

LEGAL UPDATE (September 13th, 2022)

In this issue, we would like to bring to your attention to the following:

- Draft National Energy Development Strategy.
- Compulsory construction insurance during construction.

1. Draft National Energy Development Strategy

The Ministry of Industry and Trade is collecting comments on the draft Decision of the Prime Minister approving the National Energy Development Strategy to 2030, with a vision to 2045 (Strategy).

General objective of the Strategy is to firmly ensure national energy security; sufficiently supply stable, high-quality energy at reasonable prices for fast and sustainable socio-economic development, ensure national defense and security, improve people's living standards, and contribute to the ecological environment protection. Conducting an energy transition plays an important role in meeting the net zero emissions target by 2050.

The Strategy also sets a specific goal of meeting the domestic energy demand, serving the goals of the 10-year Socio-Economic Development Strategy 2021-2030, of which primary energy by 2030 reaching about 175-195 million tons of oil equivalent (TOE), about 320-350 million TOE by 2045; the total capacity of power sources by 2030 will reach about 125-130 GW, electricity output will reach about 550-600 billion kWh.

At the same time, the Strategy promotes the development of renewable energy power sources (onshore, offshore wind power, solar power in the form of self-sufficiency, on-site consumption, without generating electricity on the national grid, with a large scale) in line with the master plan on power source development in each period) for industrial production facilities, especially serving the production of new forms of energy (hydrogen, green ammonia, chemicals, ...), production and business, domestic needs and types of electricity production from waste, biomass and cogeneration.

2. Compulsory construction insurance during construction

The Ministry of Finance has just issued Circular 50/2022/TT-BTC guiding the implementation of Decree No. 119/2015/ND-CP of the Government regulating compulsory insurance in construction investment activities and Decree No. 20/2022/ND-CP amending and supplementing Decree No. 119/2015/ND-CP.

Circular 50/2022/TT-BTC clearly stipulates compulsory insurance for works during construction. Accordingly, the subject of compulsory insurance for works during the construction period is the work or work item specified in Clause 1, Article 4 of the Government's Decree No. 119/2015/ND-CP stipulating compulsory insurance in construction investment activities and Clause 2, Article 1 of Decree No. 20/2022/ND-CP amending and supplementing a number of articles of Decree No. 119/2015/ND-CP.

The minimum insurance amount for compulsory insurance for works during the construction period as prescribed above is the full value of the work upon completion, including all materials, labor costs, installation equipment placed on the work, transportation charges, taxes, other fees and other items provided by the investor or the contractor. The minimum insurance amount for the work during the construction period must not be lower than the total value of the construction contract, including the value of adjustment and supplement (if any).

We hope this Newsletter would bring you useful information.

Best regards.

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Contacts:

HO CHI MINH CITY (Head office)

5th Floor, IMM Building
99-101 Nguyen Dinh Chieu, District 3
Ho Chi Minh City, Vietnam

THE BRANCH IN HA NOI CITY

Room A8, 29th Floor, East Tower, Lotte Center
54 Lieu Giai, Cong Vi Ward, Ba Dinh District
Hanoi City, Vietnam

Tel: +84-28-3899 8683

Email: info@apolatlegal.com

Website: www.apolatlegal.com

SINGAPORE (Affiliated office)

#26-10, SBF Center,
160 Robinson Road
Singapore 068914
Tel: +84-93-2014 986

Email: info@apolatlegal.com

Website: www.apolatlegal.com

Scan QR code:

