

Newsletter:

A Comprehensive Overview of the Challenges Faced by Foreign Investors in the Restaurant Business in Vietnam



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In Brief

Amidst the ongoing growth of the food and beverage (F&B) industry, Vietnam has emerged as an attractive destination for international investors. However, entering and operating in this sector is not without its challenges. Foreign investors face a range of legal and cultural obstacles, as well as stringent management and operational requirements. This article provides a comprehensive overview of the key issues related to the restaurant business for foreign investors in Vietnam, aiming to serve as a foundation for crafting a precise and complete business plan in the country.

Question: Does Vietnamese law allow foreign investors in the restaurant business?

Answer: Vietnam has opened its market for foreign enterprise business restaurants, and Vietnam's specialized laws do not have any restrictions on foreign enterprise business restaurants in Vietnam. Based on the regulations on market opening, foreign investors (individuals and organizations) are allowed to establish 100% foreign-owned enterprises in business restaurants in Vietnam.

Key Takeaways

1. What Type of Enterprise is Suitable for Foreign Investors?

When conducting business in Vietnam, foreign investors may consider establishing one of the following types of enterprises: (i) a Single-Member Limited Liability Company, (ii) a Multi-Member Limited Liability Company, or (iii) a Joint Stock Company. Investors can select the enterprise type that best meets their needs, as all of these options are available without restrictions under Vietnamese law.

2. What Business Sectors Do Enterprises Typically Register for When Operating Restaurants in Vietnam?

Foreign enterprises interested in the restaurant business in Vietnam may consider registering under the following business sectors:

- Restaurants and Mobile Catering Services
- Provision of Non-Regular Contracted Catering Services

3. Post-Establishment Procedures for a Newly Set-Up Company

Yes, after the enterprise is established, several additional procedures are required to commence restaurant business activities. These include:

- Registering for initial tax declaration, obtaining digital signatures, and setting up e-invoicing systems.
- Applying for a Certificate of Food Hygiene and Safety.
- Applying for a Certificate of Eligibility for Fire Prevention and Firefighting.
- Obtaining a Certificate of Satisfaction for Security and Order Conditions.
- Securing any other permits relevant to the restaurant's operational scope.

4. What are the food safety and hygiene conditions that restaurants must meet?

Food safety and hygiene conditions that restaurants must meet vary depending on the scale of operations, and may include some or all of the following requirements:

- **Kitchen Layout:** The design must prevent cross-contamination between raw and cooked foods.
- **Water Quality:** The water source must comply with technical standards for food preparation and business use.
- **Waste Management:** Adequate facilities should be in place for collecting, containing, and disposing of waste to maintain hygiene.
- **Drainage:** Drain systems must be properly maintained, clear, and free of blockages.
- **Facility Sanitation:** The restaurant should have proper equipment for food storage, as well as toilets, handwashing stations, and systems for the daily cleaning of waste and garbage.
- **Staff Health and Training:** Employees involved in food production and service must adhere to health regulations and demonstrate the required knowledge and practices.
- **Food Sourcing:** Ingredients must come from sources with clearly documented origins and safety guarantees, with appropriate retention of food samples as required by regulations.

5. How long does obtaining a Certificate of Food Hygiene and Safety take?

Within 15 days of receiving a complete and valid dossier, the competent state agency will conduct an on-site inspection of the facility's food safety conditions. If the facility meets the required standards, the Certificate of Food Hygiene and Safety will be issued; otherwise, a written notice specifying the reasons for refusal will be provided.

6. What fire safety and prevention conditions must be met for restaurants and eateries with a total business area of 300 m² or more or a total volume of 1,000 m³ or more?

- **Internal Safety Measures:** Establish internal regulations and display prohibition signs, warning signs, diagrams, or instructional signage for fire prevention, firefighting, and evacuation that comply with the applicable fire prevention and firefighting technical regulations or Ministry of Public Security guidelines.
- **On-Site Firefighting Team:** Maintain a dedicated firefighting force that is specialized according to the facility type, properly trained in fire prevention and firefighting, and organized to respond promptly to any fire incidents as required by regulations.

