

Special Alert

DECREE 342 REPLACES DECREE 09: KEY LICENSING CHANGES FOR FOREIGN-INVESTED TRADING, RETAIL AND RELATED ACTIVITIES

September 2026

On 3 September 2026, the Government issued Decree No. 342/2026/ND-CP ("**Decree 342**"), replacing Decree No. 09/2018/ND-CP ("**Decree 09**"), which has governed trading, distribution and retail activities of foreign-invested enterprises ("**FIEs**") in Vietnam since 2018. Effective from 18 October 2026, Decree 342 introduces the significant reform of the regulatory framework for foreign-invested trading activities in almost a decade.

While Vietnam maintains its overall openness to foreign investment in trading and distribution activities, Decree 342 reflects a broader evolution in regulatory policy. The new framework combines administrative decentralisation, increased attention to national-security considerations, regulation of modern digital-commerce models, streamlined licensing procedures and stronger post-licensing supervision.

This Special Alert highlights important developments that foreign investors, retailers, distributors, logistics operators and digital-platform businesses should consider when evaluating existing operations and future expansion plans in Vietnam.

Key Takeaways

- **Decentralised Licensing:** Licensing authority is transferred from provincial Departments of Industry and Trade to provincial People's Committees, reflecting a broader shift toward localised investment governance.
- **National-Security Reviews:** Certain investors, large digital-platform operators, and extensive retail networks may now be subject to national-security reviews involving the Ministry of Public Security and the Ministry of National Defence.
- **Digital-Commerce Modernisation:** Intermediary e-commerce platforms, social-commerce platforms and integrated commercial platforms are formally recognised, bringing modern digital business models within the

regulatory framework.

- **More Flexible Retail Expansion:** While ENT is retained, its application is significantly narrower, potentially reducing regulatory barriers for many foreign retailers.
- **Treaty-Based Market Access:** A new definition of “goods” and revised licensing conditions reinforce the role of Vietnam's international commitments in determining trading and distribution rights.
- **Streamlined Licensing Procedures:** Greater reliance on national databases should reduce documentary requirements and simplify licensing processes.
- **Stronger Compliance Expectations:** Enhanced reporting obligations, suspension powers and broader licence-revocation grounds signal increased post-licensing scrutiny of FIE activities.

Licensing Authority Has Been Decentralised

One of the most visible changes under Decree 342 is the transfer of authority to issue Business Licences and Retail Outlet Licences from provincial Departments of Industry and Trade to provincial People's Committees.

Under Decree 09, licensing decisions were generally issued by the Department of Industry and Trade. Under Decree 342, provincial People's Committees become the competent authority for granting, amending, renewing and revoking those licences. This change is consistent with Vietnam's broader efforts to decentralise administrative decision-making and strengthen provincial responsibility for investment governance.

Foreign investors should expect licensing decisions to become more closely aligned with provincial development priorities, local planning considerations and investment strategies. Businesses considering multi-provincial retail expansion should also be prepared for greater localisation in licensing approaches and regulatory engagement.

National-Security Review Becomes a Licensing Consideration

Perhaps the most significant policy shift introduced by Decree 342 is the incorporation of national-security review into the licensing framework.

Under Decree 09, sensitive cases typically required consultation with the Ministry of Industry and Trade and, in some situations, sector-specific ministries. Decree 342 introduces a new mechanism requiring consultation with the Ministry of Public Security and the Ministry of National Defence in defined circumstances.

The review framework applies, among others, to:

- investors from countries or territories that are not parties to the international treaties under which Vietnam has undertaken relevant market-opening commitments;

- activities not covered by Vietnam's market-opening commitments;
- foreign-controlled large digital platforms; and
- investors establishing or operating extensive nationwide retail networks.

The introduction of a formal security-review mechanism reflects Vietnam's increasing focus on digital governance, critical consumer infrastructure and strategic economic sectors. Large retailers, e-commerce operators, platform businesses and investors pursuing significant acquisitions should incorporate security-review considerations into transaction planning and regulatory due diligence.

Digital-Commerce Regulation Has Been Modernised

One of the clearest substantive changes concerns the treatment of digital commerce.

Decree 09 was drafted when e-commerce activity was primarily organised through websites and traditional online marketplaces. As a result, its regulatory framework was largely focused on "e-commerce services". Decree 342 expands the scope of regulated activities by expressly recognising:

- intermediary e-commerce platforms;
- social networks conducting e-commerce activities; and
- integrated commercial platforms.

The new terminology better reflects modern business models, including marketplace ecosystems, social commerce, livestream commerce and integrated consumer platforms.

For technology companies and digital-platform operators, Decree 342 signals a framework designed around contemporary digital business models rather than traditional website-based commerce. Businesses should carefully assess whether current or planned activities may fall within newly recognised categories of regulated services.

