

Vietnam issues state-owned enterprise classification framework to guide capital restructuring and divestment under Decree 57/2026/ND-CP

Executive Summary

On 6 August 2026, the Vietnamese Government published official classification criteria establishing specific industry sectors and targeted state charter capital ownership brackets for state-owned enterprises (SOEs) and state-invested entities. Designed to operationalise **Decree No. 57/2026/ND-CP** (issued on 12 February 2026) concerning the restructuring of state capital in enterprises, the decision provides a binding quantitative framework for owner representative agencies to formulate five-year state capital restructuring plans. The framework determines whether state equity will be retained at current levels, recapitalised, or divested through approved capital adjustment mechanisms under enterprise and securities legislation.

The classification framework establishes four primary state equity retention brackets based on strategic economic roles, quantitative market share thresholds, and public service mandates:

- **100% State Charter Capital:** Maintained exclusively for enterprises supplying essential public utility services, natural monopolies, science and technology, innovation, digital transformation, high-tech applications, and constructors of national key infrastructure projects across transport, irrigation, energy, and digital infrastructure governed by **Decree No. 366/2025/ND-CP**.
- **65% or Greater State Charter Capital:** Applied to airport management, airfield operation, and air transport; management and operation of seaports at special seaports; large-scale mineral extraction; state-ordered or state-funded animated film production; finance and banking; mechanical engineering; clean water extraction, supply, and urban/rural drainage; and entities ensuring essential production and living needs for ethnic minorities in mountainous and remote areas.
- **Above 50% to Under 65% State Charter Capital:** Designated for primary wholesale petroleum importers commanding a market share of 30% or more that maintain macroeconomic balances and market stabilisation; providers of core national telecommunication infrastructure services impacting socio-economic development and national security; and non-petroleum mineral search, exploration, and reserve evaluation entities.
- **Secondary Criteria Categories:** Applies to secondary sectors, establishing specific empirical benchmarks such as cement producers holding a market share of 30% or more with raw material mines in key defence areas; public utility firms where utility revenue accounts for 50% or more of total revenue over three consecutive financial years; entities possessing cultural, historical, architectural, or national brand values; and urban environmental service providers (waste treatment, public lighting, and greening).

For enterprises operating outside the main classification criteria where current state equity is 50% or lower, owner representation rights must be transferred to specialised state capital investment and trading entities or same-industry parent SOEs under Decree No. 57/2026/ND-CP for active management, capital injection, or total divestment. Enterprises in non-qualifying sectors face complete

state equity exit (0% holding). Explicit exemptions from this decision apply to specialized policy institutions—namely the **Bank for Social Policies** and the **Vietnam Co-operative Bank**—as well as agricultural, forestry, and military/defence enterprises, which remain subject to separate government regulations.

Narrative and Policy Drift

The release of these detailed classification criteria represents a decisive shift from subjective administrative discretion toward objective, metric-driven state capital management in Vietnam. By translating the general principles of **Decree No. 57/2026/ND-CP** into clear sector-by-sector equity brackets, the government addresses persistent market ambiguity regarding passive state equity holdings in commercial industries.

Key Policy Deviations and Governance Shifts

- **Empirical Benchmarks replacing Qualitative Judgements:** Previous state enterprise management practices relied heavily on broad sectoral designations to justify state ownership. The new framework enforces rigorous empirical thresholds, such as the 30% national market share requirement for primary petroleum importers and strategic cement manufacturers, alongside the 50% public utility revenue threshold evaluated over a mandatory three-year historical window.
- **Mandatory Ownership Transfer and Active Portfolio Management:** Instead of allowing line ministries or local authorities to passively hold minor equity stakes in commercial enterprises, the decision mandates that state equity of 50% or less in secondary strategic entities be transferred directly to specialised state capital investment and trading entities or same-industry parent SOEs. This transforms state capital representation from administrative oversight into active asset management focused on restructuring, yield optimization, or complete capital exit.
- **Centralisation of Authority and Prime Ministerial Escalation:** The framework significantly restricts the discretionary power of owner representative agencies. Any proposed deviation from standard target equity brackets, any relinquishment of majority control (>50%) in secondary strategic firms, or any proposed retention of state capital in non-criteria sectors requires formal reporting and explicit prior approval from the Prime Minister.
- **Integration of Digital Infrastructure and High-Tech Mandates:** Reframing state development priorities, the policy places digital transformation, high-tech application entities, and digital infrastructure construction governed by **Decree No. 366/2025/ND-CP** into the highest protection bracket (100% state ownership), elevating digital networks to the same strategic level as physical natural monopolies and national energy grids.
- **Three-Year Revenue Rule for Multi-Sector Enterprises:** To eliminate regulatory arbitrage by multi-activity conglomerates, classification for multi-sector enterprises is strictly bound to the industry sector generating the largest share of total output or revenue over three consecutive financial years prior to five-year plan approval.

