LEGAL UPDATE
NEWSLETTER

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VIETNAM'S DRAFT ARTIFICIAL INTELLIGENCE LAW TOWARD A COMPREHENSIVE REGIME FOR RESPONSIBLE INNOVATION

OVERVIEW

Vietnam has accelerated its regulatory trajectory for artificial intelligence ("AI"), identifying it as a strategic pillar for national modernization, digital sovereignty, and technological competitiveness. Following the June 2025 passage of the Law on Digital Technology Industry, which included preliminary provisions on AI governance, the government has now advanced a draft Law on Artificial Intelligence ("Draft AI Law")—the country's first dedicated legal framework for AI systems.

The Draft AI Law, prepared by the Ministry of Science and Technology (MOST) under governmental instruction in August 2025, was released for public consultation in late September. It represents a decisive step toward consolidating fragmented rules and establishing unified supervision of AI activities. Upon enactment, the AI Law is expected to supersede and repeal the AI-related sections of the Law on Digital Technology Industry, thereby streamlining oversight under one comprehensive statute.

According to the government's explanatory memorandum, the purpose of the new law is to "promote safe, trustworthy, and human-centric AI development while protecting lawful rights and interests of organizations and individuals." Public consultation runs until 20 October 2025, with the final version anticipated for legislative consideration during the 10th session of the National Assembly.

FOUNDATIONAL PRINCIPLES: HUMAN-CENTRIC, SAFE, AND SOVEREIGN AI

At its core, the Draft AI Law anchors all AI-related activities on seven guiding principles that blend ethical imperatives with national priorities. These principles require that AI must serve human interests and remain under effective human supervision; that safety, fairness, transparency, and accountability are integral to every stage of the AI lifecycle; and that all systems comply with requirements of explainability and risk disclosure proportionate to potential impact.

Vietnam's draft echoes the European Union's AI Act in its insistence on "trustworthy" and human-centric AI. Yet, unlike its European counterpart, the Vietnamese formulation explicitly stresses cultural preservation and national autonomy—ensuring that AI innovation supports domestic values, linguistic identity, and sovereignty over digital infrastructure and data.

Other principles emphasize inclusive and sustainable development, the balancing of innovation and regulation, risk-based governance, and open international cooperation. Together, these provisions aim to reconcile ethical design with pragmatic industrial policy, signaling that Vietnam intends not merely to replicate foreign templates but to adapt global standards to local conditions.

RISK-BASED CLASSIFICATION AND REGULATORY OVERSIGHT

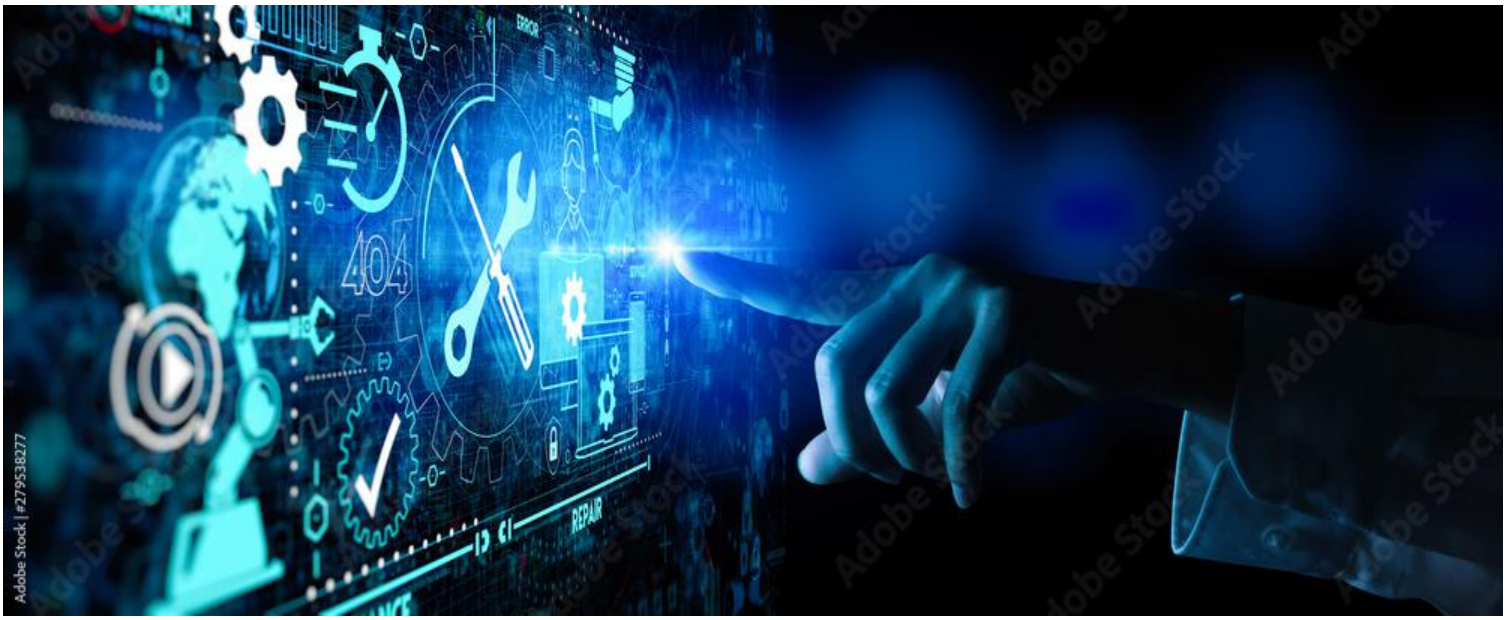
The Draft AI Law adopts a four-tiered, risk-based classification system reminiscent of the EU AI Act but tailored to Vietnam's socio-economic context. AI systems are divided into unacceptable, high-risk, medium-risk, and low-risk categories, each subject to escalating regulatory obligations.

