VIETNAM'S NEW AVIATION LAW: ENHANCED CREDITOR RIGHTS AND STRONGER CAPE TOWN PROTECTIONS

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Vietnam has recently overhauled its aviation regulatory framework. On 10 December 2025, the National Assembly enacted the Law on Civil Aviation No. 130/2025/QH15 (the 2025 Aviation Law), replacing the Law on Civil Aviation 2006 (the 2006 Aviation Law). The 2025 Aviation Law came into effect on 1 July 2026, together with its principal implementing regulations, including Decree No. 208/2026/ND-CP and Decree No. 223/2026/ND-CP, which replace, among others, Decree No. 68/2015/ND-CP.

From an aircraft finance perspective, the reforms represent one of the most significant developments in Vietnam's aviation regulatory framework in recent years. The new regime is intended to align Vietnam more closely with international aircraft finance standards and strengthen the practical implementation of creditor protections under the Cape Town Convention on International Interests in Mobile Equipment (Cape Town Convention) and its Protocol on Matters Specific to Aircraft Equipment (Aircraft Protocol). Key developments include the following:

- Irrevocable Deregistration and Export Request Authorization (IDERA) rights are now expressly recognized in the 2025 Aviation Law.
- The Civil Aviation Authority of Vietnam (CAAV) is expressly empowered to implement certain Cape Town deregistration and export remedies without requiring a prior court or arbitration decision.
- Registered international interests are expressly recognized in the 2025 Aviation Law.
- Export of aircraft no longer requires a mandatory Vietnamese Export Certificate of Airworthiness.
- Interagency cooperation in implementing Cape Town Convention remedies is now expressly required by law.

Taken together, these reforms should improve legal certainty for international lessors and financiers, facilitate aircraft leasing and financing transactions involving Vietnamese operators, and further align Vietnam's aviation framework with internationally recognized aircraft finance principles.

ENHANCED DEREGISTRATION AND EXPORT RIGHTS

The 2025 Aviation Law introduces a series of reforms intended to facilitate the exercise of creditor rights in connection with aircraft deregistration and export. In particular, the new law strengthens the statutory framework

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for the implementation of Cape Town remedies and reduces certain administrative obstacles that could previously arise in enforcement scenarios.

Recognition of IDERA and Rights of IDERA Holders

The 2025 Aviation Law expressly recognizes the right of the authorized party designated under a registered IDERA to request deregistration of an aircraft. This is a notable development, as the right was previously recognized primarily under Decree 68 rather than in the principal aviation statute itself.

The 2025 Aviation Law also introduces important statutory protections for IDERA holders. Where a registered IDERA is in effect, the registered owner or operator may request deregistration only if (a) the authorized party has provided a written discharge of the IDERA, or (b) the IDERA has otherwise been canceled. In addition, a deregistration request made by the authorized party under a registered IDERA is exempt from the general requirement to obtain the consent of registered rights holders. These provisions strengthen the practical effectiveness of IDERA-based remedies and reduce the risk that deregistration may be frustrated by competing consent requirements.

The 2025 Aviation Law further expressly recognizes the right of the authorized party under a registered IDERA to request the export of an aircraft in accordance with Cape Town Convention and the Aircraft Protocol. While export rights were generally reflected in administrative practice under the previous framework, their incorporation into the 2025 Aviation Law enhances legal certainty and reduces the scope for inconsistent interpretation.

Cape Town Remedies

The 2025 Aviation Law provides that, where the authorized party under a registered IDERA exercises remedies available under Articles IX and XIII of the Aircraft Protocol, the CAAV may take certain administrative actions necessary to give effect to those remedies without requiring prior approval or decision from a Vietnamese court.

This represents a significant improvement over the previous framework. Although Vietnam has been a contracting state to Cape Town Convention and the Aircraft Protocol for some time, the absence of an express statutory provision in the primary aviation legislation occasionally gave rise to uncertainty regarding the practical implementation of deregistration and export remedies under Cape Town Convention. The 2025 Aviation Law now expressly confirms that CAAV may:

- Withdraw the aircraft's certificate of registration;
- Withdraw the certificate of airworthiness where appropriate;
- Deregister the aircraft;
- Facilitate export of the aircraft,

without first obtaining judicial approval where Cape Town Convention permits those actions.

