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on the Development of Vietnam's Business Law*

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# Secção I

## Investigação Científica\*

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## The Impact of Globalization on the Development of Vietnam's Business Law

### O Impacto da Globalização no Desenvolvimento do Direito Empresarial do Vietname

Nguyen Van LAM<sup>1</sup>

**ABSTRACT:** Over the years, globalization has helped Vietnam's economy achieve significant achievements, and business activities are closely related to regional and international countries. Up to now, the legal system has recognized and created conditions for the implementation of the basic principles of the socialist-oriented market economy. However, legal regulations are still general, do not ensure synchronization, and consistency, and are not closely associated with integration requirements. The needs of practice pose a need to study and analyze the legal realities and propose to improve the process of developing and implementing business laws by the reality and the process of international economic integration. This article uses the method of systematization, synthesis, analysis, interpretation of the law and the method of legal comparison, etc. to assess, evaluate, and analyze theoretical and practical issues about the globalization process, and the impacts of globalization on the laws governing aspects of business activities, as well as to analyze new needs and solutions to promote the process of deep integration in the context of Vietnam's globalization.

**KEYWORDS:** Globalization; Business law; Vietnamese law; Globalization's impact.

**RESUMO:** Ao longo dos anos, a globalização ajudou a economia do Vietname a alcançar conquistas significativas e as actividades empresariais estão intimamente relacionadas com os países regionais e internacionais. Até agora, o sistema jurídico reconheceu e criou condições para a implementação dos princípios básicos da economia de mercado de orientação socialista. No entanto, as regulamentações legais são ainda gerais, não garantem a sincronização e a consistência e não estão intimamente associadas aos requisitos de integração. As necessidades da prática impõem a necessidade de estudar e analisar as realidades jurídicas e propor a melhoria do processo de desenvolvimento e implementação de leis empresariais em função da realidade e do processo de integração económica internacional. Este artigo utiliza o método de sistematização, síntese, análise, interpretação da lei e o método de comparação jurídica, etc. com o propósito de aferir, avaliar e analisar questões teóricas e práticas sobre o processo de globalização e os impactos da globalização nas leis que regem os aspetos das actividades empresariais, bem como analisar novas necessidades e soluções para promover o processo de integração profunda no contexto da globalização do Vietname.

**PALAVRAS-CHAVE:** Globalização; Direito empresarial; Lei Vietnamita; Impacto da globalização.

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## 1. Introduction

After nearly 40 years of "Doi Moi" (1986), from a country devastated by many wars, poverty, backwardness, starvation, siege, and embargo for 30 years, Vietnam has become a middle-income country with a per capita income of about 4,300 USD in 2023, an increase of nearly 60 times compared to 1986. The average economic growth reached over 6.5 %/year, belonging to countries with higher growth rates in the region and the world. The size of the economy will reach about 430 billion USD in 2023, ranking 35th in the world, an increase of more than 95 times compared to 1986. The basic macroeconomic foundation is stable, and the major balances of the economy are ensured. Inflation is controlled to only about 4 %/year from the 3-digit "galloping" level of the first stage of the "Doi Moi" renewal process. Import and export turnover in 2023 will reach 681 billion USD, a trade surplus for 8 consecutive years, and belong to the group of 20 countries with the world's leading trade scale.<sup>2</sup> These are the achievements of globalization and extensive economic integration, focusing on proactively opening up the economy, participating in the assignment of international cooperation to create conditions for the effective combination of domestic and foreign resources, and expanding space and environment for Vietnam's economic development.

Vietnam's process of international economic integration has been strongly promoted in many forms, according to the roadmap from low to high, towards absorbing the international principles and standards of the global economy and market in line with the policy of building a socialist-oriented market economy in Vietnam. Thanks to international economic integration, Vietnam has helped improve the legal system and economic institutions, improve the quality of economic growth and national competitiveness, and increase the attraction of foreign direct investment. However, the reality shows that Vietnam still lacks specific policies and legal regulations to promote internal resources, develop the economic sector and the number of business entities, human resources, and key

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<sup>2</sup> CHINH, PHAM MINH (Prime Minister of Vietnam), "Our country has never had the opportunity, potential, position, and international prestige as today", *Government e-newspaper*, 2024, available at <https://xaydungchinhsach.chinhphu.vn/dat-nuoc-ta-chua-bao-gio-co-duoc-co-do-tiem-luc-vi-the-va-uy-tin-quoc-te-nhu-ngay-nay-119240728083015243.htm>

science and technology fields,... to achieve the goal of more effectively promoting Vietnam's advantages in the process of globalization.

In addition, the current trend of international integration has had many new changes, when the green economy, circular economy, and digital economy with the goal of sustainable development are the inevitable trends of the world, which is a development model chosen by many countries contributing to promoting economic restructuring associated with the renewal of the growth model. However, the legal regulations and policies on these issues in Vietnam are still scattered, inconsistent, and ineffective in implementing the law. Therefore, the contents of this research will help evaluate the process of clarifying the process of perfecting business law in Vietnam, and identify the need for perfecting a synchronous, unified business law system, compatible with the commitments that Vietnam participates in to create a legal basis for more comprehensive economic integration activities.

## **2. Literature Review**

### **2.1. Globalization and its impact on the economy of each country**

Globalization is a concept that reflects changes in the world society and economy, created by the increasing links and exchanges between countries, organizations, and individuals from the perspective of economy, politics, culture, society, etc. on a global scale. There are many studies on globalization and its impact on a country's economy, typical research projects include the following: According to Fischer, globalization reflects an ongoing process of greater interdependence among countries and their citizens.<sup>3</sup> George Soros defines globalization as “the free movement of capital and the increasing domination of national economies by global financial markets and multinational corporations”.<sup>4</sup> Globalization has been used to describe many worldwide occurrences, sometimes with positive and sometimes with negative connotations. Globalization is “a new, complex, dynamic, multidimensional, and worldwide

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<sup>3</sup> FISCHER, STANLEY. “Globalization and its challenges”, *American Economic Review*, 2003, 93(2), 1-30.

<sup>4</sup> SOROS, GEORGE. *George Soros On Globalization*, PublicAffairs, 2005, p.vii.

phenomenon, which means different things to different people and different things to the same people across time and space”.<sup>5</sup>

The modern model of "globalization" is characterized by a dialectical trend the "compression" of competition in the domestic market with "expansion" in the external (global) market.<sup>6</sup> It can be seen that globalization is a free-market economy, innovation, and change at the speed of light and is not sympathetic to countries or individuals who are not competitive.<sup>7</sup> There are four main driving forces behind increased interdependence: trade and investment liberalization, technological innovation and reducing communication costs, entrepreneurship, and international social networks. Globalization is described as the growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, as well as through the rapid and widespread diffusion of technology and information.<sup>8</sup>

In recent decades, the impact of globalization on various aspects of socio-economic development has become the subject of extensive interest and debate. Globalization, as a multifaceted phenomenon, has become an integral aspect of contemporary societies, influencing various dimensions of economic, social, and political life.<sup>9</sup> Law and globalization are inextricably linked. The new modes of international transactions in the economic, political, and social arenas that characterize the global age have been shaped by and translated into legal normativity.<sup>10</sup> The impact of globalization today is an inevitable trend of the integration process between countries, because when the information flows with relative freedom, then the geographical barrier that long becomes irrelevant.