A More Business-Friendly Approach to Retail Expansion

One of the more investor-friendly changes under Decree 342 is the refinement of the Economic Needs Test (ENT) framework. While ENT has not been abolished, its application is significantly narrower than under Decree 09, potentially reducing regulatory hurdles for many foreign retailers seeking to expand in Vietnam.

Under Decree 09, ENT generally applied to the establishment of retail outlets beyond the first retail outlet, subject only to limited exceptions. Decree 342 adopts a more targeted approach by linking the application of ENT primarily to investors that do not benefit from Vietnam's treaty-based market-access commitments.

At the same time, the revised ENT framework places greater emphasis on objective policy considerations, including:

- the relevant geographic market;

- local demand and market needs;
- potential impact on market stability;
- socio-economic contribution; and
- security and public-order considerations.

These changes suggest a move away from the broader and often less predictable ENT regime under Decree 09 toward a more focused framework that is more closely aligned with Vietnam's international commitments and current investment policies.

For many foreign investors benefiting from Vietnam's WTO commitments and free trade agreements, the revised framework may provide greater certainty when planning retail expansion. The narrower application of ENT should reduce regulatory barriers for qualifying investors, while preserving the Government's ability to review projects that may have significant economic, social or security implications at the local level.

Market-Access and Licensing Conditions Have Been Simplified

Although less visible than the institutional reforms, Decree 342 also simplifies certain licensing requirements.

Under Decree 09, applications often required extensive explanations regarding financial capability, economic impact, employment creation and fiscal contribution. For investors benefiting from Vietnam's international market-access commitments, Decree 342 places greater emphasis on two core requirements:

- compliance with applicable treaty market-access conditions; and
- absence of overdue tax liabilities.

The revised framework may reduce discretionary elements in licensing assessments and provide greater transparency for treaty-based investors evaluating market-entry opportunities and expansion plans.

A Treaty-Based Approach to Trading Rights

Another notable development is the introduction of a new definition of “**goods**”. Unlike Decree 09, which did not contain a standalone definition, Decree 342 defines goods by reference to Vietnam's commitments on export, import and distribution rights under international treaties.

This change is significant because it places international market-access commitments at the centre of the regulatory framework. Read together with the licensing provisions of Decree 342, the new definition suggests that the scope of trading rights available to foreign investors will increasingly be assessed by reference to Vietnam's treaty commitments, including WTO commitments and commitments under free trade agreements to which Vietnam is a party.

For foreign investors, particularly those operating across multiple jurisdictions, treaty-based market-access analysis may become increasingly important when evaluating whether specific products can be imported, distributed or retailed in

Vietnam. The amendment may also provide a stronger legal basis for relying on favourable treaty commitments when engaging with licensing authorities.

Reduced Documentation and a More Digitalised Licensing Process

A recurring feature of Decree 342 is the reduction of documentary requirements through greater reliance on national and specialised government databases. Across various licensing procedures, applicants are generally no longer required to resubmit corporate, investment and tax documents where such information can be accessed directly by the licensing authority.

For foreign investors, this should reduce administrative burdens, minimise duplication of filings and streamline licence applications, amendments and renewals. The reform reflects Vietnam's broader efforts to digitalise public administration and simplify investment-related procedures.

Stronger Compliance and Enforcement Framework

A key theme running throughout Decree 342 is the movement from licensing-focused regulation toward lifecycle compliance supervision.

Semi-Annual Reporting

Under Decree 09, reporting obligations were generally annual. Under Decree 342, FIEs must submit reports twice a year, including reports for the first six months and annual reporting periods.

Operational Suspension

Decree 342 permits authorities to require suspension of licensed activities where an investor no longer satisfies the conditions under which the licence was granted. If deficiencies are not remedied within the prescribed period, the relevant activities may ultimately be terminated.

Expanded Revocation Grounds

The Decree also introduces broader grounds for licence revocation, including repeated reporting failures, failure to cooperate with regulatory authorities and repeated administrative violations. Notably, a licence may be revoked where an enterprise is subject to administrative sanctions three consecutive times within a twelve-month period for violations relating to licensed activities.

The new framework significantly increases the importance of ongoing regulatory compliance. Internal compliance systems, reporting processes and operational monitoring will become increasingly important for businesses operating under Business Licences and Retail Outlet Licences.

Conclusion

Decree 342 represents the substantial reform of Vietnam's foreign-invested trading and retail regime since Decree 09 was introduced in 2018. While the Decree largely preserves existing market-access principles, it introduces a more sophisticated regulatory architecture characterised by greater provincial authority, national-security oversight, recognition of modern digital-commerce models and stronger post-licensing supervision.

FDI companies engaged in retail, distribution, logistics, e-commerce and platform-based activities should review their current licensing arrangements, compliance frameworks and expansion plans before Decree 342 takes effect on 18 October 2026 to ensure readiness under the new regulatory regime.

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