



# Law on Geology and Minerals - Strengthening the effectiveness and efficiency of state management for the new development era

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The Law on Geology and Minerals was passed by the 15<sup>th</sup> National Assembly on November 29<sup>th</sup>, 2024 (Law No.54/2024/QH15) with 446/448 Delegates voting in favor. The Law has added a number of new provisions to overcome practical shortcomings, making minerals a worthy resource in socio-economic development, creating a synchronous and unified legal corridor contributing to improving the effectiveness and efficiency of state management of geology and minerals.

## CONTEXT AND REQUIREMENTS IN THE NEW SITUATION

After the implementation of the Ordinance on Mineral Resources in 1989, Vietnam has gone through three generations of Mineral Laws, starting with the Mineral Law in 1996, then amended and supplemented in 2005 and the Mineral Law in 2010. It can be said that, according to each stage of the country's development, the mineral law has been adjusted appropriately and has made many important contributions to the cause of socio-economic development. Basic geological surveys have achieved remarkable results. Many new mineral areas have been discovered and evaluated, contributing to increasing the resources and reserves of some major minerals. The inspection and examination of mineral activities have had many positive changes, contributing to putting mineral activities into order and improving the effectiveness and efficiency of state management of minerals.

However, after 14 years of implementing the Mineral Law 2010, some legal regulations are no longer suitable for reality, many regulations on principles for mineral activities arising in practice need to be supplemented and adjusted to suit the new context. Moreover, the global context is changing in terms of approaches to strategic and critical minerals. Meanwhile, Vietnam is still in the early stages of developing the strategic and critical mineral industry. Some strategic and critical minerals have not yet been efficiently exploited, requiring comprehensive cooperation, including substantial investment in infrastructure, the transfer of advanced technology and technical expertise, as well as the sharing of knowledge and best practices. The Party and the State have adopted policies and strategic initiatives to develop a sustainable mining industry, leveraging Vietnam's geographical advantages (proximity to downstream markets), significantly lower operating costs compared to many other countries, and a highly skilled workforce. This makes our country a promising destination for midstream processing facilities such as refining, smelting and producing final products from strategic and critical minerals.

Based on the above context, the agency drafting the Law on Geology and Minerals has clearly established the objectives and viewpoints for building the Law, specifically:

Fully institutionalize the Party and State's viewpoints, particularly those outlined in Resolution No.24-NQ/TW of the Central Committee and Resolution No.10-NQ/TW of the Politburo. Accordingly, geological and mineral resources are both a crucial driver for the country's socio-economic development and a long-term national reserve. They must be thoroughly surveyed, assessed, and planned for exploration, with centralized and unified management. Their extraction and utilization should be sustainable, reasonable, economical, and efficient to meet both immediate and long-term needs.

The provisions of the Geology and Mineral Law must be consistent with the Constitution and aligned with relevant legal frameworks. They should be clear, comprehensible, and highly feasible, fostering investment and social engagement while strengthening resource protection and enhancing the efficiency of state management over geological and mineral resources. This should be accompanied by well-defined, transparent decentralization and delegation of responsibilities, as well as administrative reforms aimed at simplification and effectiveness.

Inheriting the provisions of the Mineral Law 2010 that have proven effective; abolishing inappropriate regulations; updating, amending, and supplementing existing regulations to align with practical realities and the requirements of state management in the field of geological resources and minerals in the new context.

Establishing a comprehensive legal framework for the protection of unexploited geological and mineral resources; strengthening environmental protection and occupational safety in mining activities; ensuring a balance of interests between the State, mining organizations and individuals, and local communities in mining areas.

Promoting decentralization and delegation of authority to local governments, enabling them to take the initiative in socio-economic development in line with local realities and their assigned responsibilities; while also establishing mechanisms for power control and implementation supervision to address existing issues and negative aspects in the field of geology and minerals.



▲ *The XV National Assembly delegates voted to pass the Law on Geology and Minerals.*

Creating a synchronous and unified legal corridor in the management of geological and mineral resource exploitation.