<sup>5</sup> KIGGUNDU, MOSES N. "Entrepreneurs and Entrepreneurship in Africa: What is known and What Needs to be Done", *Journal of Development Entrepreneurship*, Norfolk, 2002, 7, 3, p.239-258.

<sup>6</sup> SALIKHOVA, REGINA., DYGANOVA, RENATA., KHUSAINOVA, EKATERINA., DERBENEVA, ANNA. (2021), *Impact of globalization on the development of commerce*, E3S Web of Conferences 288, 01025, 2021, available at: <https://doi.org/10.1051/e3sconf/202128801025>.

<sup>7</sup> FRIEDMAN, THOMAS L. *The Lexus and the Olive Tree: Understanding globalization*. Farrar, Straus and Giroux, 2000, p.1.

<sup>8</sup> DAT, TRAN THO., VAN, NGUYEN THI CAM. "Impact of Globalization on Economic Growth in Vietnam: An Empirical Analysis", *Journal of Economics and Development*, 20 (01), 2018, p.32-47

<sup>9</sup> OSMANAJ, EGZONE., NUREDINI, BASHKIM. "The Impact of Globalization on Poverty and Property Rights in Kosovo: A Comprehensive Analysis", *Balkan Social Science Review*, (23)d, 2024, p.167-189.

<sup>10</sup> GROSS, CUNHA LUCIANA., et. al. (eds). *The Brazilian Legal Profession in the Age of Globalization*. Cambridge, *Cambridge University Press*, 2018, p. 2.



Global needs to produce global products.<sup>11</sup> Therefore, globalization of law is related to the commercial sector, particularly in response to “the globalization of markets and the organization and business practices of the multi-national corporations that operate in those markets”.<sup>12</sup>

According to author Raphael Kaplinsky, globalization looks at another aspect: For many segments of the world's population, increasing integration into the global economy has brought opportunities for sustainable economic growth. At the same time, however, “globalization also has its dark side. There has been a growing trend of inequality within a country and between countries and the scope of absolute poverty, not just in poor countries”.<sup>13</sup>

## **2.2. The impact of globalization on Vietnam's legal system**

Globalization has significantly influenced the development of Vietnam's business law, mainly by integrating international standards and practices. Studies indicate that Vietnam's regulatory framework has evolved to accommodate foreign investment and trade, reflecting the shift towards a more market-oriented economy.<sup>14</sup> This transformation is evident in the passage of laws that enhance transparency and protect investors, which are necessary to attract foreign capital.<sup>15</sup>

The study by authors Philip C. Abbott and Finn Tarp focuses on Vietnam's economic responses to globalization crises, emphasizing policy actions to counter foreign finance dependence, promote private sector growth, and balance growth objectives amidst external shocks.<sup>16</sup> According to authors Vo Xuan Vinh and Nguyen Dong Phong: Vietnam's economic reforms under globalization have brought significant achievements, including improving the development of business law. Globalization has had a positive impact on Vietnam's legal

<sup>11</sup> OHMAE, KENNICHI. *The Borderless World: Power and Strategy in the Interlinked Economy*, Harper Business; Revised ed. edition (May 19, 1999), p.21-22.

<sup>12</sup> SHAPIRO, MARTIN. “The Globalization of Law”, *Indiana Journal of Global Legal Studies*, 1 (1), 1993, p.37-64.

<sup>13</sup> KAPLINSKY, RAPHAEL. “Spreading the Gains from Globalization: What Can Be Learned from Value-Chain Analysis?”, *Problems of Economic Transition*, 2014, p. 74-115.

<sup>14</sup> HIEU, LE HO TRUNG., HAI, VU THI BICH. “E-commerce legislation in some countries - lessons for Vietnam”, *Journal of Science and Technology – Binh Duong University*, 6, (4), 2023, p. 79-86

<sup>15</sup> HOANG, NGUYEN BA., BAO, HU HOANG GIA., PHONG, LE HOANG., TRAM, TRAN THI BICH., AN, VU TRAN THANH. “Globalization and innovation: Evidence from Vietnamese small and medium-sized enterprises”, *Economic Analysis Letters*, 2(4), 2023, p.19-27.

<sup>16</sup> ABBOTT, PHILIP C., TARP, FINN. “Globalization crises, trade and development in Vietnam”, *Journal of International Commerce, Economics and Policy*, 3 (1), 2012, 1240006 (23 pages).



framework, bringing it into line with international standards for business activities.<sup>17</sup> The harmonization of Vietnam's business law with international regulations has created conditions for Vietnam to participate in global trade agreements, thereby promoting economic growth. However, challenges remain, such as the need for ongoing legal reform to address the contradictions and gaps in the current legal framework.<sup>18</sup> These reforms are important to ensure that Vietnam can effectively address the complex problems of globalization while promoting a competitive business environment.

In the process of innovation, institutional reform, and legal reform under the impact of globalization, the issue is not only to acknowledge and reinforce the diversity and differences between legal systems but also to pay attention to those differences to proactively integrate the legal system into the global legal space without losing the uniqueness of national identity. That is the core principle of the internationalization process of the national legal system under the impact of globalization.<sup>19</sup> The business environment may be defined as the nexus of policies, institutions, physical infrastructure, human resources, and geographic features that influence the efficiency with which different firms and industries operate.<sup>20</sup>

Author John Gillespie has many research articles on law, and the process of legal development in Vietnam says that: Globalization influences Vietnam's business law by favoring business elites in lawmaking, neglecting small-scale entrepreneurs' needs, leading to a legislative framework reflecting elite interests over local practices<sup>21</sup>. Author Nguyen Dong Phong and his colleagues argue that emerging and developing countries around the world are playing an increasingly important role in the global economy. But, addresses some key challenges confronting Vietnam's economy which potentially deteriorate its economic growth prospects. These include economic slowdown, credit boom, the rise of

<sup>17</sup> VINH, VO XUAN., PHONG, NGUYEN DONG. "Vietnam and Other Asian Countries in the Process of Globalization", *Asian Journal of Law and Economics* (De Gruyter), 9 (1), 2018, p.1-6

<sup>18</sup> KHAI, HOANG VU. "Investigating the Impact of Global Policy and Political Shifts on Vietnamese Businesses". *Journal of Finance and Accounting*, 7(3), 2023, p.1 - 8.

<sup>19</sup> UC, DAO TRI. "The Impact of Globalization on National Legal Systems", *VNU Journal of Science: Legal Studies*, 40 (2), 2024, pp.1-16.

<sup>20</sup> EIFERT, B., GELB, A. & RAMACHANDRAN, V. *Business Environment and Comparative Advantage in Africa: Evidence from the Investment Climate Data*, Center for Global Development, 2005.