From a creditor's perspective, this reform should enhance the predictability of the deregistration and export process and reduce uncertainty surrounding the administrative implementation of IDERA-based remedies. That said, the reform should not be interpreted as creating a comprehensive self-help repossession regime, as disputes relating to possession of the aircraft or other ancillary enforcement matters may still require separate legal processes.

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Cooperation by Government Authorities in Connection with Cape Town Remedies

The 2025 Aviation Law further provides that Vietnamese courts, aircraft registration authorities, customs authorities, and other competent state agencies shall cooperate in facilitating the implementation of Cape Town remedies.

Although broadly drafted, this provision is a noteworthy development. Aircraft deregistration and export frequently require coordination among multiple governmental authorities rather than the aviation regulator alone.

While the provision does not create an automatic self-help enforcement regime and its practical operation remains to be tested, the express statutory requirement for interagency cooperation should assist in reducing procedural uncertainty when implementing Cape Town remedies.

Additional Grounds for Deregistration

The 2025 Aviation Law expands the statutory grounds upon which a Vietnamese aircraft registration may be canceled. In addition to the circumstances recognized under the previous legislative framework, deregistration may now be effected in order to enforce:

- an effective judgment or decision of a court; or
- an effective arbitral award,

where such judgment, decision, or award requires the deregistration of the aircraft.

Although enforcement of judicial decisions and arbitral awards was previously possible under general principles of Vietnamese law, express recognition of these grounds within the 2025 Aviation Law provides useful clarification. The amendment may be particularly relevant in aircraft leasing and financing disputes where deregistration rights are determined through litigation or arbitration.

Removal of Export Certificate of Airworthiness Requirement

Under the previous legal framework, the export of an aircraft from Vietnam generally required an Export Certificate of Airworthiness issued by the competent Vietnamese authority. This reflected the traditional regulatory approach under which export approval formed part of the overall deregistration and export process.

The 2025 Aviation Law adopts a more streamlined approach by providing that an Export Certificate of Airworthiness is not required for aircraft exported from Vietnam unless the applicant requests one in order to satisfy the requirements of the importing jurisdiction. This brings Vietnam closer to the approach adopted in many aviation jurisdictions, where the importing authority determines the technical requirements for registration of the aircraft on its own register.

From a practical perspective, importing jurisdictions, lessors, operators, and technical service providers may still require inspections, record reviews, or other technical documentation as part of an aircraft transition process. Nevertheless, the removal of the mandatory Vietnamese Export Certificate of Airworthiness requirement should reduce administrative burden and facilitate aircraft transitions and cross-border exports.

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RECOGNITION OF CAPE TOWN RIGHTS AND INTERESTS

The 2025 Aviation Law introduces a new provision expressly recognizing international interests in aircraft objects. Article 21 provides that international interests in aircraft and aircraft equipment registered under the international registration system shall be implemented in accordance with Cape Town Convention and the Aircraft Protocol.

Although Vietnam has been a contracting state to Cape Town Convention and the Aircraft Protocol for a number of years, the express recognition of international interests in the 2025 Aviation Law remains significant. By expressly incorporating these concepts into the domestic aviation framework, the 2025 Aviation Law provides additional comfort that rights arising under Cape Town Convention will be recognized and administered consistently by the relevant Vietnamese authorities. This reduces the risk that rights validly created and registered under the international registry framework could be viewed as existing solely under an international treaty without an express basis in Vietnam's domestic aviation legislation.

In addition, while the 2025 Aviation Law continues to recognize ownership rights, rights to possess and operate aircraft, and security interests such as mortgages and pledges, it also expressly acknowledges rights arising under international treaties to which Vietnam is a party. This further reinforces the integration of Cape Town concepts into Vietnam's domestic aviation law framework.

FLEET PLANNING FRAMEWORK AND CAAV APPROVALS

While the 2025 Aviation Law places greater emphasis on airline fleet development planning, CAAV approval requirements remain relevant to leased aircraft. Airlines are required to submit annual and five-year fleet development plans, and the introduction of leased or acquired aircraft is assessed within that broader planning framework.

The reform should not, however, be viewed as eliminating transaction-specific approvals. CAAV approval continues to be required for certain matters relating to leased aircraft, including changes to the lease term and the identity of the lessor. From a lessor's or financier's perspective, CAAV approvals therefore remain an important consideration for leasing and trading transactions involving aircraft operating in Vietnam.

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