- **Approved Firefighting Plan:** Possess a firefighting plan that has been approved by the competent authority.
- **Electrical and Safety Systems Compliance:** Ensure that the electrical system, including lightning protection, anti-static measures, electrical equipment, and any fire or heat generation sources, meets the fire prevention and firefighting technical regulations or the guidelines established by the Ministry of Public Security.
- **Integrated Safety and Communication Systems:** Implement a comprehensive system covering fire fighting, water supply, communication, data management, incident reporting, and fire alarm systems, as well as systems for fire prevention, smoke detection, evacuation, and the deployment of firefighting and rescue equipment. All equipment must adhere to the required quantity and quality standards specified in the fire prevention and firefighting technical regulations or Ministry of Public Security guidelines.
- **Design and Completion Approvals (for Larger Facilities):** For restaurants and eateries with a total volume of 3,000 m³ or more, secure a Design Approval Certificate, a Design Approval Document (if applicable), and a Fire Prevention and Firefighting Completion Acceptance Document issued by the Fire Prevention and Firefighting Police Department.

7. What fire safety and prevention requirements must restaurants and eateries with a business area of less than 300 m² and a volume of less than 1,000 m³ meet?

The following conditions must be met:

- **Internal Regulations and Signage:** The facility must have internal regulations, prohibition signs, warning signs, diagrams, or instructional signage for fire prevention, firefighting, and evacuation that comply with the technical regulations and standards for fire prevention and firefighting, or with the regulations of the Ministry of Public Security.
- **Approved Firefighting Plan:** The facility must have a firefighting plan approved by the competent authority.
- **Electrical and Fire Source Safety:** The electrical system—including lightning protection, anti-static systems, and electrical equipment—as well as any sources of fire or heat, must conform to the technical regulations and standards for fire prevention and firefighting, or to the regulations of the Ministry of Public Security.
- **Design Approval and Fire Safety Acceptance (for larger facilities):** Restaurants and eateries with a total volume of 3,000 m³ or more must possess a Certificate of Design Approval, a Design Approval Document (if applicable), and documentation approving the results of the fire safety acceptance inspection.
- **Firefighting and Safety Equipment:** The facility must be equipped with a comprehensive system that includes fire fighting, water supply, and communication systems; a fire prevention and firefighting data management and incident reporting system; a fire alarm system; as well as fire fighting, fire prevention, smoke detection, and evacuation systems. All equipment and systems must meet the quantity and quality requirements specified by the technical regulations and standards for fire prevention and firefighting or by the regulations of the Ministry of Public Security.
- **Assigned Responsibilities and Training:** There must be established regulations and assignments detailing the responsibilities and tasks related to fire prevention and firefighting. Personnel must be properly trained and educated in fire prevention and firefighting in accordance with the provisions of Article 33 of this Decree.

- **Ongoing Compliance:** The head of the agency, organization, or facility must implement these fire safety conditions before commencing operations and ensure they are maintained throughout the operational period.

8. Do restaurants need to obtain a license to sell alcohol?

Restaurants that sell alcohol are classified as "on-the-spot alcohol sales," meaning that they serve alcohol directly to customers for consumption on the premises. In such cases, enterprises are only required to notify the district-level management agency.

9. What permits does a foreign chef need to work in Vietnam?

Foreign chefs working in Vietnam typically obtain a Work Permit under the "technical worker" category (this does not apply if the chef also serves as a manager or company owner).

Under current regulations, foreigners are recognized as technical workers if they meet one of the following conditions:

- They have completed at least one year of training and possess a minimum of three years of experience relevant to the position they intend to perform in Vietnam; or
- They have at least five years of experience in a role relevant to the position they intend to perform in Vietnam.

Conclusion

Foreign investors in Vietnam's restaurant industry must gain a thorough understanding of the country's legal framework, cultural landscape, and local market dynamics. While numerous obstacles and challenges exist, the Vietnamese market also offers highly attractive opportunities. By mastering legal regulations, developing sound business strategies, and partnering closely with local experts, investors can overcome initial difficulties and achieve lasting success. We hope this article has provided a valuable overview, enabling investors to prepare effectively and make informed decisions as they enter Vietnam's thriving restaurant market.

This article provides general information for reference. If you wish to receive legal advice regarding any issues you are facing, please contact our Lawyers at info@cdlaf.vn.