"Unacceptable" systems—those deemed contrary to national security, public order, or ethical norms—are prohibited outright. Examples include AI that manipulates human cognition to cause harm or deploys real-time biometric identification in public spaces without lawful safeguards.

"High-risk" systems, such as those used in healthcare, education, finance, transport, or judicial administration, must undergo pre-market conformity assessment and registration in a national AI database. Developers and deployers must maintain risk-management documentation, ensure human oversight, conduct impact assessments, and submit periodic incident reports to the supervisory authority.

"Medium-risk" systems—like chatbots or content-generation tools—must provide transparency, labeling, or user notifications when AI is interacting with humans or generating material autonomously. "Low-risk" systems remain subject to voluntary codes and self-regulatory standards.

Crucially, the government retains discretion to update the risk lists through subordinate decrees, allowing regulatory agility as technologies evolve. The Draft AI Law also introduces sandbox mechanisms, enabling experimental deployment under controlled supervision. This combination of strict risk-tiering and flexible experimentation seeks to balance innovation with safety, potentially lowering barriers for startups while maintaining public trust.



GOVERNANCE OF GENERAL-PURPOSE AI MODELS

A centerpiece of the Draft AI Law is its treatment of general-purpose AI models (GPAIs)—large, versatile systems trained on extensive datasets and adaptable to multiple downstream uses. Drawing heavily from European regulatory concepts, Vietnam's proposal assigns baseline duties to GPAI providers, including maintenance of technical documentation, verification of intellectual property compliance, and implementation of risk-mitigation measures.

For high-impact models—those with systemic influence over markets, information ecosystems, or public welfare—enhanced obligations apply. Providers must perform adversarial testing, ensure robust cybersecurity safeguards, and report major incidents or vulnerabilities to authorities.

The draft further outlines a chain-of-responsibility framework distributing duties among developers, providers, deployers, importers, and end-users according to their respective roles and control over the AI system. Providers and importers bear responsibility for conformity self-assessments and technical documentation, while deployers must ensure contextual compliance and data integrity. Joint liability may arise where multiple actors contribute to harm, and courts may compel disclosure of algorithmic or operational evidence in adjudicating disputes.

Unlike the EU's uniform approach, Vietnam's model explicitly encourages liability insurance and fault-based compensation mechanisms to facilitate redress without stifling entrepreneurship. By localizing accountability while preserving flexibility, the draft seeks to ensure that responsibility is traceable across complex supply chains—a significant development in Vietnam's civil liability framework for emerging technologies.

INCENTIVES AND INSTITUTIONAL SUPPORT FOR AI INNOVATION

In tandem with regulatory safeguards, the Draft AI Law introduces a comprehensive set of innovation-support mechanisms aimed at catalyzing domestic research, development, and commercialization. The proposed National Artificial Intelligence Development Fund will finance fundamental research, pilot projects, and technology transfer programs, particularly for small and medium-sized enterprises.

Complementing financial assistance are regulatory sandboxes, prioritizing startups for simplified authorization and temporary exemptions. Dedicated AI clusters and high-tech parks will benefit from tax incentives, preferential land-use rights, and shared digital infrastructure. To strengthen human capital, the draft mandates targeted policies for talent attraction, including streamlined visa pathways and research fellowships for international experts.

These measures differentiate Vietnam's approach from that of the EU, which relies primarily on harmonized rules without direct fiscal incentives. Vietnam's explicit funding and infrastructure commitments underscore a pro-innovation orientation, signaling to investors and multinational technology firms that compliance obligations will be paired with tangible state support. The combined effect could position Vietnam as a regional hub for responsible AI experimentation and cross-border collaboration.

