine collective bargaining remain limited, posing challenges for foreign companies seeking to meet international labor standards. To mitigate these risks, businesses can support worker voice through internal grievance mechanisms and third-party engagement.

A key partner for engagement is **CNV Internationaal**, a Dutch trade union and one of the few foreign unions active in Vietnam. It partners with VGCL and local stakeholders in the textiles, garments, and agro-food processing sectors to strengthen social dialogue, promote gender equity, and facilitate Multi-company Collective Bargaining Agreements (MCCBAs) that enhance wages and working conditions.

Aging workforce

Vietnam is transitioning into an aged society, with over 20% of its population projected to be aged 60 or older by 2035 [5]. This demographic shift is already affecting labor-intensive sectors such as manufacturing, agriculture, and logistics — particularly in regions like the Mekong Delta, which lost over 1.1 million residents to youth outmigration between 2009 and 2019.

In response, the government revised its Labour Code and Employment Law, gradually increasing the retirement age starting in 2021. For men, the retirement age will rise to 62 by 2028; for women, to 60 by 2035, depending on job type and working conditions. The reforms also introduce support measures for older workers, including retraining programs and flexible work arrangements. While these steps promote workforce inclusion, they also underscore a shrinking pool of young labor and the need for businesses to adapt accordingly.

[4] CORE and Human Rights@Work. (2025). *Assessing forced labour risks in Dutch imports.*
[5] World Bank. (2021). *Vietnam: Adapting to an aging society*

ENVIRONMENT

Abnormal weather and climate change

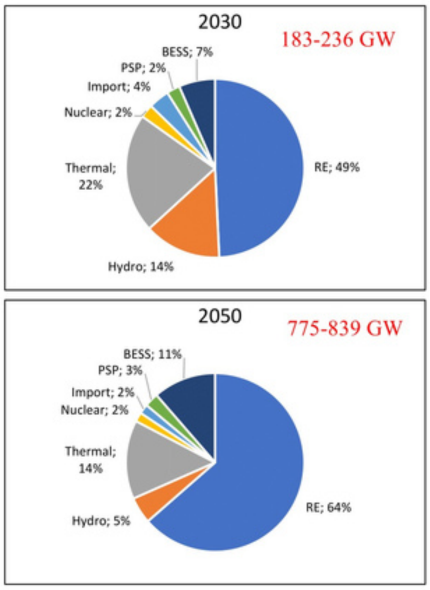
Vietnam ranks among the world's most climate-vulnerable countries, with increasingly erratic and extreme weather posing significant risks to business operations and supply chains. Rising temperatures, prolonged droughts, and more frequent typhoons, heatwaves, and flash floods have caused mounting economic losses and disruptions. In 2023, record heat led to widespread power outages across northern provinces, halting factory production and resulting in an estimated $1.4 billion in losses. In 2024, natural disasters dealt a severe economic blow to Vietnam, causing nearly $3.72 billion in losses, much of it from historic Typhoon Yagi. These escalating climate impacts threaten infrastructure integrity, logistics reliability, and worker safety—especially in manufacturing and agriculture.

Saltwater intrusion in the Mekong Delta is worsening due to climate change, upstream dams, and land subsidence, causing over VND 70 trillion (USD 3 billion) in yearly losses to crops, aquaculture, and freshwater resources.
Photo: Bao Chinh Phu

Riders huddle in the shade at red lights to escape the scorching heat, defying traffic laws. Intensifying heatwaves are straining livelihoods, cutting labor productivity, especially for outdoor and factory workers, while driving record electricity demand and increasing reliance on coal.
Photo: Suc khoe va Doi song

Carbon emission and energy transition

Vietnam's heavy reliance on coal for nearly half of its electricity generation poses growing risks for businesses as the country transitions toward renewable energy under Power Development Plan VIII (PDP8) and its net-zero 2050 commitment.