With 12 Chapters and 111 Articles, the Law on Geology and Minerals comprehensively regulates various aspects, including fundamental geological investigation, geological survey of minerals, protection of unexploited geological and mineral resources, mineral activities, mineral recovery, mineral processing, financial matters related to geology and minerals, auction of mineral exploitation rights, and state management of geology and minerals. These regulations apply within the territory of the Socialist Republic of Vietnam, covering land areas, islands, internal waters, territorial sea, contiguous zone, exclusive economic zone, and continental shelf.

#### NEW POINTS OF THE LAW INCLUDE

*Regulations on fundamental geological investigation:* The law clearly defines the scope and responsibilities of the State in fundamental geological investigations, including the survey, delineation, and mapping of geological sites, geological heritage, and positional resources. It also covers environmental geology, geological hazards, engineering geology, urban geology, and other geological conditions such as geological space mapping, subsurface mapping, geothermal resources, and renewable geological resources. Furthermore, it outlines the rights and obligations of organizations and individuals engaged in geological investigations, as well as the management of geological information and data. These provisions will enhance the efficient utilization of geological resources and establish a mechanism for using geological data to support socio-economic development, environmental protection, and other activities.

*Classification of minerals:* Based on their usage and management objectives, minerals are categorized into four groups: I, II, III, and IV. This classification allows for a more structured approach in mineral planning, exploration licensing, mineral exploitation, resource recovery, mining activity control, and mine closure. Additionally, it serves as a basis for decentralizing and delegating authority to local governments while streamlining administrative procedures specific to each mineral group.

*Strengthening decentralization for local governments:* The law continues the decentralization framework established in

the Mineral Law 2010 while expanding the authority of provincial-level People's Committees: (i) Approval of geological investigation projects and reports – Provincial governments can approve projects and reports funded by local budgets, allowing them to assess geological conditions for subsurface spatial planning and the construction of durable infrastructure. (ii) Assessment of mineral potential – Local authorities can evaluate the potential of Group III minerals (mainly used for common construction materials) and Group IV minerals using state budget funds, facilitating the auction of mineral exploitation rights and improving

the efficiency of licensing mineral activities. (iii) Approval for mineral recovery in reserved areas – Provinces have the authority to approve the recovery of reserved minerals when implementing investment projects in national mineral reserve areas. (iv) Management and licensing of mineral exploration and exploitation – Provincial governments can issue exploration and mining licenses for natural mineral water and geothermal water, aligning with investment decisions for urban and tourism development projects utilizing these resources. In addition to granting new powers, the law establishes the responsibility of provincial-level People's Committees to oversee, monitor, and regulate all mining activities and mineral recovery within their jurisdiction.

*On Administrative procedure reform:* Administrative procedures have been thoroughly reviewed and simplified to the maximum in order and procedures for settlement: (i) Additional special cases are allowed for mineral exploitation without requiring mineral planning, including scattered and small-scale mining, mineral recovery, and residual mineral extraction. (ii) Specific regulations for the exploitation of Group IV minerals are introduced with a strong administrative reform approach. Notably, the extraction of Group IV minerals for special cases (serving the construction of important national projects, urgent public investment projects, works, implementing emergency mobilization measures) is exempt from procedures for granting exploration licenses, approving reserves; procedures for submitting to competent state agencies to decide or approve investment policies, approve investment projects, appraise and approve the results of appraisal of environmental impact assessment reports, issue environmental licenses, and register the environment.

*On mine director:* The law clearly defines the cases in which a mine director is required and expands



the criteria for mine directors to better align with current industry practices and realities, including personnel management in mining operations.

*On mineral mine closure:* The law clearly defines mineral mine closure as an activity aimed at restoring all or part of the area used for mineral extraction projects to a safe condition, ensuring compliance with environmental protection requirements and optimizing land use after mining. Additionally, the law categorizes four different cases and establishes a hierarchical approach, ranging from stringent to simplified, for mineral mine closure procedures and formalities. Furthermore, it includes provisions for the use of state budget funds to cover the shortfall in financial obligations of mining entities in specific cases, such as when the mining organization is dissolved, goes bankrupt, or is unable to carry out the mineral mine closure process.