<sup>21</sup> GILLESPIE, JOHN S., "Localizing Global Rules: Public Participation in Lawmaking in Vietnam", *Law and Social Inquiry*, (3) 33, 2008, Available at SSRN: <https://ssrn.com/abstract=2020051>.

protectionism worldwide, and risk from the greater opening of the domestic markets. Addressing these challenges is important for Vietnam to maintain its comparative advantage and foundation for economic growth.<sup>22</sup>

Overall, the interaction between globalization and legal development in Vietnam emphasizes the importance of adaptive regulatory frameworks in the context of rapidly changing economies. However, so far, there has been no comprehensive analysis of the impact of globalization on the development and improvement of business law in Vietnam. In addition, many authors also evaluate and analyze the changing context, and globalization trends associated with the digital economy, green economy, and circular economy among countries leading to the need for legal ways to regulate business activities in Vietnam.

### **3. Methodology**

The article uses common methods in social science research in general and legal research, such as analysis, synthesis, comparison, contrast, and history... to develop the proposed contents. The methods are flexibly used to evaluate and analyze theoretical issues, the current state of the globalization process, and the impact of globalization on business law in Vietnam.

The method of analysis, synthesis, and comparison aims to systematize studies on the globalization process in Vietnam and its impact on the Vietnamese legal system regulating business activities. The historical method is used to evaluate the impact of the globalization process on the legal business system in Vietnam. The article uses these methods to provide analysis, comments, and recommendations to improve business legal regulations to meet the development and integration of the Vietnamese economy in the current new context and trends.

### **4. Results and Discussion**

#### **4.1. Globalization and its impact on the economy of a country like Vietnam**

Globalization is the process of world shrinkage, of distances getting shorter, and things moving closer. It pertains to the increasing ease with which

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<sup>22</sup> PHONG, NGUYEN DONG., TIEN, HO VIET., VINH, VO XUAN. "Challenges for Vietnam in the Globalization Era", *Asian Journal of Law and Economics (De Gruyter)*, 9 (1), 2018, p.1-3.

somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world.<sup>23</sup> Author Anthony Giddens argues that globalization can thus be defined as the intensification of worldwide social relations that link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.<sup>24</sup>

Globalization involves economic integration; the transfer of policies across borders, the transmission of knowledge; cultural stability; the reproduction, relations<sup>25</sup>, and discourses of power; it is a global process, a concept, a revolution, and “an establishment of the global market free from sociopolitical control”.<sup>26</sup>

Globalization is the growth, or more precisely the accelerated growth, of economic activity across national and regional political boundaries. It finds expression in the increased movement of tangible and intangible goods and services, including ownership rights, via trade and investment, and often of people, via migration. It can be and often is facilitated by a lowering of government impediments to that movement, and/or by technological progress, notably in transportation and communications. The actions of individual economic actors, firms, banks, and people, drive it, usually in the pursuit of profit, often spurred by the pressures of competition. Globalization is thus a centrifugal process, an economic process outreach, and a microeconomic phenomenon.<sup>27</sup>

In such globalization, when relations and transactions may occur among different regions, even cross-border nations, the economic interdependence of national economies surely increases. In 2000, the International Monetary Fund (IMF) determined four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people, and the dissemination of knowledge.<sup>28</sup>

<sup>23</sup> LARSSON, T. *The Race to the Top: The Real Story of Globalization*, U.S. Cato Institute, 2001, p.9.

<sup>24</sup> GIDDENS, ANTHONY. *The Consequences of Modernity*, Cambridge Polity Press, 1990, p.64.

<sup>25</sup> AL-RODHAN, NAYEF R.F. *Definitions of Globalization: A Comprehensive Overview and a Proposed Definition*, Program on the Geopolitical Implications of Globalization and Transnational Security, 2006.

<sup>26</sup> GABURRO, GIUSEPPE., O'BOYLE, EDWARD. “Norms for Evaluating Economic Globalization”, *International Journal of Social Economics*, Vol. 30, No. 1/2, 2003, p.95-118.

<sup>27</sup> OMAN, CHARLES, “The Policy Challenges of Globalisation and Regionalisation”, *OECD Development Centre, Policy Brief*, 11, 1996, p.5.

<sup>28</sup> INTERNATIONAL MONETARY FUND (IMF). *Globalization: Threat or Opportunity?*, available at: <https://www.imf.org/external/np/exr/ib/2000/041200to.htm>, 2000.

It can be understood that the process of international integration of a country is participation in the world system and becoming a constituent part of the world whole, first of all, a constituent part of the "world economy", "world politics" and "human civilization".<sup>29</sup> From an economic perspective, globalization is the integration of economic activities across territorial borders and through different types of markets.<sup>30</sup> The process of globalization develops economic policies, and at the same time develops regulations that are applied to encourage or restrict economic exchange. In addition to tariff barriers, which have historically originated from the protection of the domestic market, all measures are aimed at limiting the number of trade exchanges between countries.<sup>31</sup>

In Vietnam, the driving force of globalization for Vietnam's economy in the renovation period since 1986 can be mentioned:

*Firstly*, the driving force of the globalization process helps the development of Vietnamese economic actors. The restructuring of the economy from agriculture to the industrial and technological structure, the development of the digital economy, green economy, and circular economy are promoted for rapid development, along with the economic linkage between countries, especially with developed countries.

*Secondly*, the process of globalization entails the development of international trade not only to eliminate "border barriers" but also "behind-the-border barriers", whether technical (environmental, consumer protection), financial (financial measures that can unbalance trade flows), or barriers related to regulations on the origin of goods.<sup>32</sup>

*Thirdly*, transnational corporations with abundant financial potential and powerful technology will create a wave of labor mobility, and form a division of labor, each country with its competitive advantages to contribute to global value chains.

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<sup>29</sup> HUNG, NGUYEN MANH. "On Vietnam's international integration and participation in the globalization process", 2021, *Communist Journal*, available at: <https://www.tapchiconsan.org.vn/web/quest/quoc-phong-an-ninh-oi-ngoai1/-/2018/821539/ve-hoi-nhap-quoc-te-va-tham-gia-tien-trinh-toan-cau-hoa-cua-viet-nam.aspx>

<sup>30</sup> VOLF, MARTIN. "Why Globalization Work: The Case for the Global Market Economy". *New Haven: Yale University Press*, 2004, p.14.

<sup>31</sup> MOREL, JEAN. "Globalization: Loosening Laws or Developing New Economic Regulations", in the Workshop "Legal Challenges in the Face of Globalization", Vietnamese-French Publishing House, 2000, Hanoi.

<sup>32</sup> MOREL, JEAN. 2000.

The process of globalization of Vietnam's economy after the implementation of the renovation in 1986 (especially after the lifting of the embargo on Vietnam in 1994 and the declaration of normalization of relations in 1995 has allowed Vietnam to normalize relations not only with the US but also with all countries in the world in all fields) are carried out according to 3 affiliate channels:

The most active channel is participating as an official member of the World Trade Organization (WTO): On January 11, 2007, Vietnam officially became the 150th member of the World Trade Organization (WTO). The WTO imprint is noted for making Vietnam a highly open economy, with up to 200% of GDP, and improving the trade balance of goods, shifting from trade deficit to trade surplus for 6 consecutive years since 2016. If in 2006, the total import and export turnover of the country was only 84.7 billion USD (export 39.8 billion USD), by 2021, the total export and import turnover of goods will reach 668.5 billion USD, up 22.6% compared to 2020 and more than 7 times compared to 2006. Which, export turnover is estimated at 336.25 billion USD, up 19% compared to 2020; the foreign-invested sector (including crude oil) reached 247.54 billion USD, up 21.1%, accounting for 73.6% of total export turnover. From 2016 to now, the trade balance has always reached a surplus with a trade surplus gradually increasing over the years, from 1.77 billion USD (in 2016), 2.1 billion USD (in 2017), 6.8 billion USD (in 2018), 10.9 billion USD (in 2019), over 19 billion USD (in 2020) and in 2021, despite being heavily affected by the COVID-19 pandemic, Vietnam still has a trade surplus of nearly 4 billion USD<sup>33</sup>...

