

# CHAPTER 16 NUTRITION AND MILK FORMULA PRODUCTS

## OVERVIEW

According to the National Institute of Nutrition, Vietnam currently has about 7.5 million children, of which 24.6 per cent suffer from stunted growth and 14.1 per cent are underweight.<sup>1</sup> Though the number of malnourished children has been decreasing, the number of children with micronutrient deficiencies remains high.<sup>2</sup> Therefore, access to products that contribute to improved nutrition as well as fitness and health development should be ensured. To achieve this goal, the government's policies and regulations need to facilitate the widespread consumption of nutritional products. Within the framework of this chapter, we will present several issues that limit this.

## I. SPECIAL CONSUMPTION TAX ON SUGARED BEVERAGES

Relevant authorities: Ministry of Finance (MOF)

### Issue description

The MOF is studying the imposition of a special consumption tax (SCT) on sugary drinks.

### Potential gains/concerns for Vietnam

By taxing unhealthy or luxury goods, the SCT aims to limit their consumption.

In drink products, there are many product groups which are good for health, such as infant formulas, milk and milk products, medical nutrition products, special dietary foods (i.e., for the elderly and pregnant women), and pharmaceutical syrups. Imposing an SCT on health products is contrary to the government's goal of improving health due to the resulting increased prices, limited consumer access, and against the government's policy of stabilising the price of essential goods (such as for nutritional products for children under 6-year-old and pharmaceuticals, which are subject to price stabilisation under the Law on Prices). This will negatively influence future generations, adversely affect health and wellbeing, and contradict the tax's objectives.

### Recommendations

- A SCT should not be imposed on sugary drinks, especially those that provide nutrition and health benefits.
- Clearly distinguish nutritional products, which are mainly for providing nutrition, from soft beverages, which are mainly for thirsty quenching and specifically defined in the National Standard TCVN 12828:2019, and apply risk management to develop appropriate policies for each category.

<sup>1</sup> Statistics on children's nutritional status over the years (from 1999 to 2015), National Institute of Nutrition.

<sup>2</sup> "Vi chất dinh dưỡng- Thực trạng và giải pháp hiện nay" [Micro-nutrients - current status and solutions], National Institute of Nutrition, 25 May 2016. Available at <<http://viendinhduong.vn/vi/tin-tuc/vi-chat-dinh-duong-thuc-trang-va-giai-phap-hien-nay.html>>, last accessed on 2 August 2022.

## II. DRAFT CIRCULAR ON NUTRITION LABELLING

Relevant authorities: Ministry of Health (MOH), Legal Department, Vietnam Food Administration (VFA)

### Issue description

The draft Circular on Nutrition Labelling has many shortcomings that are in conflict with regional and global practices, incompatible with risk management principles, costly, negatively affecting production and business, with no clear evidence of its benefits. Its specific shortcomings and risks are as follows:

**Table 1: Major shortcomings and Risks**

Some major shortcomings	Risks
<p>Unlike most countries' regulations and Codex Guidelines on Nutrition Labelling only requires nutrition labelling in one way (by weight), the draft circular requires nutrition labelling in both ways: by weight and by nutrient reference value percentage.</p> <p>The draft Circular requires to labelling the Nutrient reference value percentage calculated on adult's daily requirement of 2000 kcal for all products regardless for newborn to elderly.</p>	<p>It is costly and difficult for implementation, without any clear evidence of benefit</p> <p>Unscientific, unsuitable with international practice, costly and confuse consumers, risk for health if wrongly used due to confusion.</p>
<p>The draft Circular requires labelling 7 values for all food products, does not base on risk management, while Malaysia, Singapore only require 4, Japan requires 5 values only. In addition, 3 from 6 values are different from Codex (the Draft promulgates daily requirements are Protein 70g, Fat 56g, Carbohydrates 305g while Codex promulgates Protein is 50mg, does not promulgate Fat and Carbohydrates values. The National Nutrition Institute stated that these values are based on the result of the National Nutrition Survey 2019-2020, however we know that the result of the Survey has not been approved by the MOH.</p>	<p>It is costly and difficult for implementation, without any clear evidence of benefit. It does not base on risk management.</p> <p>It is unsuitable to make a policy based on non-approved study result.</p>
<p>The draft requires nutrition labelling for handmade foods also, such as chung cakes, gai cakes, mint honey, etc..</p>	<p>It is difficult to implement this requirement by the handmade food families, it may cause a loss of livelihood for many rural workers and rural households, which may lead to social instability and poverty. This may also negatively impact the government's OCOP (One Commune-One Product) program.</p>