Vietnam aims for renewable energy to account for nearly half of its energy mix by 2030 and more than 60% by 2050.
Source: Institute of Energy, Ministry of Industry and Trade / Revised PDP8 (April 2025)

The shift to low-carbon energy introduces volatility in supply and pricing, while new regulations—such as Decree 06/2022/ND-CP [9] and Decision No. 13/2024/QD-TT [10]—require large emitters to prepare annual greenhouse gas inventories and mitigation plans from 2026, ahead of a national carbon market launch by 2029 [11].

However, Vietnam's renewable energy rollout remains constrained by grid congestion, regulatory uncertainty, complex land acquisition, and limited incentives for rooftop solar or energy efficiency upgrades—particularly for SMEs. These challenges, coupled with restricted access to green finance and slow adoption of smart grid technologies, heighten the risk of rising energy costs and operational disruptions for businesses unprepared for the energy transition.

[9] Decree No. 06/2022/ND-CP dated January 7, 2022, on greenhouse gas emission mitigation and ozone layer protection.
[10] Decision No. 13/2024/QD-TTg dated August 13, 2024, promulgating the list of sectors and facilities required to conduct greenhouse gas inventories (updated).
[11] Decree No. 119/2025/ND-CP dated June 9, 2025, amending and supplementing certain provisions of Decree No. 06/2022/ND-CP on greenhouse gas emission mitigation and ozone layer protection.

ENVIRONMENT

Water

Despite Vietnam's abundant rainfall and extensive river systems (10 major river systems with a basin area larger than 10,000 km2), the country faces growing water-related risks. Freshwater is declining due to climate change, sea-level rise, and upstream hydropower disrupting flows. Saltwater intrusion in coastal and delta regions reduces water for agriculture and industry. Water quality is deteriorating, especially in the Red–Thai Binh, Dong Nai, and Huong basins, where untreated household, industrial, and agricultural wastewater is a major pollutant. Over 30% of domestic wastewater is discharged directly into rivers, lakes, and canals [12], while agricultural runoff further contaminates water sources. Rapid industrialization adds pressure, with 300+ industrial zones discharging 500,000 m³ daily, though treatment and monitoring remain uneven. Compounding these challenges, 59% of Vietnam's total river flow originates outside its borders, making the country heavily dependent on transboundary water sources. Upstream dams and diversions—particularly in the Mekong and Red Rivers—reduce both water quantity and quality, amplifying risks of scarcity and pollution.

Air pollution

Air pollution has become one of Vietnam's most pressing environmental challenges, particularly in fast-growing urban and industrial hubs such as Hanoi, Ho Chi Minh City, and Binh Duong. Driven by coal-fired power, dense traffic, and construction, Vietnam ranked 23rd globally and 2nd in ASEAN for worst air quality in 2024 [13], with PM2.5 concentrations exceeding WHO guidelines by five to seven times. Major cities often record "unhealthy" or "hazardous" air levels, disrupting flights due to heavy haze, reducing worker productivity, and posing serious health risks. The World Bank estimates that air pollution costs Vietnam up to 4% of its GDP annually through healthcare expenses, lost productivity, and damage to crops, tourism, and infrastructure.

Waste management & circular economy

Vietnam generates over 25 million tons of solid waste annually [14], yet only a fraction is properly sorted or recycled, creating operational, regulatory, and reputational risks for businesses. Industrial zones and urban centers face landfill overflow, illegal dumping, and mismanagement of hazardous waste, while limited infrastructure and fragmented industrial planning constrain circular-economy adoption.

The government is advancing policy frameworks such as the Extended Producer Responsibility (EPR) [15] and the 2030 Circular-Economy Roadmap [16], aiming for 80–95% waste collection and linking waste to energy production. Compliance with EPR—covering recycling, reporting, and financial obligations—is essential for companies in packaging, consumer goods, pharmaceuticals, electronics, and agricultural inputs, among other regulated sectors.

A female informal waste worker at a scrap collection shop in Hanoi. In Vietnam, informal waste workers—up to 90% of whom are women—play a crucial role in implementing extended producer responsibility (EPR).
Photo: Vietnam News

Challenges remain, including insufficient recycling technologies, limited SME access to circular solutions, reliance on traditional "make-use-dispose" production models, and a lack of skilled professionals in waste and resource management.