The second channel is establishing bilateral relations: Vietnam has gradually opened up, linking the domestic economy and market with the regional and world economies and markets through establishing bilateral relations on trade, investment, finance, and participation in multilateral institutions in these fields. Until now, Vietnam has been a member of all major international organizations; and has participated and signed.<sup>34</sup> As of 2020, Vietnam has 30

<sup>33</sup> PHONG, NGUYEN MINH. "Positive imprints on Vietnam's journey of innovation and international integration", *Institute for Financial Strategy and Policy*, 2022, available at: [https://mof.gov.vn/webcenter/portal/vclvcstc/pages\\_r/l/chi-tiet-tin?dDocName=MOFUCM220893](https://mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM220893).

<sup>34</sup> THE PRIME MINISTER OF VIETNAM. Decision No. 40/QĐ-TTg dated January 7, 2016, on the overall strategy for international integration to 2020, with a vision to 2030, 2016.

strategic partners, comprehensive strategic partners, diplomatic relations with 189/193 countries, and economic relations with 160 countries and 70 territories. In particular, there are 17 free trade agreements (FTAs) that Vietnam has joined, which are big and multi-dimensional doors for Vietnam to orient to complete the institutional framework for market economy development and confidently integrate into the global economy more and more extensively, fully and effectively.<sup>35</sup>

The third channel is establishing a free trade area (RTA) linkage. ASEAN Free Trade Area (AFTA), ASEAN - China Free Trade Area (ACFTA), ASEAN - Korea (AKFTA), ASEAN - Japan (AJCEP), Vietnam - Japan (VJEPA), ASEAN - Australia - New Zealand (AANZFTA), ASEAN - India (AIFTA), Vietnam - Chile, Vietnam - Eurasian Economic Union; and signed the Vietnam-EU FTA (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

In recent years, Vietnam has built a modern market economy institution, ensuring systematic, publicity, transparency, and stability; ensuring favorable conditions for social and technological activities, and good control and efficiency of import activities. Review the system of legal documents and current mechanisms and policies to clarify contents that are not by international regulations and commitments in FTAs, thereby amending, supplementing, and promulgating new legal documents accordingly. To consolidate the legal organizations of branches, localities, and enterprises, to consolidate the system of economic, labor, administrative courts, and arbitration institutions. Create a favorable, open, and transparent business environment.<sup>36</sup> By 2024, there will be 72 countries that recognize Vietnam as having a market economy, including major economies such as the UK, Canada, Australia, Japan, South Korea, and New Zealand.<sup>37</sup>

As a result of the integration process, Vietnam has gone from one of the poorest countries in the world to a low-middle-income country. If in the early

<sup>35</sup> TRINH, BUI VAN., PHONG, DOAN TUAN. "Economic Globalization: New Trends and Challenges", *Journal of Finance*, (2), 2022.

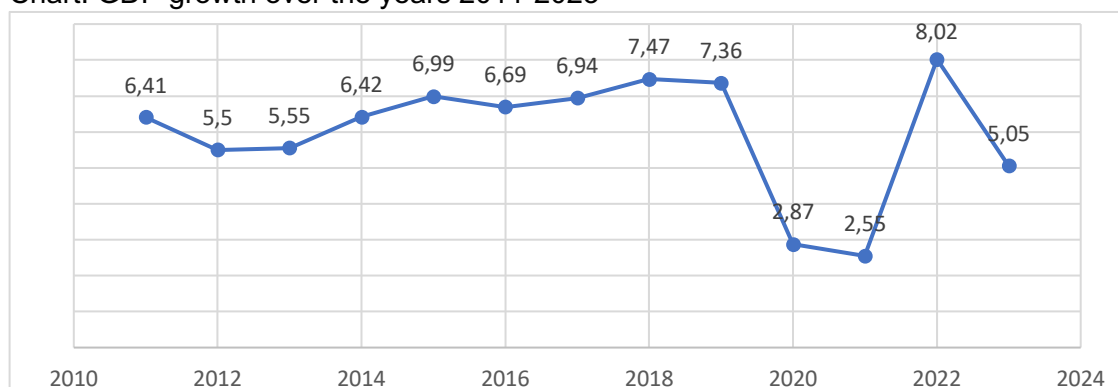
<sup>36</sup> THE GENERAL STATISTICS OFFICE. *Statistical Analysis and Forecast Reports 2022*, Hanoi, 2023, p. 42.

<sup>37</sup> TRANG, PHAN, "Costa Rica becomes the 73rd country to recognize Vietnam as having a market economy", 2024, available at: <https://baochinhphu.vn/costa-rica-tro-thanh-quoc-gia-thu-73-cong-nhan-viet-nam-co-nen-kinh-te-thi-truong-102240805175900142.htm>



period of 1986-1990, the average annual GDP growth rate was only 4.4%, from 1991 to 1995, the average GDP growth reached 8.2%/year, in the period 2016-2019 reached an average of 6.8%.<sup>38</sup> In 2022, Vietnam's GDP exceeded 400 billion USD for the first time, GDP per capita was estimated at 95.6 million VND/person, equivalent to 4,110 USD, an increase of 393 USD compared to 2021. In particular, Vietnam's GDP in 2022 recorded the highest increase in the past 12 years with an increase of 8.02% compared to 2021.<sup>39</sup> Also from 2016 to 2019, Vietnam ranked in the top 10 highest growth countries in the world, being one of the 16 most successful emerging economies. The size of GDP increased 2.4 times, from 116 billion USD in 2010 to 268.4 billion USD in 2020. GDP per capita increased from 1,331 USD in 2010 to about 2,750 USD in 2020.<sup>40</sup> Vietnam has the opportunity to access the regional market competitively. Vietnam also has the advantage of being the center of the world's fastest-growing region - the ASEAN region.<sup>41</sup>

Chart: GDP growth over the years 2011-2023



Source: The author synthesizes based on data from the General Statistics Office of Vietnam over the years

According to the chart's data, from 2011 to 2023, Vietnam's average GDP growth will reach nearly 6%. The highest increase was in 2022, with an increase of 8.02%; the lowest was in 2021, with an increase of 2.55%.

<sup>38</sup> PHUC, VO HONG. "Socio-economic achievements over 20 years of renovation (1986 - 2005)" in the book: *Vietnam 20 years of renovation*, National Political Truth Publishing House, Hanoi, 2006, p.141, 143.