## Recommendations

We have the following recommendations:

- › Label nutrition values by weight. Change the requirement of labelling percentage of nutrition reference values from mandatory to encouragement, as per Codex and most countries in the world.
- › Adjust the nutrition reference values according to Codex.
- › Adjust the number of nutrition values to be labelled for each food categories, based on risk management: a food group which has high risk on a certain value should be labelled this value. Should not require all food groups to be labelled similarly as in the Draft, since it is costly and ineffective. Specifically:
  - For general prepackaged foods: Labelling 4 values (energy, protein, fat, carbohydrates) instead of 7, similar to region countries like Singapore, Malaysia, or labelling 5 values like Japan.
  - For prepackaged fried food (eg. bimbim, instant noodle, etc.): Adding labelling of saturated fat;
  - For thirsty-quenching beverages: Adding labelling of total sugar.
  - Fish sauce: Only requires to label protein and sodium values.
- › Exempt nutrition labelling for handmade food products.

## ACKNOWLEDGEMENT

The EuroCham Nutritional Foods Group

## CHAPTER 17 WINE AND SPIRITS

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### OVERVIEW

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Vietnam is in the recovery phase from the COVID-19 pandemic, having achieved a gross domestic product growth rate of 2.58% in and Vietnam's economy grew 8.02% in 2022, the fastest annual pace since 1997, backed by strong domestic retail sales and exports, but is facing headwinds from a global slowdown. However, recovery has been highly uneven among sectors, regions, and categories across the country. The tourism and hospitality sectors remain severely impacted by the pandemic-induced closures and restrictions on the sectors. Equally impacted are the key suppliers to these vital sectors, namely the wine and spirits (W&S) industry in Vietnam. Consumption of wine registered a 4 per cent fall in 2021 compared to 2020.<sup>1</sup> Early, albeit modest, signs of recovery have also emerged, as evidenced by the 0.02 per cent growth of the spirits industry in the 2020-2021 period.

The major industry trend marking the last decade for W&S in Vietnam is the significant growth in the number of small and "craft" producers of beer, wine, and spirits. These businesses are dispersed throughout the country and have helped build a formidable reputation for quality and craftsmanship. An opportunity exists for Vietnam to become an innovator in bringing new types of beers, wine, and spirits to the country's discerning consumers and beyond.

The government of Vietnam is committed to delivering concrete benefits to Vietnam's consumers, workers, and small businesses. In the alcohol sector, benefits from bringing Vietnam's system in line with the vast majority of OECD countries will include more choices, better service, and lower prices for consumers through a competitive market, on and offline, as well as fairer opportunities for small businesses and entrepreneurs to compete. Continued discrimination is contrary to these intentions and leads to unintended consequences and sub-optimal outcomes. Now is the time for the administration to consider changes to the regulation of the alcohol market, modernising regulations for providing flexibility and innovation within the regulatory framework to recognise changes in industry practices and consumer expectations. These changes will equalise treatment between products, importers, and manufacturers, and help small businesses and new entrants get their products to market faster and reach more consumers.