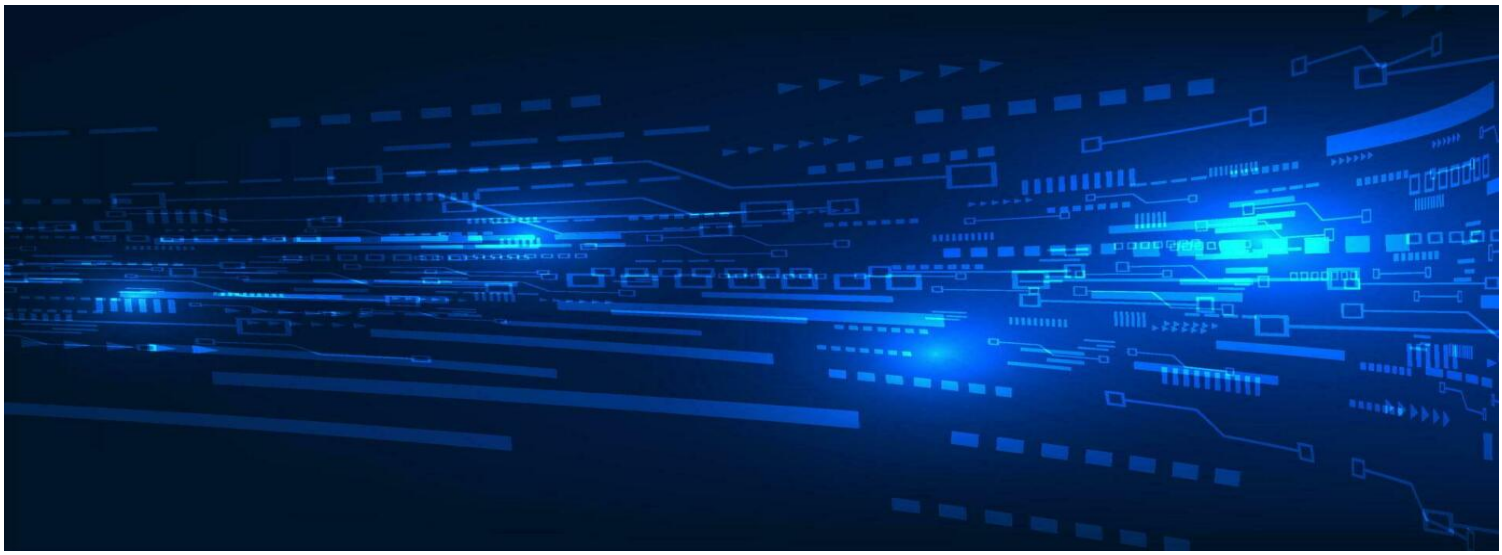
ENFORCEMENT ARCHITECTURE AND SANCTIONS

To ensure compliance, the Draft AI Law empowers the Ministry of Science and Technology and a newly created National Artificial Intelligence Commission to oversee enforcement. These bodies may conduct inspections, order corrective measures, and impose temporary suspensions or permanent bans on AI systems posing threats to national security or public interests.

Serious infringements may incur revenue-based administrative fines, modeled on global best practices. Large organizations committing grave violations—such as developing or deploying prohibited AI systems, ignoring high-risk obligations, or falsifying documentation—may face fines calculated as a percentage of their prior-year global turnover. Although the specific rate remains to be prescribed by government decree, preliminary drafts suggest alignment with international thresholds of up to six percent for severe breaches.

Violations also encompass obstruction of inspection, refusal to provide required data, or dissemination of unverified high-risk AI outputs causing public harm. Enforcement authorities may confiscate infringing systems or suspend operations pending remediation. However, under Vietnamese administrative law, sanctioning decrees must be promulgated before such penalties can take effect, meaning further sub-legislation will be needed following the AI Law's enactment.

This dual-layer enforcement—statutory empowerment supplemented by detailed decrees—reflects Vietnam's standard legislative technique for technology regulation, ensuring both flexibility and legal certainty as enforcement capacity matures.



CONCLUSION

Vietnam's Draft Law on Artificial Intelligence marks a watershed moment in the nation's digital-legal evolution. By combining ethical principles, risk-based regulation, clear accountability, and innovation incentives, the proposal situates Vietnam among the first Asia-Pacific jurisdictions to articulate a comprehensive AI governance framework.

If enacted and effectively implemented, the law could not only safeguard citizens and uphold national sovereignty in the algorithmic age but also stimulate domestic R&D and attract global investment. Yet its success will depend on the coherence of subordinate legislation, the capacity of enforcement institutions, and the continued dialogue between policymakers and industry.

As AI continues to redefine economies and societies, Vietnam's legal response offers both ambition and prudence—a deliberate attempt to chart a middle path between regulation and innovation in pursuit of responsible, human-centric technological progress.

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