*On funding for basic geological investigation, mineral geological survey, and mineral exploration:* The law has expanded the use of local budget funds in alignment with the principle of “local decision, local implementation.” In particular, the law includes a specific provision (Article 49) on the use of state budget funds for the exploration of strategic and important minerals, as well as minerals with high economic value and significant demand.

*On supplementing and clarifying mineral recovery activities:* This refers to integrated activities aimed at extracting minerals during the implementation of construction investment projects or other activities as approved or authorized by the competent state management agency. Mineral recovery is conducted under a different mechanism from mineral extraction.

*On introducing a mechanism for investment projects in national reserve areas:* The Law has stipulated the types of projects that can be implemented in national reserve areas and attached specific conditions. This regulation aims to exploit and make maximum use of land funds for socio-economic development while still meeting the requirements of mineral reserves for the country.

*On mineral exploitation right fees:* Originating from the state ownership regime of mineral resources as stipulated in the Constitution. Accordingly, mineral resources are public property (Article 53). Therefore, when the State grants a license to an enterprise for exploitation, the State must collect mineral exploitation right fees to transfer ownership from state ownership to private ownership and avoid mine speculation. It is important that the total amount of resource tax and right fees collected must be reasonable, administrative procedures must be simple and ensure fairness, harmonization of interests, and

risk sharing among the parties. The Law stipulates that mineral exploitation right fees are calculated based on the mineral reserves allowed to be exploited or the volume of minerals allowed to be recovered; mineral exploitation right fees are collected annually and settled based on actual exploitation output. This provision creates fairness for organizations and individuals exploiting minerals and corrects errors (reliability) in mineral reserves in mineral exploration and exploitation.

*On strengthening the management of riverbed, lakebed, and marine sand and gravel:* The law clearly stipulates that the exploration and extraction of sand and gravel from riverbeds, lakebeds, and marine areas must comply with regulations applicable to Group II or Group III minerals. These activities must be monitored and controlled using modern technological equipment to ensure effective oversight of mineral reserve fluctuations, mitigate safety risks and severe environmental impacts, and prevent erosion and instability of riverbeds, riverbanks, floodplains, and coastal areas.

## IMPLEMENTATION OF THE LAW IN PRACTICE

The Law on Geology and Minerals No.54/2024/QH15 will take effect from July 1<sup>st</sup>, 2025. However, for Group IV minerals, the law shall come into effect earlier, on January 15<sup>th</sup>, 2025, to address existing bottlenecks related to the use of Group IV minerals as filling materials for public investment projects, ensuring the timely completion of construction projects. In this regard, Ministry of Natural Resources and Environment in coordination with the Ministry of Justice and the Government Office, will undertake the following key actions:

*First*, expedite the development of detailed regulatory documents for the implementation of the law, including: (i) Drafting a Decree detailing specific provisions of the Law on Geology and Minerals regarding the extraction of Group IV minerals, along with a Circular providing detailed regulations on this matter (following an expedited procedure) to take effect from January 15<sup>th</sup>, 2025; (ii) Developing a Decree guiding the implementation of several provisions of the Law on Geology and Minerals, as well as a Circular specifying the format and content of mining activity licenses, reporting templates, submission deadlines, requirements for maps and cross-section drawings of authorized mining areas, and the standards for geological and mineral samples, including museum specimens (to take effect concurrently with the law); (iii) Submitting for approval or issuing, as authorized, relevant legal documents as mandated by the law.

*Second*, it is necessary to disseminate legal provisions to relevant agencies, organizations, and individuals, particularly focusing on new and significant provisions that address practical challenges.

*Third*, it is necessary to ensure adequate human and technical resources, with a special emphasis on the development and operation of a geological and mineral database system.

*Fourth*, there is a need for conducting scientific research on newly introduced aspects, including the application of circular economy models in mineral extraction and processing, deep-sea mineral resource management, and mine closure strategies for clusters of mines, all aimed at promoting the sustainable development of the mining industry ■