The beer, wine, and spirits markets are unusual not only in Vietnam but globally. The public health and social concerns inherent in particular consumption have led to special forms of regulation. We share the government's objectives of managing the harmful effects of alcohol abuse through appropriate policies and actions. Understanding the effectiveness of a 'whole-of-society' approach<sup>2</sup>, we recognise that we have critical role to play in contributing towards reducing the harmful use of alcohol and changing harmful consumption behaviours in Vietnam. We are proud to have partnered with Vietnamese authorities in harm-reduction and awareness-raising programs aimed at preventing alcohol abuse and promoting responsible drinking, as well as strengthening drink-driving enforcement.

This year, the Vietnam Association for Responsible Drinking (VARD) and the Asia Pacific Spirits and Wines Alliance (APISWA) successfully launched the Power of No campaign, a public awareness campaign targeting young adults across Southeast Asia, including Vietnam. This initiative aims to save vulnerable lives, change the culture around drink driving, and normalise responsible drinking habits for the youth of the legal drinking age, 18-30 years old. Done in partnership with the Automobile Association of Vietnam (AAV) and the Vietnamese Motorsports Association LLC, the campaign reached 6 million young adults in Vietnam.

In the following, EuroCham's Wines & Spirits Sector Committee sets out these key opportunities for regulatory change. We welcome continued close cooperation with the government to create an enabling regulatory framework for alcoholic beverages in Vietnam that supports the government's objectives, increases revenue, and fosters a responsible drinking environment.

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<sup>1</sup> "May 2022 Report: Long periods of lockdown affected consumption as a whole", International Wine and Spirits Record (IWSR).

<sup>2</sup> UN Political Declaration on NCDs, 2018, art. 44 (b) - Encouraging economic operators in the area of alcohol production and trade, as appropriate, to contribute to reducing harmful use of alcohol in their core areas, taking into account national religious and cultural contexts.

## I. SPECIAL CONSUMPTION TAX

Relevant authorities: Ministry of Finance (MOF)

### Issue description

Economic efficiency, equity, enforceability, and compliance are the general principles that guide taxation policy. Inconsistencies exist in the current alcohol taxation regime when viewed against these principles. For example, in 2016, the special consumption tax (SCT) reform introduced three annual increases in the Ad Valorem (AV) tax rate and changed the tax base on imported products from cost, insurance, and freight (CIF) price to the importers' selling price (see table below). This reform has had a significant impact on imported W&S and invalidates the European Union – Vietnam Free Trade Agreement (EVFTA)'s commitments on tariff and tax reductions, which entail a tariff dismantling schedule for W&S over the course of seven years.

**Table 2: SCT tax rate and taxable price**

	2015	2016	2017	2018	Tax base
Spirits	50%	55%	60%	65%	Pre 1/1/2016: CIF Post 1/1/2016: importers' selling price
Wine	25%	30%	30%	35%	

The government of Vietnam approved the 2023-2025 law-making agenda of National Assembly term XV on 16 December 2021, which confirmed yet another revision of the Law on special consumption tax (SCT). The MOF has begun consultations and information gathering on the effectiveness of the SCT Law's current provisions with a view to preparing a guide for the SCT Law revision.

### Potential gains/concerns for Vietnam

Vietnam has made a significant commitment to improve the business environment, enhance national competitiveness, and actively adhere to multilateral trade agreements, especially after the COVID-19 pandemic. We are concerned that any change in domestic regulations at this stage – including tax – will hinder these efforts and cause unexpected impacts on the economic development of Vietnam and prevent enterprises from recovering from the pandemic.

In any discussion related to alcoholic beverages and their impacts, there has always been pressure to further increase the AV tax on alcohol. Despite the problem of unrecorded, non-taxed alcohol in Vietnam (75% of the total consumption), MOF has always relied on comments of international agencies, such as the World Health Organisation, that alcohol tax in Vietnam is low compared with other countries in the region. However, this is not correct for premium W&S. For example, when comparing imported Generic Cognac products (700ml, 40% a/v, CIF VND 100,000), Vietnam's excise rates are higher than neighbouring countries.<sup>3</sup>

Predictable and stable tax policies are necessary for business competitiveness. Any change to tax policies will affect the business and investment plans of enterprises. Since 2003, the Law on SCT has been amended five times: in 2003, 2005, 2008, 2014 and 2016. Such rapid, negative changes to SCT and tax policies impact Vietnam's business environment and affects business confidence and ability to invest and expand activities in Vietnam.