<sup>39</sup> CHAU, MINH. "Vietnam's Economic Spotlight", 2023, *Vietnam Ministry of Finance Portal*, available at: [https://mof.gov.vn/webcenter/portal/btcvn/pages\\_r/tin-bo-tai-chinh?dDocName=MOFUCM268113](https://mof.gov.vn/webcenter/portal/btcvn/pages_r/tin-bo-tai-chinh?dDocName=MOFUCM268113).

<sup>40</sup> PHONG, NGUYEN MINH., TRI, NGUYEN TRAN MINH. "Vietnam's economic position and structure", 2021, *People's Newspaper*, available at: <https://nhandan.vn/vi-the-va-co-do-kinh-te-viet-nam-post631311>. Html.

<sup>41</sup> VY, KHANH. "FDI into Vietnam still maintains an upward momentum", 2023, available at: <https://vneconomy.vn/von-fdi-vao-viet-nam-van-duy-tri-da-tang.htm>.



Currently, Vietnam's strategy to attract foreign investment in the 2025-2030 period focuses on attracting high-tech projects, new technologies, modern management, high-added value, a positive spillover impact, and connecting global production and supply chains.

Regarding the socio-economic development strategy for the period of 2021 - 2030, the vision to 2045 determines Rapid and sustainable development based mainly on science and technology, innovation, and digital transformation. To strive to be a developing country with modern industry and high middle income by 2030 and to become a developed country with high income by 2045.<sup>42</sup>

The typical advantages of Vietnam compared to many other countries in the world in the process of implementing economic globalization include:

*First*, Vietnam is one of the very few developing countries that is highly appreciated by foreign investors for its investment advantages, especially in 4 aspects: political stability, geographical location, ability to control the inflation rate, and exchange rate management.

*Second*, the socio-economic situation is stable. Socio-political stability has created strong trust with domestic and foreign investors, making investors willing to mobilize capital to increase investment and expand production. In addition, administrative procedures are gradually opened; Inspections, examinations, and reduced informal costs are factors that are always attractive to foreign investors. Vietnam is known as one of the most dynamic economies.

*Thirdly*, Vietnam has an abundant workforce, with basic training, which is good compared to other countries in the region, "the rate of trained workers in Vietnam has increased from 40% in 2010 to 65% in 2020, the proportion of workers aged 15 years and over who have been trained has continuously increased over the years. from 15.4% in 2011 to 24.1% in 2021".<sup>43</sup> In addition, the cost of salaries for workers in the manufacturing industry is low... making Vietnam an attractive destination for multinational companies. Over the past time, Vietnam has strengthened professional training, skills, discipline, and culture and raised awareness for the workforce, especially in industries that are prioritized to

<sup>42</sup> COMMUNIST PARTY OF VIETNAM. *Documents of the 13th National Congress of the Communist Party of Vietnam*, National Political Truth Publishing House, vol. 1, 2021, p.206, 214.

<sup>43</sup> SON, LE NAM. "Undeniable achievements in Vietnam's human development in the period 2011-2021", *Journal of Industry and Trade*, 2, 2022, p. 21.

attract foreign investment, in line with international standards and requirements for attracting and using foreign investment. Vietnam focuses on fundamentally renewing national education, closely linking human resource development with the development and application of science and technology.

*Fourth*, over the years, Vietnam has always strived to improve the business investment environment and build trust with investors. Although there are still shortcomings related to the quality of human resources, Vietnam is still considered to have an attractive investment environment with many outstanding advantages, as well as attractive policies to attract foreign investment.<sup>44</sup>

*Fifth*, in terms of infrastructure for socio-economic development. The Government of Vietnam continues to promote the development of high-quality infrastructure (especially transport infrastructure), synchronously, with several modern works, focusing on the transport system and large urban infrastructure. Infrastructure development planning in the direction of modern synchronization, with strategic thinking, and long-term vision, is associated with regional linkages to create a driving force for development.

#### **4.2. Development of business law in Vietnam**

In Vietnam, the “socialist-oriented market economy” was affirmed at the Ninth Party Congress in 2001. The Political Report of the Ninth Congress said: Economic globalization is an objective trend, attracting more and more countries to participate; This trend is being dominated by some developed countries and transnational capitalist economic groups, containing many contradictions, both positive and negative, cooperation and struggle.<sup>45</sup> This is the result of 15 years of thinking and practicing innovation in our country summarized based on reviewing, evaluating, and drawing major lessons at the Party Congresses.

It can be seen that the four institutional pillars of a market economy, the most general, can be summarized: (i) Clear ownership regime, (ii) Freedom of business, (iii) Freedom of competition, (iv) Effective regulation and guidance of

<sup>44</sup> BINH, PHAM THI THANH., HUONG, LE THI THU. “Foreign direct investment in Vietnam in 2023 and prospects in 2024”, *Banking Journal*, 2024, available at: <https://tapchinganhang.gov.vn/dau-tu-truc-tiep-nuoc-ngoai-vao-viet-nam-nam-2023-va-trien-vong-nam-2024.htm>.

<sup>45</sup> COMMUNIST PARTY OF VIETNAM. *Documents of National Congress of the Communist Party of Vietnam (VI, VII, VIII, IX)*, National Politics Publishing House, Hanoi, 2005, p. 617, 664.

the State.<sup>46</sup> Vietnam's economy is a socialist-oriented market economy with many forms of ownership, and many economic sectors, and the state economy plays a leading role. Subjects of equal economic sectors, cooperation, and competition according to law. The State encourages and creates conditions for entrepreneurs, enterprises, and other individuals and organizations to invest, produce and do business, sustainably develop economic sectors, and contribute to national construction. Lawful assets of individuals and organizations investing, producing, and doing business are protected by law and are not nationalized.<sup>47</sup>

The 1992 Constitution, the first constitution of the Doi Moi and the Opening-up period of Vietnam, clearly stated the right of citizens to freedom of business: "Citizens have the right to freedom to do business by the provisions of law." This right of citizenship has never been recorded in previous constitutions (1946, 1959, 1980). In the 1992 Constitution, for the first time, the right to freedom of business became a constitutional right in Vietnam.

The 2013 Constitution stipulates *that "everyone has the right to freedom of business..."*<sup>48</sup> Accordingly, the right to freedom of business is considered the right of everyone, not of Vietnamese citizens alone. This amendment ensures that freedom of business is not only a privilege of Vietnamese citizens but also a right of the Vietnamese State for foreign capitalists who want to invest in Vietnam. The basic and core issues of freedom of business in Vietnam, including the system of rights associated with business entities, such as: "(i) *The right to secure ownership of assets;* (ii) *Freedom to establish an enterprise (including the freedom to choose business lines, business locations, and business models);* (iii) *Freedom of contract;* (iv) *The right to freedom of competition under the law;* (v) *The right to self-determination in the field of dispute settlement"*.<sup>49</sup>

Over the past years, the State has promoted the construction and improvement of economic institutions, regulating the economy based on respecting market laws. Focus on perfecting regulations on the protection of lawful property ownership and freedom of business, contract enforcement of

<sup>46</sup> NGHIA, PHAM DUY. "Legislation in the Digital Transformation Era", *Journal of Legislative Studies*, 15 (439), 2021, p. 20-27.

