LEGAL UPDATE
NEWSLETTER

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VIETNAM'S COURT REFORM RESHAPES ARBITRATION ANNULMENT AND ENFORCEMENT

OVERVIEW

The Law on Amendments to the People's Court Organization Law (Law No. 81/2025/QH15), effective 1 July 2025, reshapes the composition, functions, and case-allocation logic of Vietnam's judiciary. In tandem with its implementing instruments, the statute consolidates first-instance competence, reassigns appellate review, and centralizes jurisdiction over complex civil-commercial matters. For arbitration users, the most consequential shifts concern the annulment of domestic arbitral awards and the recognition and enforcement of foreign awards. This discussion explains how those proceedings were handled before the reform, how they will be handled now, and why the change matters for counsel and businesses that rely on arbitration to resolve cross-border disputes. Where appropriate, it also identifies transitional issues that parties should plan for during filings made close to, or straddling, the reform's effective date.

Pre-Reform Framework

Prior to 1 July 2025, Vietnam's courts operated on a four-tier model. At the apex stood the Supreme People's Court. Beneath it were three Higher People's Courts seated in Hanoi, Da Nang, and Ho Chi Minh City. Every province and centrally run city maintained a Provincial People's Court—63 in total—and, at the base, roughly 700 District-level People's Courts exercised first-instance authority in routine civil and commercial matters. Alongside this general hierarchy, a separate line of first-instance specialized courts handled particular categories such as administrative litigation, intellectual property, and bankruptcy.

In arbitration-related proceedings, Provincial People's Courts typically served as the first-instance venues for two crucial applications: petitions to annul domestic arbitral awards and petitions to recognize and enforce awards rendered by foreign tribunals. In practice, this meant that any of the 63 provincial benches could be called upon to address procedural defects, public-policy objections, arbitrability, and other grounds modeled on Vietnam's Law on Commercial Arbitration and the New York Convention. Because caseloads and experience varied widely from province to province, counsel frequently encountered different levels of familiarity with arbitral procedure. That variance sometimes translated into divergent results on similar legal issues, prolonging enforcement timelines and generating uncertainty for foreign investors who prize predictability in post-award proceedings.