[12] Water Environment Partnership in Asia. (2023). State of water environment: Viet Nam.
[13] IQAir. (2024). *World air quality report 2024.*
[14] Ministry of Agriculture and Environment (2025).
[15] Decree No. 08/2022/ND-CP dated January 10, 2022, detailing a number of articles of the Law on Environmental Protection.
[16] Decision No. 222/QD-TTg dated January 23, 2025, issuing the National Action Plan for the implementation of a circular economy by 2035.

ENVIRONMENT

Deforestation and land use

Although Vietnam retains over 14.8 million hectares of forest (about 42% of its land area), deforestation and land degradation continue due to agricultural expansion, infrastructure growth, and weak land governance. Despite measures like the natural forest logging ban and the Payments for Forest Environmental Services (PFES) scheme [17], enforcement and traceability remain inconsistent, limiting exporters' ability to prove sustainable sourcing and access green finance.

Dutch companies sourcing coffee, rubber, or timber from Vietnam face growing risks as the EU Deforestation Regulation (EUDR) imposes stricter due diligence requirements, with non-compliance potentially resulting in supply disruptions, loss of market access, or reputational damage. Even as a "low-risk" country under EUDR, Vietnam's exporters must provide traceability data proving products are deforestation-free—an ongoing challenge given fragmented land and supply chains, where smallholder farmers and forest owners often lack the technical capacity, digital literacy, and resources to provide precise farm- or plot-level data, while unclear or incomplete Land Use Right Certificates (LURCs) further hinder verification and full traceability.

Beyond compliance, rapid industrialization has increased land competition, inflated prices, and sparked community disputes due to uncertain tenure and weak recognition of local rights. These issues raise risks of project delays, social backlash, and legal disputes, especially where Free, Prior, and Informed Consent (FPIC) principles are not upheld. Fragmented land-use planning and overlapping mandates among government agencies further compound uncertainty and raise transaction costs for investors.

Biodiversity loss

On land, risks arise from industrial plantations—rubber, coffee, timber—and large infrastructure projects, including roads, hydropower, and industrial parks, which replace biodiverse forests with monocultures, fragment habitats, disrupt wildlife migration, and increase illegal logging and poaching. Vietnam's role in the transnational illegal wildlife trade heightens exposure, with non-compliance potentially causing fines, shipment rejections, loss of certifications, and brand damage under the EU Timber Regulation (EUTR) and EUDR.

Marine biodiversity risks also threaten operations, driven by overexploitation, habitat loss, and pollution. Aquaculture's use of "trash fish" perpetuates illegal, unreported, and unregulated (IUU) fishing, keeping Vietnam under the EU's "Yellow Card" since 2017 and endangering seafood exports. Coastal development, mangrove loss (~4,400 ha/year), seagrass decline (45% over two decades), and coral degradation weaken ecosystem resilience, increasing vulnerability to storms, sea level rise, and declining fish stocks. Industrial wastewater, plastic pollution, and climate change further amplify risks for EU businesses in agriculture, forestry, aquaculture, and tourism.

Agricultural cultivation on forest land in Lam Dong province. A key driver of forest loss in Vietnam is deforestation and forest encroachment for cultivation and agricultural production.
Photo: Mongabay

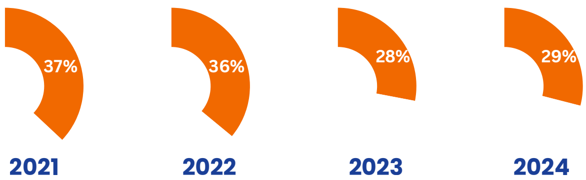
[17] Decree No. 99/2010/ND-CP dated September 24, 2010, on the policy on payment for forest environmental services

COMBATING BRIBERY, BRIBE SOLICITATIONS AND EXTORTION

Corruption

Vietnam has taken steps to combat corruption, though bribery and other forms of misconduct still warrant attention across both the public and private sectors. Public procurement, land management, transport, and energy are particularly vulnerable, where discretionary decision-making and opaque procedures create opportunities for informal payments. Public-sector corruption can include embezzlement, nepotism, oversight obstruction, and harassment for personal gain, especially in state-owned enterprises. In the private sector, activities such as embezzlement, bribery, and brokering bribes occur.

