

The Impact of Vietnam's Amended Investment Law on Dispute Resolution

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A Changing Legal Landscape

Vietnam's amended Investment Law, effective from 2025, marks a pivotal shift in the country's approach to managing foreign and domestic investments. As the government strives to attract high-quality investments and foster sustainable development, the law introduces significant changes aimed at clarifying regulations, enhancing investor protections, and streamlining dispute resolution mechanisms. In a rapidly evolving economic and legal environment, these amendments are poised to reshape how disputes between investors and government authorities are handled.

This article explores the key changes in the amended Investment Law and their implications for dispute resolution in Vietnam.

Key Changes in the 2025 Amended Investment Law

Enhanced Transparency and Clarity

One of the most notable changes in the amended law is its emphasis on transparency. The introduction of clearer definitions and detailed provisions for investment conditions addresses longstanding ambiguities that have previously led to disputes. For instance, the law now categorizes investment sectors with greater specificity, delineating between conditional, prohibited, and encouraged sectors. By providing clearer guidelines, the government aims to reduce disputes stemming from misunderstandings about permissible investment activities.

Strengthened Investor Protections

The 2025 amendment introduces robust mechanisms to safeguard investor rights. Notably, it reaffirms the principle of non-discrimination between domestic and foreign investors, aligning with Vietnam's commitments under various free trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA).

These protections include guarantees against unlawful expropriation and clearer compensation mechanisms in cases of land acquisition or changes in land use rights.

[Simplified Licensing Procedures](#)

The amended law seeks to streamline licensing procedures, a common source of friction between investors and authorities. By reducing bureaucratic red tape and introducing time-bound decision-making for investment approvals, the law minimizes delays and potential conflicts. A new online platform for processing investment applications has also been launched, enhancing transparency and accountability.

[Strengthened Dispute Resolution Frameworks](#)

Perhaps the most impactful change is the law's focus on improving dispute resolution mechanisms. It expands the role of alternative dispute resolution (ADR), such as mediation and arbitration, in resolving investment-related conflicts. Importantly, the law reinforces Vietnam's recognition of international arbitration awards under the New York Convention and outlines clearer procedures for enforcing such awards domestically.

Implications for Dispute Resolution

[Reducing Litigation Through Preventive Measures](#)

The emphasis on transparency and streamlined processes reduces the likelihood of disputes escalating to litigation. Investors are now better equipped to understand the legal framework governing their activities, enabling them to proactively address compliance issues. This preventive approach is particularly significant in sectors prone to disputes, such as real estate and infrastructure.

[Enhancing Alternative Dispute Resolution](#)

The amended law's promotion of ADR reflects a broader global trend of favoring non-judicial mechanisms for resolving investment disputes. The Vietnam International Arbitration Center (VIAC) and other arbitration institutions have seen an uptick in caseloads involving investment disputes. By providing a quicker and more cost-effective alternative to traditional court proceedings, ADR mechanisms bolster investor confidence.

[Addressing Investor-State Disputes](#)

The amended law clarifies procedures for resolving disputes between investors and the state, a critical area given the increasing complexity of public-private partnerships (PPPs) and large-scale infrastructure projects.

By establishing specialized panels and enhancing the role of administrative review processes, the law ensures that disputes are resolved efficiently and fairly.

International Alignment and Investor Confidence

By aligning its legal framework with international standards, Vietnam strengthens its position as a competitive investment destination. The enhanced recognition of international arbitration awards and adherence to bilateral and multilateral agreements instill confidence among foreign investors. This alignment also reduces the risks associated with political and regulatory changes, a key concern for long-term investors.

Case Studies: Practical Applications of the Amended Law

Case Study 1: Streamlined Licensing in Renewable Energy

A European renewable energy company recently navigated Vietnam's investment licensing process under the amended law. Previously, the company faced delays due to overlapping regulations and unclear procedural requirements. Under the new framework, the company's application was processed within the stipulated timeframe, avoiding potential disputes and enabling timely project implementation.

Case Study 2: Arbitration in a Real Estate Dispute

In a high-profile real estate dispute, a foreign investor utilized ADR mechanisms supported by the amended law to resolve a conflict with local authorities over land use rights. The arbitration process, conducted through VIAC, resulted in a mutually agreeable settlement, highlighting the effectiveness of non-judicial dispute resolution under the revised legal framework.

Challenges and Areas for Improvement

While the amended Investment Law represents significant progress, challenges remain. The implementation of the law varies across provinces, leading to inconsistencies in its application. Furthermore, the capacity of local arbitration institutions and courts to handle complex investment disputes must be enhanced to meet growing demand.

Another area requiring attention is the need for greater public awareness and understanding of the new legal provisions. Both investors and government officials must be adequately trained to navigate the amended framework effectively.

A Step Forward for Vietnam's Investment Climate

The 2025 amendments to Vietnam's Investment Law reflect the government's commitment to fostering a transparent, investor-friendly environment. By addressing longstanding challenges and aligning with international standards, the law enhances the country's attractiveness as an investment destination. For investors, understanding and leveraging these legal changes is crucial to navigating disputes and maximizing opportunities in Vietnam's dynamic economy.

As Vietnam continues to refine its legal framework, collaboration between policymakers, legal professionals, and investors will be key to ensuring the successful implementation of these reforms. The amended Investment Law is not just a regulatory milestone; it is a foundation for sustainable economic growth and a testament to Vietnam's evolving role on the global investment stage.