

# Arbitration in Vietnam's International Financial Centre: Bridging the Gap Between Legal Framework and Institutional Capacity

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*A comparative perspective on court–arbitration interface and operational readiness in cross-border dispute resolution*

## Introduction

Vietnam has officially launched and commenced operations of the Vietnam International Financial Centre ("VIFC"), marking a significant milestone in its financial modernisation and global integration strategy. As Vietnam positions itself as a regional financial hub, the effectiveness of its dispute resolution framework – particularly arbitration – will play a critical role in shaping investor confidence.

Building on earlier discussions of Vietnam's international financial centre ("IFC") framework and enforcement practice, this article adopts a broader comparative and operational perspective, focusing on the court–arbitration interface and institutional capacity in an IFC environment.

While Vietnam's legal framework for arbitration is broadly aligned with international standards, the key question is whether its institutional capacity and judicial practice are sufficiently developed to support complex, high-value cross-border disputes in an IFC environment.

## Vietnam's Legal Framework in the IFC Context

Vietnam's Law on Commercial Arbitration 2010 is broadly aligned with international standards, particularly the UNCITRAL Model Law on International Commercial Arbitration. It recognises key principles such as party autonomy, limited court intervention, and the enforceability of arbitral awards.

With the VIFC now operational, Vietnam has introduced additional institutional features aimed at enhancing the attractiveness of its dispute resolution framework. These include increasing flexibility in the use of foreign law and language, as well as the development of specialised dispute resolution structures.

A notable development is the introduction of the waiver of annulment mechanism, designed to apply specifically to VIFC within the IFC context. Under this mechanism, parties may, subject to certain conditions, waive their right to seek annulment of an arbitral award before Vietnamese courts.

This represents a significant step toward enhancing finality and enforceability, aligning Vietnam's practices more closely with those in leading arbitration jurisdictions. However, the effectiveness of such a mechanism will depend on consistent judicial recognition and enforcement.

At the same time, practical challenges remain, including inconsistencies in court practice and delays in judicial support – issues that are particularly critical in an IFC context where speed and predictability are essential.

## Comparative Judicial Approaches: Singapore and Hong Kong

Experience from leading arbitration jurisdictions demonstrates that the effectiveness of arbitration is shaped not only by legislation but also by judicial practice.

In Singapore, the Court of Appeal in *PT First Media TBK v Astro Nusantara International BV* [2013] SGCA 57 clarified that arbitration operates within a "choice of remedies" framework. Under this approach, parties are not automatically precluded from raising jurisdictional objections at the enforcement stage merely because they did not pursue earlier procedural remedies.

The court distinguished between active remedies (such as setting aside proceedings) and passive remedies (such as resisting enforcement), emphasising that failure to invoke one does not necessarily extinguish the other. This reflects a balanced approach between procedural discipline and the protection of party rights.

In contrast, in *Gao Haiyan v Keeneye Holdings Ltd* [2012] HKCA 210, the Hong Kong Court of Appeal adopted a stricter approach. The court held that a party that fails to raise timely procedural objections during the arbitral process may be deemed to have waived such objections at the enforcement stage.

Hong Kong courts also maintain: (i) a narrow interpretation of public policy; (ii) strong pro-enforcement stance; (iii) and a clear refusal to revisit the merits of arbitral awards.

### Implications for Vietnam

These comparative approaches suggest that Vietnam should:

1. apply waiver doctrines in a principled yet flexible manner;
2. ensure procedural discipline to prevent tactical delay;
3. interpret public policy narrowly; and
4. promote consistent, pro-enforcement judicial practice.

## Operational Comparison: SCIA and VIAC

Beyond legal doctrine, arbitration systems must be assessed based on institutional performance.

The Shenzhen Court of International Arbitration ("**SCIA**") provides a useful regional benchmark. In 2024, SCIA handled 14,518 cases with a total disputed amount exceeding RMB142 billion (approximately US\$19-20 billion).

Notably, SCIA achieved a high level of efficiency, with an average duration of approximately 85 days from tribunal constitution to case closure. This performance is supported by extensive digitalisation and a high degree of internationalisation.

More recent data indicates continued growth, with SCIA reporting 14,873 cases in 2025 and a total disputed amount of approximately RMB154 billion (around US\$21-22 billion).

In addition to its scale and efficiency, SCIA has further strengthened its international standing. In the 2025 International Arbitration Survey conducted by Queen Mary University of London and White & Case, Shenzhen was ranked among the world's leading arbitration seats, while the SCIA Arbitration Rules were listed among the top 10 most preferred arbitration rules globally.

SCIA also demonstrates a high degree of internationalisation, with parties from over 140 jurisdictions and a panel of arbitrators drawn from 129 countries and regions. Its capacity to handle extremely high-value disputes is reflected in cases exceeding RMB30 billion (approximately US\$4 billion), underscoring its ability to function as a platform for complex cross-border arbitration.

At the same time, SCIA's extensive adoption of digital technologies, including full online case filing, virtual hearings, and artificial intelligence (AI)-assisted case management, has contributed to its consistently high level of procedural efficiency.

In contrast, the Vietnam International Arbitration Centre ("**VIAC**"), Vietnam's leading arbitral institution, handled 532 cases in 2025, comprising (i) 255 foreign-related disputes, and (ii) 277 domestic disputes.

Foreign-related disputes include both Vietnam–foreign disputes and disputes between domestic enterprises and foreign-invested enterprises, reflecting increasing internationalisation.

The main sectors involved were:

1. sale of goods (24.5%);
2. construction (22.5%); and
3. real estate (19.5%).

Foreign parties most frequently originated from:

1. Singapore (36 cases);
2. China, including Hong Kong (16 cases);
3. the United Kingdom (6 cases);
4. Thailand (4 cases); and
5. several other jurisdictions.

## Assessment

Compared to SCIA, VIAC operates at a significantly smaller scale, with more limited digitalisation and international reach.

The gap reflects differences in: (i) institutional scale; (ii) technological capacity; (iii) ability to handle high-value disputes; and (iv) global connectivity.

While institutional models vary across jurisdictions, the SCIA experience provides useful reference points when assessing the development of arbitration in the context of Vietnam's IFC.

## Implications for Vietnam's IFC Framework

The comparison above highlights a central point: arbitration is not only a legal framework – it is an institutional system.

In Vietnam's IFC context, this implies that: (i) legal reform alone is insufficient; (ii) institutional capacity must be strengthened; (iii) judicial consistency is critical; and (iv) IFC-specific mechanisms, such as waiver of annulment, must be effectively implemented.

Arbitration should therefore be understood as a core component of IFC infrastructure, supporting financial transactions and investor confidence.

## Concluding Words

Vietnam has entered a new phase with its VIFC now operational. The focus must shift from legal design to practical effectiveness.

Comparative experience from Singapore, Hong Kong, and Shenzhen demonstrates that successful arbitration systems depend on: (i) consistent judicial practice; (ii) strong institutional capacity; (iii) technological efficiency; and (iv) international integration.

For Vietnam, the challenge is to build an arbitration ecosystem that is not only legally sound but also operationally effective and internationally credible.

We will continue to monitor and provide updates on key developments, including proposed amendments to the Law on Commercial Arbitration 2010 and revisions to the VIAC Rules, as Vietnam further refines its arbitration framework in support of its IFC ambitions.

*This Update was authored by Dr. Chau Huy Quang, Mr. Cao Dang Duy, and Dr. Le Hong Phuc (also a lecturer at Phenikaa University).*

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