

## LEGAL UPDATE (December 6<sup>th</sup>, 2022)

### **The Ministry of industry and trade is drafting a new Decree on rice export business.**

Although the implementation process of Decree 107/2018/ND-CP has promoted its effectiveness and contributed to completing the legal framework on rice export control, some points still need to be changed to match reality. For example, regulations on export entrustment, checking conditions for rice export business, reporting regime of export contract statistics, or regulations on the performance of export-import rice contracts, etc., still need to be more suitable for the business situation. For ensuring food security and stabilizing the domestic market, a new decree is necessary.

Many traders in the rice export business have reported their business situation seriously. Clause 2, Clause 3, Clause 4 of Article 24 of Decree No. 107/2018/ND-CP stipulate that traders make quarterly and annual reports on the signing and performance of rice export contracts and actual inventory. However, many traders did not report, reported incomplete content, or reported infrequently, etc., causing a lot of difficulties for rice export management.

It is a must to revise the regulations on inspecting rice export business conditions in Article 5 of Decree No. 107/2018/ND-CP. Article 5 of the Decree stipulates that the local Department of Industry and Trade shall assume the responsibility for and coordinate with the Department of Agriculture and Rural Development and relevant agencies in organizing post-inspection of warehouses, mills, and rice mills after traders are licensed. Therefore, when rice exporters can declare warehouses and rice mills in many localities to obtain a Certificate, it is difficult to determine which provincial Department of Industry and Trade will have competency to the post-inspection, leading to delay in post-inspection. At the same time, it is challenging to monitor and report promptly about maintaining the business conditions of traders, especially the issues of food hygiene and safety, fire prevention, fighting, etc.

In addition, Decree No. 107/2018/ND-CP has kept silent on provisions related to export entrustment. The new Decree must supplement regulations on receiving entrusted rice export for rice export business to create fairness for all traders.

To promptly overcome the above obstacles and inadequacies, the Government needs to develop and issue a Decree amending and supplementing Decree No. 107/2018/ND-CP to complete the legal framework. The amended and supplemented decree is expected to promote the development of the manufacturing industry, help to export rice stably, sustainably, and effectively; improve the capacity and competitiveness of the commodity industry in the international market; contribute to improving the income and living standards of farmers, the efficiency of rice export business, and the rice export management and administration mechanism to meet the current practical requirements.

We hope this Newsletter would bring you useful information

Best regards.

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