

NEW LEGAL PROVISIONS FOR AUTOMOBILE MANUFACTURE, ASSEMBLY, IMPORT AND MAINTENANCE SERVICES

After numerous rounds of public opinion polling and modification, on 17 October 2017, the Vietnamese Government officially issued the Decree No. 116/2017/ND-CP on requirements for automobile manufacturing, assembling, import and maintenance (“**Decree 116**”), which will be effective immediately.

In general, Decree 116 provides specific requirements for 03 automobile trade relating sectors comprising of (i) manufacture and assembly; (ii) import and (iii) warranty/ maintenance services.

A duly established company in Vietnam shall be eligible for manufacturing and assembling automobiles when the following requirements are met:

- Having the legal rights to use the factory, assembly line, welding line, painting line, quality control line and testing road that meet the relevant criteria stipulated therein;
- Having its own warranty/ maintenance center or leasing a warranty/maintenance center or a warranty/ maintenance center owned by its authorized dealer;
- Ensuring that each technician responsible for automobile production line and assembly line has at least a bachelor’s degree in mechanical engineering or automobiles and at least 5-year experience of automobile manufacturing or assembly;
- Having sufficient personnel and plans to ensure occupational safety and hygiene in accordance with regulations of law on occupational safety and hygiene;
- Fulfilling all fire safety requirements and plans under regulations of law on fire safety;
- Having the automobile factory with sufficient documents on environmental safety approved by a competent authority according to regulations of law on environmental safety.

The Ministry of Industry and Trade is assigned to conduct periodic and ad hoc inspections of automobile manufacturers/assemblers nationwide.

In order to import automobiles for sale, a duly established company in Vietnam is obliged to meet the following requirements:

- Having its own warranty/ maintenance center or leasing a warranty/maintenance center or a warranty/maintenance center owned by its authorized dealer;
- Obtaining a written document confirming that such importer is eligible to represent a foreign automobile manufacturer/assembler to recall defective automobiles imported into Vietnam.

By issuing Decree 116, for the first time, the Government introduced specific requirements for a duly established company to carry out automobiles warranty/ maintenance services. Accordingly, a service provider shall be required to meet all the conditions listed below before providing its services:

- Having the workshop built on the land which the service provider has legal right to use;
- Having the premises suitable for warranty/maintenance services;
- Having areas for reception, transfer, maintenance, repair, durability inspection, operation office, warehouse storing spare parts and accessories and automobile wash which can bear the workload;
- Having adequate facilities for automobile warranty/maintenance services;
- Having the equipment used to diagnose engines and specifications of automobiles (in case of automobiles having electronic control units) suitable for the automobile classes that the center in charge and the diagnosis software comply with regulations on intellectual property rights;
- Having personnel and quality management system to ensure the quality of automobile warranty/maintenance services;
- Obtaining commitments to technical support and provision of spare part and accessories facilitating automobile warranty/maintenance services from domestic and/or foreign manufacturers/assemblers;
- Having sufficient personnel and appropriate plans to ensure occupational safety and hygiene in accordance with regulations of law on occupational safety and hygiene;
- Fulfilling all fire safety requirements and plans under regulations of law on fire safety;
- Having sufficient documents on environmental safety approved by a competent authority according to regulations of law on environmental safety.

In addition to the requirements imposed on the manufacturer, assembler, importer and warranty/maintenance service provider, Decree 116 provides basic standards for inspection of technical and environmental safety of domestically manufactured or assembled automobiles and imported automobiles. The Government assigned the Ministry of Transport to specify and provide details for those standards. We expect the Ministry of Transport will soon issue guidance to implement this provision.

If you would like to discuss opportunities for an investment in automobile industry in Vietnam or seek our detailed analysis on any of the issues above and on how our firm can assist you, please do not hesitate to contact us at snb@snblaw.com or snb.vietnam@snblaw.com.