Policy Dimension	Previous Policy Baseline / Market Expectation	Updated Classification Decision Framework
Ownership Brackets	Broad sectoral lists with frequent discretionary administrative exceptions.	Rigid target equity brackets (100%, $\geq 65\%$, $> 50\%$ to $< 65\%$, and 0% exit).
Market Share Benchmarks	Qualitative evaluation of economic significance without quantitative triggers.	Explicit $\geq 30\%$ market share requirement for wholesale petroleum and defence-linked cement.
Sub-50% State Equity Holdings	Retained passively under line ministry or local provincial committee management.	Mandatory transfer to specialised state investment/trading entities or same-industry SOEs for exit or restructuring.
Multi-Sector Categorisation	Determined by primary registration business licence or ad-hoc ministry ruling.	Bound strictly to the largest revenue/output share across three consecutive financial years.
Exception Approval Authority	Delegated to line ministries and provincial owner representative agencies.	Centralised exclusively under the Prime Minister for formal review and approval.

Corporate Cash Flow

The classification framework creates distinct financial, capital structure, and liquidity implications across different categories of state-owned and state-invested enterprises:

100% State-Owned Entities (Essential Utilities, Monopolies, & Infrastructure under Decree 366/2025/ND-CP)

Enterprises in this tier are entirely shielded from private equity dilution but are restricted from accessing external equity financing. Capital expenditure requirements for major transport, irrigation, energy, and digital infrastructure projects under Decree No. 366/2025/ND-CP will depend on state-budget allocations, government-backed debt instruments, and retained earnings from regulated utility tariffs. While solvency is guaranteed by state backing, operational cash flows will be subjected to rigorous state audit controls, limiting capital flexibility for non-core commercial ventures.

High-Equity Enterprises ($\geq 65\%$ State Holding - Airports, Special Seaports, Banking, Water, Mechanical Engineering)

Maintaining a minimum 65% state equity threshold provides structural operational stability while opening a clear pathway for minority non-state capital participation. Corporations operating airports, special seaports, financial institutions, and urban clean water networks can issue up to 35% of charter capital to private, institutional, or foreign co-investors. This allows these entities to secure significant non-state cash injections for capital investment and capacity expansion without diluting sovereign strategic control or voting majorities.

Majority-Controlled Entities (>50% to <65% State Holding - Petroleum Importers, Core Telecoms)

Petroleum wholesalers holding $\geq 30\%$ market share and core telecom infrastructure providers gain expanded balance sheet agility. Maintaining state equity between 50% and 65% allows these entities to attract strategic private capital (up to 49.9%) to fund technology modernisations, network upgrades, and working capital needs. However, operational cash allocation will reflect competing demands: fulfilling state-directed market stabilization mandates alongside delivering commercial dividend yields to private minority shareholders.

Sub-50% State Holdings & Non-Criteria Commercial Enterprises

Commercial entities operating in non-listed sectors or holding 50% or less state equity in secondary sectors face direct structural reorganization. The mandatory transfer of owner representation rights to specialised state capital investment and trading entities or same-industry parent SOEs under Decree No. 57/2026/ND-CP will initiate immediate balance sheet rationalisation. Transferred entities will undergo financial restructuring, capital top-ups, or total state divestment (0% holding). Enterprises slated for complete state exit must transition entirely to commercial bank credit, debt capital markets, and private equity to support working capital and capital expenditure requirements.

Regional Drift

The formalisation of Vietnam's state capital classification criteria holds notable regional implications across Southeast Asia and the broader Asian economy:

- **Benchmarking Public Capital Management in ASEAN:** Vietnam's structured equity ownership matrix aligns with regional trends toward institutionalizing state capital governance. By establishing transparent quantitative boundaries between sovereign infrastructure holdings and commercial market assets, Vietnam moves closer to state investment management models seen in Singapore (Temasek) and Malaysia (Khazanah), offering a clearer framework for public sector asset management within ASEAN.
- **Enhanced Predictability for Foreign Direct Investment (FDI):** Strategic investors, regional corporate groups, and private equity funds across East and Southeast Asia gain regulatory transparency. The definitive capital ownership brackets clarify permissible participation levels in Vietnam's industrial and infrastructure sectors—explicitly defining where foreign investors can acquire minority stakes (up to 35% in airport and port operators; up to 49.9% in major telecom and petroleum entities) and where full acquisitions are possible via complete state divestment.
- **Regional Infrastructure and Supply Chain Resilience:** Reaffirming robust state capital backing for primary transport, energy, digital infrastructure (governed by Decree No. 366/2025/ND-CP), and essential mineral exploration reinforces sovereign commitments to national infrastructure networks. This continuity helps reduce completion and operational risks for cross-border logistics corridors, energy interconnections, and digital connectivity initiatives across the Greater Mekong Subregion and regional trade networks.