

# LEGAL FORUM



## HO CHI MINH CITY AND THE DIRECTION TO DEVELOP LAW ON SPECIAL URBAN AREAS: CERTAIN POTENTIAL IMPLICATIONS FOR BUSINESS ENVIRONMENT

### I. WHAT IS A “SPECIAL URBAN AREA”?

At present, Vietnam has two cities classified as special urban areas: Hanoi and Ho Chi Minh City.

Under Resolution No. 111/2025/UBTVQH15 of the Standing Committee of the National Assembly on urban classification, a special urban area is determined based on multiple groups of criteria, including:

- role, position, and socio-economic development conditions;
- level of urbanization; and
- level of infrastructure development and urban spatial organization.

### 2. Legal Framework For Ho Chi Minh City – Direction For A Law On Special Urban Areas Under Study

Recently, various public sources from the press and local authorities have indicated that Ho Chi Minh City is studying and preparing a draft Law on Special Urban Areas, reportedly with an approach similar to that of the Law on the Capital.

According to publicly available information, this initiative stems from the fact that Ho Chi Minh City’s population scale, economic significance, and governance needs have exceeded the ordinary urban management model, while many existing mechanisms still reflect a general administrative decentralization framework applicable nationwide.



### 3. POTENTIAL IMPLICATIONS FOR HO CHI MINH CITY'S BUSINESS ENVIRONMENT

If a specific legal framework for Ho Chi Minh City, as a special urban area, is enacted in the future, the city's business environment may see several notable changes compared with the previous period.

#### (a) Greater autonomy of the city government

One of the most significant possible changes is that Ho Chi Minh City may be granted greater discretion in investment management, planning, finance, and organizational matters.

In practice, this may help to:

- shorten the processing time for administrative procedures; and
- improve flexibility in addressing issues arising locally.

Certain policy directions under discussion suggest that the draft law may:

- focus on such areas as institutional breakthroughs in governance, implementation of strategic resolutions, innovation in planning and infrastructure resource mobilization, stronger regional connectivity, and resolution of urban bottlenecks such as traffic congestion, flooding, and pollution; and
- shift from the approach that “a locality may do only what is expressly permitted” toward an approach under which powers reserved to the central government are clearly identified, with the remaining matters entrusted to the urban government for proactive implementation in accordance with law. In certain discussions, the Legal Committee of the Ho Chi Minh City People’s Council has proposed six key decentralization areas: organizational structure; talent policies; finance - investment; planning - land; science and technology; and authority to promulgate special regulations.



**(b) A more stable legal environment**

In recent years, many of Ho Chi Minh City’s special mechanisms have been implemented on a pilot basis, creating certain difficulties in terms of long-term policy stability and predictability.

If special mechanisms are codified in law, businesses may expect a clearer legal framework, a more stable period of application, and less dependence on case-by-case approvals or permissions.

This is often an important factor for foreign investors and long-term projects.

**(c) Governance and compliance standards may be set at a higher level than the national average**

Ho Chi Minh City may also take the initiative to apply more modern governance standards, particularly in areas such as environment, data, digital transformation, planning, ESG, and financial transparency.

This may create additional compliance pressure for businesses, but may also improve the quality of the investment environment over the longer term.



**(d) The city may become a testing ground for new business models**

Certain recent policy directions also indicate the possibility that Ho Chi Minh City may continue to be granted authority to pilot new regulatory mechanisms for innovation and technology related activities.

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