The implementation of the EVFTA brings significant benefits to business, especially in terms of import/export tariff reduction. Any increase of SCT on items imported from the EU causes concerns as to the realisation of the EVFTA's agreed benefits. In the spirit of the General Agreement on Tariffs and Trade (GATT), specifically the Most-Favoured-Nation rule and the National Treatment principles, every member country should apply fair tax

<sup>3</sup> Rob Preece, Eddie Oczkowski, Yapa Bandara and Kontee Nuchaswan, 'Development of an econometric model of alcohol taxation in Vietnam', World Customs Journal, dated September 2018, available at [https://worldcustomsjournal.org/Archives/Volume%2012%2C%20Number%202%20\(Sep%202018\)/1855%2001%20WCJ%20v12n2%20Preece.pdf](https://worldcustomsjournal.org/Archives/Volume%2012%2C%20Number%202%20(Sep%202018)/1855%2001%20WCJ%20v12n2%20Preece.pdf), last accessed on 31 July 2022.

policies without discrimination between countries or between domestically produced and imported products. Therefore, tax policies need to ensure an equal compliance level and avoid discrimination between imported and domestically produced goods.

Although the SCT has been amended five times since 2003, and the tax rates for liquor and beer increased every year since 2014, there has been no comprehensive assessment of the social and economic impacts of these reforms. The government's stated objective in increasing SCT on liquor and beer is to reduce the harmful consumption of alcohol and protect public health. However, no reports or studies demonstrate the impact of the SCT amendments on the harmful consumption of alcohol consumption. Since more than 70% of the liquor consumed in the market is unrecorded - including homemade, smuggled, or counterfeit liquor<sup>4</sup> - the SCT does not address the most harmful consumption of alcohol in the country. Instead, increasing SCT further facilitates the growth of illicit liquor consumption as consumers turn to the informal market as legitimate, quality-controlled products further increasing in prices.

The shortcomings of the current AV SCT method call for a more appropriate tax system, which the government has begun exploring. On April 23, 2022, the Prime Minister issued Decision 508/QĐ-TTg approving the Tax Reform Strategy until 2030, whereby the MOF is assigned to study "the tax increase roadmap for tobacco, beer, and liquor products to limit production, consumption and fulfil international commitments... This study combines ad valorem tax and absolute tax on some products and services that are subject to the Special Consumption Tax".<sup>5</sup> It is in line with recommendations in the reports of the Central Institute for Economic Management (CIEM) on "Overview of the Tax System for Alcoholic Beverage Industry and Policy Recommendations" published in 2020 and the report on "Quantitative assessment of the impacts of the excise tax on the alcoholic beverage industry"<sup>6</sup> published in 2022.

The specific tax directly targets limiting pure alcohol content in beverages, ensuring fairness among products, and providing more stable budget revenues while also requiring lower administration costs. The compound tax system is more complex, with potentially high administrative costs. However, it can help achieve additional goals of preventing non-drinkers from starting to consume alcohol. A combined tax method could be considered in the transition process towards a single volumetric tax rate for all alcoholic beverages, the ideal system for liquor taxation. Such an approach supports increasing consumers' choices, decreases the amount of carry-in from overseas and direct personal shipment from abroad, and recognizes that all alcohol is the same, regardless of the type or price of the product. A single rate volumetric tax is simple, fair, and more efficient than the current system.