Dutch companies are expected to implement prevention policies, report violations, and cooperate with investigations conducted by authorities such as the People's Procuracy, People's Courts, and the Central Inspection Commission. Non-compliance with anti-corruption laws can lead to fines, imprisonment, or permanent business restrictions, while reputational damage may further limit a company's domestic and international operations. High-profile prosecutions in recent years demonstrate the government's increasing focus on enforcement and its commitment to addressing misconduct.



The share (%) of businesses that say "Paying a 'commission' is essential to win contracts" remains notable. Petty corruption is on the decline, yet its impact remains hard to ignore.

Source: VCCI. (2024). The Vietnam Provincial Competitiveness Index (PCI) 2024.

Employee fraud and crime

Common examples include misappropriation of company funds, embezzlement of marketing budgets, false invoices or receipts, kickbacks from vendors or colleagues, misstated financial statements, undisclosed conflicts of interest, and collusion with third parties. Legal remedies are limited: employees often perceive low prosecution risk, and dismissals—even for theft—require formal hearings, trade union involvement, and may face court challenges, with courts generally pro-labour.

Bribery

Bribery and petty corruption are widespread in Vietnam, from small cash payments to officials—such as traffic police—that may not reach state coffers, to "facilitation payments" (or "grease payments") for routine procedures like licensing, inspections, or customs clearance. Larger bribes may be disguised as consulting fees, donations, or commissions, executed directly or via agents, vendors, or subcontractors. Though sometimes seen as customary, these practices are illegal under international anti-bribery frameworks, including the Dutch Criminal Code (Wetboek van Strafrecht - WvSr), which can implicate Dutch companies. Vietnam's Penal Code and Anti-Corruption Law criminalize giving and receiving bribes, generally for payments of 2 million dong (~65 EUR) or more, though repeated smaller payments can also be punishable.

Gifting culture

Gift-giving is a deeply rooted cultural practice in Vietnam, especially during major holidays such as Tết (Lunar New Year), where exchanging gifts expresses goodwill, respect, and strengthens relationships. Businesses often give gifts to government officials, clients, and partners, including fruit baskets, specialty foods, branded items, or cash equivalents.

While culturally accepted, these practices can create compliance risks when gifts are directed at public officials or linked to pending approvals, inspections, or procurement decisions. Under Vietnam's 2018 Anti-Corruption Law, gifts to public officials are strictly limited, must be declared, and any unavoidable gifts must be surrendered to authorities. Under WvSr, bribing a foreign public official is explicitly a criminal offense. Employees of state-owned enterprises (SOEs) in Vietnam are generally considered government officials under this broad definition, which heightens compliance risks for foreign investors.

Companies should adopt clear internal policies—setting value limits, approval procedures, and eligible recipients—to ensure gifts remain modest, transparent, and unrelated to business outcomes.

CONSUMER INTERESTS

Counterfeit goods

Counterfeit production and trade remain widespread in Vietnam, posing significant risks to both domestic and foreign businesses. The country has long served as a hub for imitation goods—from luxury fashion and electronics to cosmetics and consumer products—sold openly in local markets and increasingly through online platforms. Despite intensified enforcement, counterfeit products continue to circulate, driven by strong consumer demand for affordable branded items, the blurred boundaries between formal and informal supply chains, and persistent weaknesses in intellectual property (IP) protection.

Embedded in an informal economy that accounts for nearly one-fifth of GDP, counterfeiting often originates from unauthorized “third shifts” or leaked production overruns in legitimate factories, creating reputational and legal exposure for brands sourcing from Vietnam. In response to growing international pressure, authorities have launched nationwide crackdowns and tightened controls on certificates of origin, yet enforcement remains uneven as counterfeit networks adapt through e-commerce and cross-border channels.

Consumer marketing

Vietnam maintains strict controls over advertising content, especially in politically or culturally sensitive areas. Under the Amended Advertising Law [19], oversight now extends to digital and cross-border advertising, with closer monitoring of online and social media content. Advertisements deemed politically sensitive, misleading, or offensive to national customs may be removed or sanctioned.