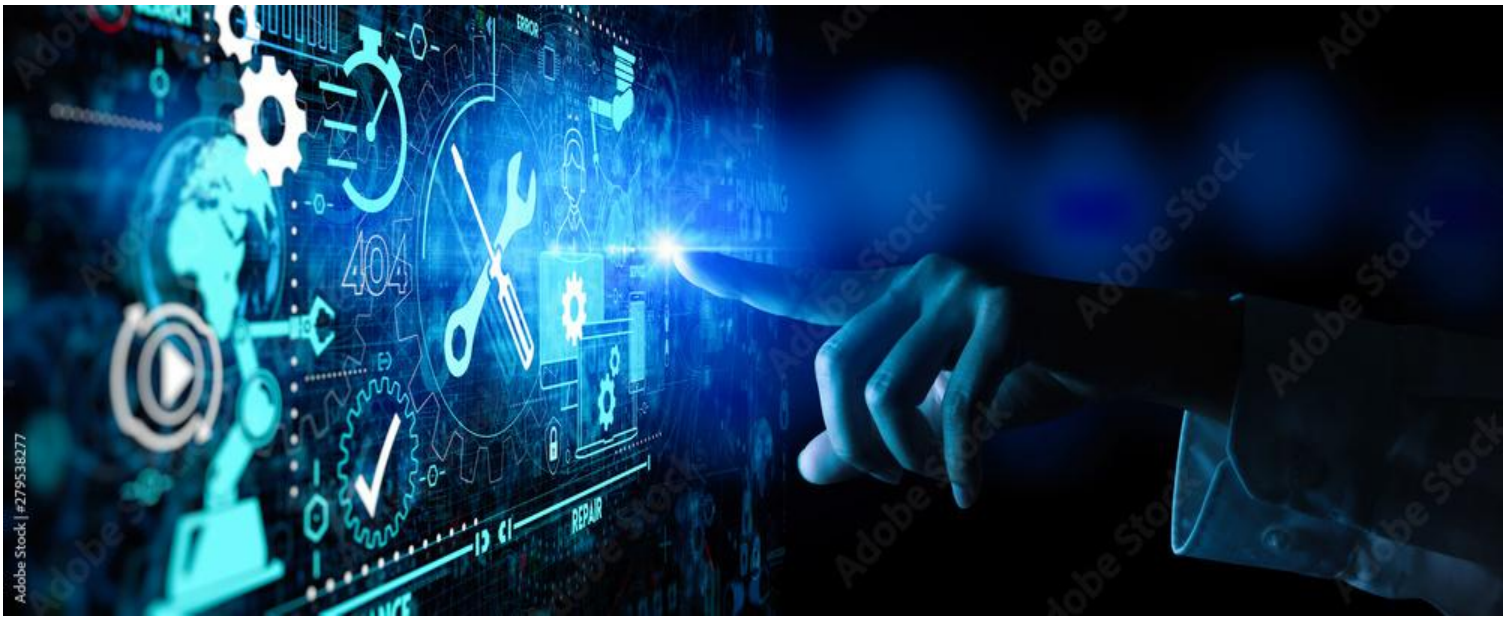
Post-Reform Jurisdiction

The 2025 reform collapses the lower tiers and establishes Regional People's Courts as the ordinary first-instance fora exercising jurisdiction across clusters of communes. At the same time, Provincial People's Courts absorb the functions of the former Higher People's Courts and now operate as both first-instance and appellate tribunals, depending on the case category. Although the formal legal architecture remains multi-layered, the system functions in substance as a three-tier model: the Supreme People's Court at the top, Provincial People's Courts with combined roles in the middle, and Regional People's Courts (anticipated to number in the mid-hundreds) at the base.

A notable design choice is the integration of subject-matter specialization into the Regional People's Courts. By decision of the Supreme People's Court, certain Regional courts may be assigned specialized jurisdiction across multiple provinces for domains such as bankruptcy, technologically intensive civil-commercial disputes, intellectual property and technology transfer, and administrative litigation. The legacy "First-instance Specialized People's Courts" are discontinued; instead, specialization is embedded and scalable within the Regional network. From an institutional-capacity perspective, this creates repeat exposure for designated benches and allows training, language development, and jurisprudential guidance to concentrate where the caseload resides.

For arbitration, jurisdiction over petitions to annul domestic awards and to recognize and enforce foreign awards is now concentrated in Regional People's Courts located in Hanoi, Ho Chi Minh City, and Da Nang. This concentration serves several policy goals. First, it channels cases to benches that are more likely to build sustained expertise in arbitral procedure, due-process objections, and public-policy analysis, thereby reducing outcome variability. Second, concentration facilitates internal standard-setting and the publication of reasoned decisions that can guide counsel nationwide. Third, the three designated hubs are better positioned to handle cross-border matters that often require working familiarity with foreign law materials and English-language records.

The reform also introduces a distinct pathway for disputes associated with International Financial Hubs (IFHs). Within these hubs, the law provides for Specialized Courts and an International Arbitration Center tasked with resolving disputes between Members, and between Members and outside investors, arising from investment and business activities, save for matters involving the exercise of state authority. By written agreement, parties may submit their disputes to the IFH arbitration center; decisions or awards rendered there are final and binding. Parties may, in addition, waive their right to request court annulment. Where such a waiver is validly agreed, Vietnamese courts will not accept applications to set aside the award. This mechanism is designed to emulate the streamlined dispute-resolution offerings used by other international finance jurisdictions, with the objective of improving speed, finality, and attractiveness to capital.



In practical terms, counsel should expect to file annulment and enforcement petitions only in the three designated Regional courts rather than in any Provincial court of convenience. Parties negotiating arbitration clauses today may wish to anticipate the new map of post-award remedies by identifying the likely venue ex ante, budgeting for counsel located in those hubs, and ensuring that award records and evidence packages are prepared in a format—and language—that expedites judicial review. Institutions administering arbitrations seated in Vietnam will likely see a shorter learning curve on recurring issues; conversely, novel questions will be funneled to a smaller set of judges, enabling more coherent doctrinal development over time.

Transitional questions deserve special attention. Cases filed just before the effective date may raise intertemporal allocation issues: whether a matter remains with its original court, whether it is transferred to a Regional People's Court, and how appellate tracks are preserved or modified. Clear procedural guidance from the judiciary will be important to minimize duplication or delay. In parallel, successful implementation will depend on capacity building—from training modules on New York Convention practice to the curation and dissemination of anonymized decisions that articulate standards for public policy, due process, and procedural irregularities.

CONCLUSION

The 2025 reform does not alter Vietnam's arbitration statute; it reallocates judicial responsibility for the proceedings that determine whether awards survive set-aside scrutiny and whether foreign awards can be enforced. By concentrating jurisdiction for annulment and recognition/enforcement in the Regional People's Courts of Hanoi, Ho Chi Minh City, and Da Nang, and by creating IFH-based adjudicatory options—including contractual waivers of annulment—the legislature signals an intent to improve predictability, specialization, and investor confidence. The success of this model will ultimately turn on the quality and consistency of written decisions, the rigor of judicial training, and the transparency with which standards are articulated and applied. If those implementation factors are met, users of arbitration should experience clearer timelines, more uniform outcomes, and a stronger enforcement environment in Vietnam—precisely the conditions foreign investors have long sought when assessing whether to seat arbitrations in, or bring enforcement proceedings to, Vietnamese courts.

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