## Recommendations

- Maintain the predictability and stability of the current SCT system to ensure an enabling regulatory framework that supports increasing revenue and fostering a responsible drinking environment.
- A combined tax model between ad valorem and specific tax should be considered and applied for the W&S industry when tax policy is next reformed to meet the government's objectives on public health and revenue. It is in line with the Government's Tax Reform Strategy until 2030. The Sector Committee would be available to share experience and best practices from other markets to develop a model combining the application of AV and specific taxes applicable to the W&S industry. This would help to set a reasonable and suitable rate with the country's living standards and to achieve both objectives of tax revenues and business development.

4 Vladimir Poznyak and Dag Rekke, "Global status report on alcohol and health 2014", World Health Organization, Geneva, WHO Library Cataloguing-in-Publication Data, 2014, Available at: [https://apps.who.int/iris/bitstream/handle/10665/112736/9789240692763\\_eng.pdf?sequence=1](https://apps.who.int/iris/bitstream/handle/10665/112736/9789240692763_eng.pdf?sequence=1), last accessed on 31 July 2022.

5 "Overview on the tax policy system for the wine and spirits sector and recommendation", Central Institute for Economic Management (CIEM), 15 June 2021, Available at: <http://ciem.org.vn/tin-tuc/8949/tong-quan-ve-he-thong-chinh-sach-thue-doi-voi-nganh-san-xuat-ruou-va-de-xuat-kien-nghi?newsGroup=Nghi%20C3%20AAn%20c%20E1%20BB%A9u>, last accessed on 31 July 2022.

6 "Research report: Quantitative Assessment of Impacts of Excise Tax on the Alcoholic Beverage Industry", Central Institute for Economic Management (CIEM), 9 June 2022, Available at: <http://ciem.org.vn/Content/files/Bao%20cao%20danh%20gia%20dinh%20luong%20tac%20dong%20cua%20thue%20tieu%20thu%20dac%20biet%20doi%20voi%20do%20uong%20co%20con.pdf>, last accessed on 1 August 2022.

## II. RECOGNITION OF E-LABELLING AND E-STAMP

Relevant authorities: Ministry of Finance (MOF), Ministry of Health (MOH)

### Issue description

The government of Vietnam has recently introduced and applied QR codes as a hi-tech measure to improve its management. For example, Circular 23.<sup>7</sup> The Circular would significantly improve the protection of legitimate products and the efficiency and effectiveness of market management from import to go-to-market.

However, QR codes are not widely and comprehensively recognised by the authorities in Vietnam. The Ministry of Health (MOH) recently introduced a Draft Circular on Nutrition Labelling for Food Products in Vietnam (Draft Circular) in a laudable effort to enhance transparency, access to product information and aid public health objectives. Regrettably, the MOH has yet to clarify whether nutrition labelling requirements are applicable to physical or electronic labels, potentially creating regulatory obscurity, higher compliance costs, and misalignment with international best practice.

### Potential gains/concerns for Vietnam

As more countries consider allowing e-labels for regulatory purposes, Vietnam's regulators and policymakers should coordinate in developing unified approaches, standards, and practices for e-labelling across Ministries and agencies.

In the first stage of the application of new technology such as the QR code on the e-tax stamp, we acknowledge some challenges which must be improved in the coming time. For instance, the trial and preparation (including stamp printing) for the implementation of Circular 23 guiding printing, issuance, management, and use of digital e-stamps for alcoholics and tobacco products witnesses some delays which caused avoid disruption of business and any additional costing for enterprises. Although the Circular came into effect on 1 July 2022, delays in the issuance of specific guidance on the implementation of the circular, including the formats and prices of e-tax stamps and relevant transition instructions, as well as inadequate provision of stamps substantially limited the industry's ability to prepare and ensure compliance. Without tax stamps, W&S enterprises had to delay releasing products to the market, leading to violation of trade commitments with wholesalers and increasing the warehouse cost.

Globally, governments are in the process of implementing e-labels in the format of QR codes on the physical label, enabling the first-time provision of truly comprehensive product information to consumers in a familiar and future-proof format. Consumers worldwide and in Vietnam have gained familiarity with machine-readable codes, especially QR codes, during COVID-19. The rise in consumer, business and government awareness could be a powerful catalyst for e-labelling reforms in Vietnam. However, current obscurities regarding the scope of application for labelling requirements on physical and electronic labels present considerable compliance hurdles for companies in the industry.