The fast-growing influencer economy—driven by platforms like TikTok, Shopee Live, and Facebook—has also tightened, requiring disclosure of paid partnerships and holding brands liable for false claims made by Key Opinion Leaders (KOls) or affiliates. Advertising for tobacco, gambling, alcohol above 15% ABV, and infant formula for children under 24 months is banned, while pharmaceuticals and medical services need prior approval. Campaigns using foreign-language content, public events, or cross-border elements require advance approval, typically taking 7–30 working days.

Singapore's advertising watchdog has banned Vietnamese budget airline Vietjet Air's misleading adverts from a Black Friday campaign. Although Vietnam has no specific anti-greenwashing law, regulators can apply existing rules to penalize false green claims.
Photo: Vietjet Air

Data Privacy

Vietnam’s digital economy is expanding rapidly, but its data protection framework remains in transition. The country’s first comprehensive Personal Data Protection Law (PDPL) [18] marks a major step toward formalizing data governance. However, enforcement capacity is still limited, and cybersecurity vulnerabilities persist amid a thriving black market for personal data, where e-commerce histories, health records, and social media information are commonly traded. Cross-border data transfer restrictions add further complexity, as Vietnam requires government approval for exporting personal data—particularly sensitive categories—creating delays and compliance challenges for firms relying on cloud-based or centralized data processing systems. For Dutch businesses, this landscape poses dual risks: potential General Data Protection Regulation (GDPR) breach notification obligations if EU citizens’ data are compromised, and reputational or legal exposure if local vendors are linked to illicit data practices.

[18] Law No. 91/2025/QH15 dated June 26, 2025, on Personal Data Protection
[19] Law No. 75/2025/QH15 dated June 16, 2025, amending certain articles of the Law on Advertising

SCIENCE AND TECHNOLOGY

Intellectual Property (IP)

Counterfeiting, piracy, and trademark squatting pose major IP risks for foreign businesses in Vietnam. Fake goods—especially in consumer products, pharmaceuticals, software, and digital media—are widely sold in markets and on e-commerce platforms like Shopee and Lazada, while enforcement remains limited. Unauthorized distribution of software, films, and music undermines licensing, and misuse of trade names or trade dress causes confusion and damages brand reputation. While Vietnam's IP laws have been strengthened, especially under international agreements like the EVFTA, enforcement is weak: administrative penalties are low, civil litigation is slow and costly, and coordination among agencies is poor. The “first-to-file” system further enables trademark squatting, with foreign brands often blocked or forced into costly legal proceedings, while proving “bad faith” under the Amended Intellectual Property Law [20] remains difficult.

Technology leakage

Technology transfer is often a required or incentivized part of foreign investment, requiring companies to share critical trade secrets, such as production processes, proprietary formulas, or technical data. Once local staff are trained, they may leave to join competitors or start rival businesses, taking valuable know-how with them, while enforcing non-compete clauses remains difficult under Vietnamese law. Local partners may also reverse-engineer or imitate proprietary designs, specifications, or software to create competing products after the agreement ends. When technology or know-how forms part of a capital contribution, dissolution of the joint venture or a breakdown in relations can lead to complex disputes over IP ownership, valuation, and return, often enabling the local partner to continue using the technology.

Cybersecurity

Cyber threats in Vietnam are widespread and increasingly sophisticated, including ransomware, extortion, data-stealing malware, and AI-enhanced phishing or deepfake fraud, particularly in finance, e-commerce, and critical infrastructure, with criminals now demanding payment both to restore systems and to prevent stolen data from being published (“double-extortion”). Cyberattacks often exploit outdated software such as Microsoft Office and Windows, while emerging technologies like low-code/no-code platforms—which let users create apps and websites with minimal coding—and AI tools expand the avenues for hackers. Large-scale data breaches, such as the 2025 incident at the National Credit Information Centre (CIC), highlight systemic risks affecting critical infrastructure and key business operations. In parallel, the evolving legal framework—including the PDPL and the proposed 2025 Cybersecurity Law, merging the 2018 Cybersecurity Law and 2015 Law on Network Information Safety—increases compliance obligations, with mandatory incident reporting and potential penalties for breaches.