<sup>47</sup> VIETNAM CONGRESS. Constitution, 2013, Article 51.

<sup>48</sup> VIETNAM CONGRESS. Constitution, 2013, Article 33.

<sup>49</sup> CUONG, BUI NGOC. *Some Issues on Freedom of Business in Current Vietnamese Law*, National Political Publishing House, 2004, p. 23.

people and enterprises following the law... Institutional reform of property rights, focuses on the stages of registration of ownership and use of assets, handling of bank collateral, and bankruptcy procedures.<sup>50</sup>

In the field of law, the most basic economic and civil relations of the socialist-oriented market economy have been promulgated to suit socio-economic development and business relations. Among them, the following laws and regulations must be mentioned: (1) Laws regulating the protection of ownership and property rights of people and enterprises, laws regulating contractual relationships, ensuring the right to freedom of contract of individuals and legal entities such as the Civil Code<sup>51</sup>, Land Law<sup>52</sup>, Housing Law<sup>53</sup>, Intellectual Property Law<sup>54</sup>, Commercial Law<sup>55</sup>, etc.; (2) Laws regulating investment and business activities in the economy such as the Law on Enterprises<sup>56</sup>, the Law on Investment<sup>57</sup>, the Law on Securities<sup>58</sup>, the Law on Credit Institutions<sup>59</sup>, etc.; (3) Laws on competition, protection of the interests of consumers, employees and the environment such as the Law on Competition<sup>60</sup>, the Law on Protection of Consumer Rights<sup>61</sup>, the Law on Food Safety<sup>62</sup>, the Law on Insurance Business<sup>63</sup>, the Law on Environmental Protection<sup>64</sup>, etc.; (4) Laws on dispute settlement and bankruptcy have been promulgated, including the Civil Procedure Code<sup>65</sup>, the Law on Commercial Arbitration<sup>66</sup>, and the Bankruptcy

<sup>50</sup> COMMUNIST PARTY OF VIETNAM. *Documents of the 13th National Congress of the Communist Party of Vietnam*, Volume I, National Political Truth Publishing House, Hanoi, 2021, p.223, 238.

<sup>51</sup> VIETNAM CONGRESS. Civil Code 1995, 2005, 2015.

<sup>52</sup> VIETNAM CONGRESS. Land Law 1987, 1993, 2003, 2013, 2024.

<sup>53</sup> VIETNAM CONGRESS. Housing Law 2014.

<sup>54</sup> VIETNAM CONGRESS. Law on Intellectual Property 2005, amended 2019, amended 2023

<sup>55</sup> VIETNAM CONGRESS. Commercial Law 1997, 2005.

<sup>56</sup> VIETNAM CONGRESS. The Law on Companies 1990 (amended in 1994), the Law on Private Enterprises 1990 (amended in 1994), the Law on Enterprises 1999, the Law on Enterprises 2005 (amended in 2009, 2013), the Law on Enterprises 2014, 2020 (amended in 2022).

<sup>57</sup> VIETNAM CONGRESS. Law on Foreign Investment in Vietnam 1987 (amended in 1990, 1992), 1996 (amended in 2000), Law on Investment 2005, Law on Investment 2014, 2020.

<sup>58</sup> VIETNAM CONGRESS. Law on Securities 2006 (amended 2010), 2019.

<sup>59</sup> VIETNAM CONGRESS. Law on Credit Institutions 2010 (amended 2017), 2024.

<sup>60</sup> VIETNAM CONGRESS. Competition Law 2004, 2018.

<sup>61</sup> VIETNAM CONGRESS. Law on Protection of Consumer Rights 2010, 2024.

<sup>62</sup> VIETNAM CONGRESS. Law on Food Safety 2010.

<sup>63</sup> VIETNAM CONGRESS. Law on Insurance Business 2010 (amended 2010, 2019), 2022.

<sup>64</sup> VIETNAM CONGRESS. Law on Environmental Protection 2014 (amended 2018), 2020.

<sup>65</sup> VIETNAM CONGRESS. Ordinance on Procedures for Settlement of Civil Cases 1989, Civil Procedure Code 2004 (amended 2011), 2015.

<sup>66</sup> VIETNAM CONGRESS. Commercial Arbitration Law 2010.

Law<sup>67</sup>. In addition, laws on handling violations in the economic field have also been promulgated, including the Criminal Code<sup>68</sup>, and the Law on Handling of Administrative Violations in 2012 (amended and supplemented in 2020).

Over nearly 40 years of renovation, the socialist-oriented market economy model in Vietnam has become more and more complete, fully and synchronously operating according to the laws of the market economy, and at the same time ensuring the socialist orientation under each stage of the country's development. "The efficiency and competitiveness of the economy have been improved, creating a legal environment for healthy and equal competition, by the principles of the World Trade Organization (WTO) and other international commitments. Market factors and types of markets are formed more synchronously, and cohesive with the regional and world markets".<sup>69</sup> The investment and business environment has been improved and more open, and the right to freedom of business and equal competition among enterprises of all economic sectors has been ensured. Striving to 2030, Vietnam's business environment is ranked among the top 30 countries (according to the World Bank's ranking). The legal system, mechanisms, and policies continue to be improved in line with the requirements of building a modern market economy and international integration. Market factors and types of markets have gradually developed synchronously, associated with the regional and world markets."<sup>70</sup>

Table 1: Number of enterprises in operation in the period 2001–2021

Year	Amount	State-owned enterprises	Non-state enterprises	Foreign-invested enterprises
2001	48.034	5.355	40.668	2.011
2005	106.616	4.086	98.833	3.697
2010	279.360	3.281	268.831	7.248
2015	442.485	2.835	427.710	11.940
2016	505.059	2.662	488.395	14.002
2017	560.413	2.486	541.749	16.178
2018	610.637	2.260	591.499	16.878
2019	668.503	2.109	647.632	18.762

<sup>67</sup> VIETNAM CONGRESS. Bankruptcy Law 2004, 2014.

<sup>68</sup> VIETNAM CONGRESS. Penal Code 1985 (amended 1989, 1991, 1992, 1997), 1999 (amended 2009), 2015 (amended 2017).

<sup>69</sup> TUYEN, NGUYEN HONG. "Building and perfecting the legal system in the spirit of Resolution No. 48-NQ/TW, orientation in the coming time", *Ministry of Justice Electronic Newspaper*. available at: <https://moj.gov.vn/ddt/tintuc/Pages/dua-nghi-quyet-cua-dang.aspx?ItemID=69>.

<sup>70</sup> COMMUNIST PARTY OF VIETNAM. *Document of the 13th National Congress*, vol. I, National Political Truth Publishing House, Hanoi, 2021, p. 59-60.