In the European Union, the European Commission endorsed the sector's self-regulatory approach to responding to consumers' needs regarding the provision of the energy information (on-label) and the list of ingredients (online), without losing sight of sector-specific aspects and the existing legal framework. The U-LABEL platform developed as a response is an online tool created to support W&S companies in providing EU consumers with relevant, accurate and detailed information about their products by means of an e-label, accessible to consumers through a QR-code printed on the back-label of the bottle. New specific rules applicable to wine and aromatized wine products have been adopted by the EU institutions in Q4 2021, and, by November 2023, all wines and aromatized wine products commercialized in the EU, independently of their origin, will have to communicate the list of ingredients and the full nutrition declaration on-label or online.

### Recommendations

- Develop a unified framework that authorises alcoholic beverages to communicate mandatory information through e-labels in Vietnam. The aim should be to develop regulation that allows any wine or spirits company, small or large, to give Vietnamese consumers relevant, standardised, and detailed product information,

<sup>7</sup> Circular 23/2021/TT-BTC guiding printing, issuance, management and use of digital e-stamps for alcoholics and tobacco products was issued on 30 March 2021 and came into effect on 1 July 2022.

such as a list of ingredients, nutrition information, responsible drinking guidelines and information about sustainability in an easy to administer QR e-label. Early alignment with the pilot project currently in place for e-stamps offers an opportunity to further embed Vietnam's leadership on this critical issue in the region.

- Inclusion of nutrition labelling in e-labels should be considered in the Draft Circular accepted in line with emerging international best-practice. In doing so, the MOH will be aligning the Draft Circular with existing requirements on e-stamps on W&S products that come into force this July and utilising existing infrastructure for the application of e-labels in the form of QR codes.

### III. E-COMMERCE OF W&S PRODUCTS

Relevant authorities: Ministry of Industry and Trade (MOIT), Ministry of Culture, Sports, and Tourism (MCST)

#### Issue description

The 2019 Law on Prevention and Control of Harmful Effects of Alcoholic Beverages allows, for the first time, e-commerce on alcohol above 15% alcohol by volume (abv). Further guidance on e-commerce on alcohol was issued afterwards, namely Decree 24<sup>8</sup> dated February 2020 and the MOIT's Official Letter 2946<sup>9</sup> dated 27 April 2020 and Official Letter 4796/BCT-TMĐT<sup>10</sup> dated 2 July 2020, all of which encourage the application of digital technology and e-commerce in all business sectors as the country recovers from COVID-19.

In the context of COVID-19 social distancing requirements and the inevitable transition toward cashless payments, e-commerce will be an effective tool for the government to control taxation and the smuggling of counterfeit alcohol.

#### Potential gains/concerns for Vietnam

E-commerce activities for W&S products are covered by a different set of regulations containing contradictions and misalignments. While Decree 52<sup>11</sup> and Circular 47, which are key pieces of legislation on e-commerce, have been revised to accommodate the permission for e-commerce on alcohol, Decree 105<sup>12</sup>, which regulates traditional liquor trading activities, both retail and wholesale, does not cover e-commerce of W&S products. As such, the decree has yet to address key issues on W&S e-commerce, specifically the prevention and control of illegitimate online W&S trading activities and IPR infringements.

We believe that it is crucial to require purchasing agreements with official and exclusive wholesalers or suppliers from e-commerce traders. It would also be important to have an efficient mechanism to report, delist, and investigate suspicious e-shops/alcohol sales online, and to ensure strong enforcement actions against IPR infringement and other illicit W&S trading activities online.

#### Recommendations

- Amend Decree 105 to take into cover e-commerce of W&S, with a special focus on prevention and control of illegitimate online W&S trading activities and IPR infringements.

