

Government Support on Loan Interest

Decree 31/2022/ND-CP of the Government

- ❑ Decree 31 takes effect from 20 May 2022, and will set out regime for supporting lending interests of enterprises, cooperatives, and business households.
- ❑ Enterprises, cooperatives, and business households like the following listed below are entitled to lending interests from the state budget:
 - The lending purpose is for the business lines registered under Decision 27/2018/QD-TTg (on Vietnam standard industrial classification) in 09 following industrial sections: agriculture, forestry and fishing (Section A); manufacturing industry (Section C); air transport, transportation and storage (Section H); accommodation and food services (Section I); software publishing (Section J582); computer programming and related activities (Section J62); information services activities (Section J63); tourism services (Section N79); education and training (Section P); and construction services provided for the industry sections above, excluding construction services for real estate trading services (Section L).
 - The lending purpose is to build social houses, houses for workers, and to renovate old apartments under the list of renovations announced by the Ministry of Construction.
- ❑ Supporting regime shall be applicable to the loans in Vietnam Dong disbursed between 1 January 2022 and 31 December 2023, satisfying the conditions for support enjoyment. The bank shall provide a 2% p/a support for interest due and payable between 20 May 2022 and 31 December 2023. Support may be terminated sooner if the budget for supporting regime is cleared out.

Forex Governance

New circular guiding foreign loans not guaranteed by the Government

- ❑ The State Bank of Vietnam (SBV) has circulated a draft of a new Circular guiding foreign loans, which is set to replace Circular 12/2014/TT-NHNN dated 26 February 2014.
- ❑ These are some highlighted issues raised under the drafted Circular:

- Ceiling expenses for offshore loan: (i) Secured overnight financing rate (SOFR) announced by CME Group + 8% p/a; or a reference interest rate (if agreed by the parties) + 8% p/a, applicable to offshore loan in foreign currency; and (ii) Government bond (10-year term) interest rate + 8% p/a, applicable to offshore loan in Vietnam Dong.
- Currently, short-term offshore loans are not required to be registered or notified to SBV. However, under the drafted Circular, lenders of short-term offshore loans are required to prepare an estimation of lending expenses to the bank and to SBV at their request.
- In the case where a lender does not have a sufficient source of foreign currency income, hedging is mandatory for offshore loan with the lending amount over USD 500,000 (for short-term loan), or principal amount payable in the relevant tranche over USD 500,000.

Renewable Energy

Power Development Planning VIII (PDP8)

- ❑ The latest Draft of PDP8 has been recently released by the Vietnam Ministry of Industry and Trade (MOIT). On 26 April 2022, the appraisal council of the Prime Minister office has discussed and, in principle, approved this PDP8 draft. However, the Prime Minister's office has requested MOIT to clarify certain contents of the draft.
- ❑ The draft PDP8 has been assessed by professionals as "encouraging more opportunities for wind power", especially offshore wind power.
- ❑ The PDP8 further promotes the production of new forms of energy such as hydrogen and green ammonia, among others. These new energy forms are set to be developed without capacity limits, and shall be supplemented with the planning when there is a feasible proposal.
- ❑ As a part of Vietnam's commitment in the UN Climate Change Conference (COP26), the draft of PDP8 includes a consideration regarding the replacement of coal-fired power. Coal-fired power projects that are approved in the National Power Development Plan but are not supported by the locality are not eligible for development and shall be removed from consideration. Meanwhile, coal-fired power projects, which have been approved earlier, such as Quynh Lap, Vung Ang III, and Tan Phuoc, were advised to convert into LNG.

Anti-Dumping

Vietnam lifted anti-dumping duties for plated steel from Korea

- Vietnam started imposing anti-dumping duties for plated steel products imported to Vietnam coming from Posco and other Korean manufacturers/exporters in 2017. The anti-dumping measure was imposed for 5 years, starting from 14 April 2017.
- On 12 May 2022, Vietnam Ministry of Industry and Trade issued Decision 924/QD-BCT, terminating the implementation of anti-dumping duties on this product originating from Korea.

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