2020	684.260	1.963	660.055	22.242
2021	718.697	1.906	694.181	22.610

Source: Prepared by the author

The number of non-state enterprises in the period 2001-2010 accounted for about 93.8% of the total number of enterprises in the economy; in the period 2011-2020, this proportion has increased significantly, accounting for about 96.6%; the rest belongs to the sector of state-owned enterprises (accounting for 0.6%) and foreign-invested enterprises (accounting for 2.8%).<sup>71</sup> However, the majority of non-state enterprises are small-scale, and competitiveness, operational efficiency, business capacity, and management skills are still limited; the number of large-scale enterprises with the ability to lead supply chains is still small; linkage, cooperation, and the ability to take advantage of opportunities from international economic integration and the Fourth Industrial Revolution are still weak.<sup>72</sup>

### 4.3. The impact of globalization on Business Law in Vietnam

Under the impacts and in the process of globalization, two phenomena have taken place in the field of law: i) the process of internationalization of national law in many forms and ii) the process of forming a new legal space - global law. Taken together, these two factors constitute the concept of legal globalization.<sup>73</sup>

*First*, the globalization process leads to the most fundamental changes not only in the fields of business – trade, civil, labor, and environment but also in the public sector – the field of exercising state power and national governance.<sup>74</sup> Globalization helps to link a country's economy and market with the world and regional market economies through liberalization and market opening at unilateral, bilateral, and multilateral levels.

*Secondly*, globalization law is formed from international trade practices, international legal practices are gradually consolidated through exchanges and trade of international economic subjects, and these trade practices are formed

<sup>71</sup> GENERAL STATISTICS OFFICE. *Statistical Analysis and Forecast Reports 2022*, Hanoi, 2023, p. 59.

<sup>72</sup> COMMUNIST PARTY OF VIETNAM. Resolution No. 41-NQ/TW on building and promoting the role of Vietnamese entrepreneurs in the new era, Hanoi, 2023.

<sup>73</sup> UC, DAO TRI. "The Impact of Globalization on National Legal Systems", *VNU Journal of Science: Legal Studies*, (2) 40, 2024, p.1-16.

<sup>74</sup> QUAN, NGUYEN VAN. *The Origin and Development of Good Governance*, in the book: Good Governance: Theory and Practice, National Political Publishing House, Hanoi, 2007, p.79.



based on the consensus of the parties. Therefore, “the recognition and assurance of the right to freedom of business combined with positive changes in the business legal system have created positive conditions for Vietnam to actively integrate into the world and regional economy”.<sup>75</sup>

*Third*, in the field of international trade, the traditional method of regulating the law manifests itself in the state imposing on businesses and their citizens norms that tend to give way to the co-regulation method (codes of conduct adopted by the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO) or even self-regulation such as ethical and social responsibility agreements set by businesses themselves. The manifestation of non-state “law” is also the form of norms set by professional associations such as The ISO international standard system established by the International Organization for Standardization (a non-governmental organization) to establish industrial and commercial standards worldwide, have a binding value even more than national standards; accounting standards are issued by the International Accounting Standards Board (IASB) to create a unified set of high-quality international standards proposed for businesses to apply...

*Fourth*, there is a change in the state's management role in economic relations. As an economic entity, the state has undergone far-reaching transformations: privatization policies have had the effect of stifling economic public services, while the collapse of the socialist system has marked the end of the dominant economic model. The state is simply the operator and arbiter of economic operations. In this area, the state must also negotiate, coordinate, and cooperate with new entities.<sup>76</sup> Globalization leads to a change in the space and objects of state regulation from the national to the global and a change in the way the globalization market is impacted due to the development of science and technology.

<sup>75</sup> CENTRAL INSTITUTE FOR ECONOMIC MANAGEMENT (CIEM), GERMAN ORGANISATION FOR TECHNICAL COOPERATION (GTZ). *Understanding the Law on Enterprises 2005, 2006*, Hanoi.

<sup>76</sup> QUAN, NGUYEN VAN., HA, DAO THU. “Some changes of the state and law in the context of globalization from a theoretical perspective”, *Journal of State Organization*, 2018, available at: [https://tcnn.vn/news/detail/39570/Mot\\_so\\_bien\\_doi\\_cua\\_nha\\_nuoc\\_va\\_phap\\_luat\\_trong\\_boi\\_ca\\_nh\\_toan\\_cau\\_hoa\\_duoi\\_goc\\_do\\_ly\\_luanall.html](https://tcnn.vn/news/detail/39570/Mot_so_bien_doi_cua_nha_nuoc_va_phap_luat_trong_boi_ca_nh_toan_cau_hoa_duoi_goc_do_ly_luanall.html).



*Fifth*, the impact of the dispute resolution mechanism in business. The impact of globalization on the process of resolving commercial business disputes by arbitration or commercial mediation is increasingly popular, replacing the method of settlement by the state's judicial agency. Especially with disputes between subjects of different countries, the choice of international arbitration is often chosen by one of the parties to ensure the objectivity and independence of commercial arbitration awards.

#### **4.4. Issues facing current business law in Vietnam**

Some of the business legal challenges of Vietnam's current extensive globalization process:

*Firstly*, the challenge of improving institutions and creating a healthy competitive environment. The process of implementing international integration commitments has had far-reaching impacts on Vietnam's economy. However, compared to international practices, Vietnam's economic institutions and business investment environment still have a big gap. The law in the business sector in the past time may not have been very consistent, reasonable, feasible, and transparent. If we look at each stage, the current situation is improving faster and faster, the scale of improvement is larger, and the effect is more markedly improved. However, if efforts are not focused on reforming and perfecting the market economy institution, this is a barrier preventing the flow of quality foreign investment into Vietnam, failing to improve the competitiveness of Vietnamese goods and products in international trade.

*Secondly*, although Vietnam has many policies and laws to integrate and implement commitments within the framework of the WTO and participate in FTAs, there is still a lack of specific and effective policies to implement major policies and tasks on promoting internal resources and agricultural development supporting industries, domestic enterprises, human resources, science, and technology... to promote the effectiveness of integration, promote the process of restructuring and renewing the growth model, and implement the country's socio-economic development strategy. The adjustment of policies to implement

commitments to international economic integration in many cases is still not proactive and synchronous.<sup>77</sup>

*Thirdly*, although the legal framework and policies on opening up FDI and international economic integration have been improved, there are still many limitations in management, leading to problems such as environmental pollution, transfer pricing, tax evasion, etc. Vietnam is also one of the countries that is still weak in protecting intellectual property rights, the efficiency of administrative services, infrastructure, tax system, and legal framework for foreign investment activities, some investors have the mentality of waiting for documents guiding the implementation of new laws.

*Fourthly*, the current trend of cooperation between countries developing green economies and green growth is to implement sustainable development in new conditions, raise GDP, and improve the quality of life associated with the common goal of preserving and regenerating the environment, ensuring a harmonious combination between the economy and the environment while the development strategy and implementation method must be based on the actual conditions of each country and a specific period.<sup>78</sup> In recent years, the legal corridor to promote green economic development in Vietnam has been issued but is not yet complete and comprehensive. Policies related to the green financial market need to be promulgated in parallel or integrated with policies on green growth, circular economy, energy transition, and climate change response. At the same time, it is necessary to have mechanisms and policies for incentives and support for taxes, fees, interest rates, etc. when localities and businesses transform green. In addition, green development in Vietnam is facing certain difficulties such as capital, technology, human resources, and awareness.

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<sup>77</sup> HOA, LE VAN., KIEU, PHUNG THI VAN. "International Economic Integration in Vietnam: Current Situation and Solutions", *Journal of Industrial and Trade Research*, 2023, available at: <https://vioit.vn/hoi-nhap-kinh-te-quoc-te-cua-viet-nam-thuc-trang-va-giai-phap.html>.