### IV. ADVERTISING AND PROMOTION

Relevant authorities: Ministry of Industry and Trade (MOIT), Ministry of Culture, Sports, and Tourism (MOCST), Ministry of Health (MOH)

#### Issue description

8 Decree 24/2020/ND-CP dated 24 February 2020 of the Government on elaboration of some articles of the Law on prevention and control of harmful effects of alcoholic beverages.

9 Official Letter 2946/BCT-TMDT dated 27 April 2022 of the Ministry of Industry and Trade.

10 Official Letter 4796/BCT-TMDT dated 2 July 2020 of the Ministry of Industry and Trade.

11 Decree 52/2013/ND-CP dated 16 May, 2013 of the Government on E-commerce.

12 Decree 105/2017/ND-CP dated 14 September, 2017 of the Government on Trade in Alcohol.



Vietnam's policy approach to restrictions on advertising and promotion of W&S products has evolved over nearly 20 years. Advertising has been viewed as a cultural influence and as such now falls under MOCST, while promotion, as a commercial activity, is under MOCST. While MOH is an extremely important influencer due to its mandate on health protection, it doesn't have the formal authority to enforce or drive revision to existing regulations on advertising and promotion of W&S products, as they reside with MOCST and MOIT respectively.

Restrictions on advertising and promotion of W&S were originally dispersed across various legal documents, notably the implementing regulations of Ordinance on Advertising 2001, Law on Commerce 2005, and Advertising Law 2012.

- A ban was introduced on advertising of products over 30% ABV in the Law on Commerce 2005, which was tightened in 2012 with a ban for products over 15% ABV with the Law on Advertising 2012.
- Promotional rules have been comparatively consistent, having been banned by the Law on Commerce 2005.

It wasn't until the introduction of the Alcohol Law 2019 which has synthesized all regulatory measures to address the harmful abuse of alcohol, including advertising and promotion rules. In particular, the Law reinforces the ban on advertising of products over 15% ABV as stated in the Law on Commerce 2005, and introduces additional restrictions on time, location, and content of advertisements in line with international practices. Regarding promotion, the Alcohol Law only bans the promotion of alcoholic beverages above 15% ABV. However, in practice, MOIT is still upholding the ban on the promotion of all W&S products, referencing such restriction as already entrenched in the Law on Commerce 2005.

### Potential gains/concerns for Vietnam

Both MOCST and MOIT are conducting a preliminary review and internal discussion on revisioofrd the Law on Commerce 2005 and Law on Advertising 2012.

Overall, the W&S industry is a highly regulated sector in Vietnam which has historically been subject to constant regulatory changes in areas of licensing and operational requirements, customs, and tax policies, affecting the industry's ability to contribute to Vietnam's tax base and socio-economic development. Given the recent passage of the Alcohol Law 2019, provisions on advertising and restriction of W&S products in both the Law on Commerce 2005 and Law on Advertising 2012 should be revised to harmonize with the Alcohol Law 2019 rather than introduce further restrictions on the industry.

Notably, the continued ban on the promotion of W&S products is currently in conflict with the Alcohol Law 2019, which only bans the promotion of alcoholic beverages above 15% ABV. Restrictions on alcoholic products should be based on alcohol content, not product category (as beer products are currently not subject to any promotional restrictions), ensuring fairness and stability. Finally, such a complete ban risks promoting further consumption of unrecorded W&S products, leading to increased health risks for consumers while threatening the operations of legitimate W&S businesses.

### Recommendations

- Ensure consistency in the revisions of provisions on advertising and promotion of W&S products in the Law on Advertising 2012 and Law on Commerce 2005 respectively with the Alcohol Law so as not to introduce further regulatory burden on the W&S industry.
- Remove the current ban on the promotion of all W&S products in the Law on Commerce and replace this with a ban on promotion of alcoholic beverages from 15 ABV and above in line with the Alcohol Law 2019.

## ACKNOWLEDGEMENTS

The EuroCham Wine and Spirits Sector Committee