

# Special Alert

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## Vietnam's Debut Data Law - A Boon for the Digital Era

On 30 November 2024, the National Assembly unanimously passed Data Law No. 60/2024/QH15 (the “**Data Law**”), marking a significant milestone in Vietnam’s journey toward building a digital government, economy, and society. The Data Law is expected to drive groundbreaking changes as the ASEAN member nations commence negotiations for the ASEAN Digital Economy Framework Agreement (DEFA), the region’s inaugural pact on the digital economy, poised to profoundly impact data governance practices across member nations.

### Key Takeaways

- **Significant Milestone:** The Data Law marks a major step in Vietnam's digital transformation, aligning with the ASEAN's digital economy initiatives.
- **Comprehensive Coverage:** The law includes regulations on digital data management, protection, and usage, establishing a National Data Center and Integrated Database.
- **Cross-Border Data Flows:** Encourages international data transfer and processing within Vietnam, promoting a more open data market.
- **Data Exchange Platforms:** Establishes platforms for lawful and secure data transactions, fostering innovation and economic growth.
- **National Integrated Database:** Aims to streamline data management across government agencies, enhancing public service delivery and reducing redundancy.
- **National Data Center:** Centralizes data protection and processing under the Ministry of Public Security, with potential benefits and risks.
- **Future Regulations:** Detailed implementation guidelines will be developed through governmental decrees, ensuring adaptability to practical needs.

The Data Law comprises 5 chapters and 46 articles, covering regulations on digital data; the building, development, protection, governance, processing, and use of digital data; the National Data Center;

the National Integrated Database; products and services related to digital data; the management of digital data; and the rights, obligations, and responsibilities of agencies, organizations, and individuals involved in digital data activities. This article delves into the key highlights of the Data Law.

## Cross-Border Data Transferring and Processing

'Cross-border data flows' serve as a driving force for innovation and growth across industries, from manufacturing and agriculture to start-ups and service providers in every economy. Recognizing this, the Data Law permits agencies, organizations, and individuals to freely transfer data from abroad to Vietnam, process foreign data within Vietnam, and ensures their lawful rights and interests are protected under Vietnamese laws. These provisions are expected to encourage both domestic and international businesses to participate in Vietnam's data market. It fosters responsible cross-border data transferring instead of imposing mandatory data localization requirements or unnecessary restrictions.

## Data Exchange Platforms

Data Exchange Platforms are envisioned as a platform for obtaining data-related sources for research, startup development, and innovation. They also offer data-related products and services to drive socio-economic development and act as a marketplace for the exchange and trade of data as well as data-related products and services in a lawful, accurate, and appropriate manner. The establishment of such platforms not only ensures transparency and security in data-related activities but also legitimizes transactions involving data. This creates a trustworthy environment for buyers and sellers alike, thereby enhancing the efficiency of production and business operations.

However, data that poses risks to national defense, security, diplomacy; data without the subject's consent; or other categories prohibited by law, are not allowed to be transacted. Additionally, the Data Law solely outlines fundamental principles for data exchange platforms while delegating the Government to formulate detailed regulations and implementation roadmaps aligned with Vietnam's evolving practical needs.

## National Integrated Database

The Data Law emphasizes the creation of a National Integrated Database, introduced as a 'shared resource' for ministries, sectors, and local authorities. This unified system will aggregate, update, and synchronize data, reducing costs, minimizing redundancy, and fostering inter-agency collaboration. It is anticipated to improve the delivery of online public services, support the development of digital platforms, and streamline administrative procedures through data synchronization with the National Integrated Database.

## National Data Center

The National Data Center will be established as a new unit under the Ministry of Public Security,

serving as strategic infrastructure for data protection and storage. This center is expected to not only ensure information security but also facilitate data analysis and processing services to enhance state management capacity, paving the way for e-government and digital government initiatives. However, while the centralized aggregation of vast amounts of data at the National Data Center has clear advantages, it also raises potential risks of data breaches and information security concerns.

## Conclusion

Overall, the Data Law's approach aims to gradually establish a robust data market, promote the development of data-related products and services, and accelerate digital transformation across economic sectors.

It will officially come into effect on 1 July 2025. However, legislators have exercised caution, presenting an overarching framework while delegating detailed regulations to forthcoming governmental decrees.

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