<sup>78</sup> TRI, NGUYEN TRAN MINH. "International trends and experiences in green development", *Communist Party of Vietnam Electronic Newspaper*, 2024, available at: <https://dangcongsan.vn/phat-trien-kinh-te-xanh-ly-luan-va-thuc-tien/xu-huong-va-kinh-nghiem-quoc-te-ve-phat-trien-xanh-672235.html>.

#### 4.5. Some recommendations to improve business laws in Vietnam in the context of globalization

Reforming the legal framework to help Vietnam integrate more deeply into the international economy and help all actors in society receive benefits from that process is a very important task...

*First*, reviewing, systematizing, amending, supplementing, replacing, or promulgating new legal documents to improve the legal system and economic institutions by international commitments; urgently synchronously forming elements of the socialist-oriented market economy; ensuring that the economy operates following the market law.<sup>79</sup> To amend and supplement policies, it is necessary to ensure synchronization, and efficiency, maintain a stable investment and business environment, and not cause disturbances, or affect the interests of operating enterprises as well as new investors. Promptly review, amend, adjust, and annul regulations that are inconsistent with international commitments to fully fulfill obligations in bilateral, multilateral, and regional international treaties to which Vietnam is a signatory.

*Second*, improve the law on ownership, freedom of business, protection of legal property rights, start-up, supplement appropriate economic sanctions to handle violations, not criminalize economic relations... ensuring a stable, synchronous, unified, transparent and equal legal framework, especially in access to resources on land, finance, and technology; implementing the public-private partnership mode; promote innovation, taking people and businesses as the center and objects of service; control and abolish privileges and monopolies in production and business.<sup>80</sup> With the birth of new types of business organizations, meeting the connection needs of investors is both a rule and an objective requirement. At that time, the State will best mobilize all resources to develop the economy and society.<sup>81</sup>

*Third*, focus on developing and perfecting policies and laws on the development of the digital economy, digital society, green economy, circular

<sup>79</sup> PRIME MINISTER OF VIETNAM. Decision No. 40/QĐ-TTg dated January 7, 2016, on the overall strategy for international integration to 2020, with a vision to 2030 and 2016, Hanoi.

<sup>80</sup> COMMUNIST PARTY OF VIETNAM. Resolution No. 41-NQ/TW on building and promoting the role of Vietnamese entrepreneurs in the new period, 2023, Hanoi.

<sup>81</sup> LAM, NGUYEN VAN., QUANG, VU. "The right to freedom to choose the type of business: The case of VietNam", *Revista Jurídica Portucalense*, 35, 2024, p.192-214. [https://doi.org/10.34625/issn.2183-2705\(35\)2024.ic-10](https://doi.org/10.34625/issn.2183-2705(35)2024.ic-10).

economy, sharing economy, new production and business models and fields to expand development space for entrepreneurs and enterprises; synchronous development of all types of markets, especially the capital market, labor, land use rights, science, and technology. In addition, it is necessary to have a legal framework to record trends on issues such as "corporate social responsibility", and "ethical business" to ensure consumer standards such as respect for human rights, workers' rights, environmental protection, etc.

*Fourth*, reviewing, supplementing, and perfecting institutions continue substantially reducing business conditions for bartender production and business activities. Review and amend mechanisms and policies for incentives and attract foreign investment in the context of applying the global minimum tax. To promulgate preferential policies to encourage all economic sectors, especially the private economy and foreign investment, to invest in infrastructure development and real estate business to meet the needs and realities of international economic integration. Supplementing mechanisms and policies to handle legal issues related to the implementation of our country's commitments in the AFTA roadmap and multilateral and bilateral commitments in the process of international economic integration, especially in the opening up of the service sector (post and telecommunications, cargo transportation, healthcare, education, and training, etc.).

*Fifth*, promote administrative reform to improve the efficiency of law implementation and effectively implement one-stop shop procedures to create a favorable business environment for enterprises to establish and develop. It is necessary to drastically reform the ownership mechanism and management policies of enterprises in the state economic sector. Along with that is the handling of a series of related issues such as (i) Monitoring and transparency of information; (ii) representation of ownership and trading of state capital; (iii) principles of good practice governance; and (iv) handling/restructuring of corporations and SOEs.<sup>82</sup>

*Sixth*, to innovate and improve the efficiency of examination, inspection, and supervision activities, to ensure publicity and transparency in the relationship

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<sup>82</sup> DAT, TRAN THO., THANH, TO TRUNG (co-editors). *Vietnam Economic Review 2019: Improving Labor Productivity in the Context of the Digital Economy (Monograph)*, National Economics University Press, 2020, p. 56.

between state agencies, civil servants and public employees, entrepreneurs, and enterprises; to have a mechanism to prevent and strictly handle acts of corruption, obstruction, and corruption, negative for entrepreneurs and businesses.

## 5. Conclusion

Currently, the globalization process in Vietnam requires improving market economy institutions that need to be further promoted. Accordingly, the legal system must be ensured to create a transparent and favorable investment and business environment for domestic and foreign investors<sup>83</sup>, especially to reduce legal risks, and enhance the stability and predictability of laws related to business activities of business entities.

In recent years, Vietnam's lessons show that the first issue is to strongly improve economic institutions to meet the requirements of integration. When integrating internationally, each state is always subject to external influences, from the regional and global international situation, especially the impacts of large countries, and strong economies, the international legal framework becomes a reference system for legal reform, national administrative reform, and even judicial reform that each state must meet. Therefore, Vietnam is facing the need to promote political innovation, reform the national administration, amend and perfect the legal system, and build many new laws following the standards and practices of international law.<sup>84</sup>

On the other hand, the world is facing comprehensive changes in geopolitics, economy, trade, competition between major countries, etc. along with the inevitable trend of a green economy, circular economy, renewable energy, net zero greenhouse gas emission reduction (Net Zero), comprehensive digital transformation... thereby, identifying appropriate approaches, turning these challenges into advantages and development opportunities. Therefore, the

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<sup>83</sup> THUAN, LE QUANG. "Trends of international integration in finance and issues posed to Vietnam", Department of International Finance and Integration Policy, 2018, available at: [https://www.mof.gov.vn/webcenter/portal/btcvn/pages\\_r//tin-bo-tai-chinh?dDocName=MOFUCM172886](https://www.mof.gov.vn/webcenter/portal/btcvn/pages_r//tin-bo-tai-chinh?dDocName=MOFUCM172886)

<sup>84</sup> CHIEN, VAN., THANH, NGUYEN., "Improve institutions to meet integration requirements and promote Vietnamese enterprises to reach international level", 2024, available at: <https://phaply.net.vn/hoan-thien-the-che-dap-ung-yeu-cau-hoi-nhap-thuc-day-doanh-nghiep-viet-vuon-tam-quoc-te-a257826.html>.

Vietnamese state needs to have new orientations for the globalization process in the coming period, thereby institutionalizing and creating a legal environment, policies, standards, and norms associated with implementing global goals in which Vietnam has participated.

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