Vietnam took pride in hosting the first international convention named after a city — the UN Cybercrime Convention (Hanoi Convention). On October 25, 2025, countries signed their first UN treaty targeting cybercrime in Hanoi, despite opposition from tech companies and rights groups warning it could expand state surveillance.
Photo: AFP

[20] Law No. 11/VBHN-VPQH dated July 8, 2022, on Intellectual Property.

COMPETITION & TAXATION

Unfair competition

Collusive practices among local companies, such as price-fixing or bid-rigging, can restrict access to major projects and raise input costs. Well-resourced domestic competitors may also use predatory pricing to undercut foreign entrants. In the digital space, dominant platforms—e-commerce marketplaces, ride-hailing, or delivery apps—can limit access, manipulate rankings, or favor local players. Practices like exclusive supplier requirements, fixed resale prices, or bundling can further limit distribution flexibility and add regulatory complexity.
State-owned enterprises (SOEs) have traditionally enjoyed advantages in procurement, land access, and financing, especially in capital-intensive sectors like energy and infrastructure. Recent reforms, including Resolution 68 [21], seek to strengthen private enterprises and gradually level the playing field, creating more opportunities for foreign companies.

Public Procurement

Public procurement accounts for a significant share of government spending in Vietnam. Although the Law on Bidding [22] is intended to enhance transparency, tender documents may be available only in Vietnamese, evaluation criteria can be unclear, and scoring could favor certain firms, particularly those with informal connections.

Collusive practices among local contractors—such as "ghost bidding," procedural hurdles, or disqualification on minor grounds—combined with market allocation agreements that divide projects among domestic players, create substantial barriers for foreign firms. Opaque tender criteria, excessive or tailored requirements, and limited access to information or officials further exacerbate knowledge gaps, placing foreign companies at a disadvantage.

Partnering with reputable local firms can help Dutch investors navigate these challenges and operate more effectively in the market. Building local experience is also an effective way to earn the trust of decision-makers, even for global firms with extensive experience elsewhere but limited presence in Vietnam.

Complex and decentralized tax system

Vietnam's tax system is complex and decentralized, with overlapping laws and regulations that create ambiguity and inconsistent enforcement across provinces. Vague high-level "Framework Laws" often leave companies operating in legal grey areas until clarifications arrive—sometimes retroactively—creating audit risks. Conflicts between legal levels and varying local interpretations add further uncertainty, as provincial tax offices frequently issue non-binding Official Letters ("công văn") that lead to differing rulings on similar cases. Companies operating in several provinces must therefore manage multiple tax authorities and compliance requirements. An ongoing administrative merger aims to standardize processes and promote digital centralization, but during the transition, companies may face disruptions such as mismatched documents, shifting oversight, and renewed scrutiny of past filings.

Transfer pricing and profit allocation

Transfer pricing is under close scrutiny, as local authorities want to ensure these prices reflect market value and are not used to shift profits, with violations leading to adjustments and penalties.

Profit allocation rules are stricter than international norms: while OECD guidelines accept a 25th–75th percentile range, Vietnam often requires subsidiaries to achieve at least the 35th percentile, creating risks for low-risk operations like distributors or contract manufacturers. Interest on loans from related companies can only be deducted up to 30% of EBITDA, increasing borrowing costs.

Payments for royalties or services to foreign affiliates, particularly those triggering Foreign Contractor Tax (FCT), are also closely monitored, and companies must clearly demonstrate that the foreign entity providing the intellectual property or services adds real value. Without sufficient evidence, authorities may reallocate profits to the local subsidiary, reducing the intended benefit of payments to foreign affiliates and increasing the company's overall tax liability.

[21] Resolution No. 68-NQ/TW dated May 4, 2025, of the Politburo on the Development of the Private Sector
[22] Law No. 22/2023/QH15 dated June 23, 2023, on Bidding