

DIGITAL ECONOMY AND DATA ECONOMY

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THE DATA ECONOMY AND VIETNAM'S FOREIGN POLICY IN THE CONTEXT OF GREAT POWER COMPETITION

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ЭКОНОМИКА ДАННЫХ И ВНЕШНЯЯ ПОЛИТИКА ВЬЕТНАМА В УСЛОВИЯХ КОНКУРЕНЦИИ ВЕЛИКИХ ДЕРЖАВ

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Abstract

This article examines the data economy as a new domain of development, security, and foreign-policy autonomy for Vietnam amid intensifying great power competition. Its purpose is to clarify how Vietnam can generate economic value from data while protecting critical digital infrastructure, sensitive data, and strategic room for manoeuvre. The study uses qualitative policy analysis, comparative assessment of major data-governance models, and secondary statistical evidence on Vietnam's digital economy. The findings show that Vietnam has considerable potential: the digital economy is expanding, consumer adoption of AI-enabled services is high, and the legal framework for data governance is becoming more complete. Yet Vietnam's data economy remains constrained by fragmented data systems, limited domestic analytics capacity, insufficient data-center infrastructure, dependence on foreign platforms, and uneven enterprise readiness. The article argues that Vietnam should not choose between unrestricted openness and digital closure. It should build connected digital autonomy: the ability to protect core and important data, maintain trusted cross-border flows, diversify digital partnerships, and use ASEAN and other multilateral mechanisms to shape practical rules for digital trade, data governance, cybersecurity, and AI.

Аннотация

В статье рассматривается экономика данных как новый фактор развития, безопасности и внешнеполитической автономии Вьетнама в условиях обострения конкуренции великих держав. Цель исследования — определить, каким образом Вьетнам может развивать экономику данных, не утрачивая контроля над критически важной информационной инфраструктурой и сохраняя открытость для международного сотрудничества. Методология включает качественный анализ политики, сравнительное изучение моделей управления данными в США, Китае, Европейском союзе, России и АСЕАН, а также обобщение вторичных статистических данных о цифровой экономике Вьетнама. Результаты показывают, что Вьетнам обладает значительным потенциалом благодаря росту цифровой экономики, высокой вовлеченности пользователей в цифровые сервисы и формированию новой правовой базы. Одновременно сохраняются ограничения, связанные с фрагментацией данных, нехваткой вычислительной инфраструктуры, зависимостью от внешних платформ и слабой аналитической способностью части предприятий. Практическое значение исследования состоит в обосновании подхода «связанной цифровой автономии», сочетающего защиту суверенных интересов, управляемую открытость, диверсификацию цифровых партнерств и активное участие Вьетнама в формировании региональных правил управления данными.

Keywords: data economy, foreign policy, digital sovereignty, data governance, Vietnam, ASEAN.

Ключевые слова: экономика данных, внешняя политика, цифровой суверенитет, управление данными, Вьетнам, АСЕАН.

Статья подготовлена по результатам исследовательского проекта, финансируемого Дипломатической академией Вьетнама в 2026 – 2027 годах, по теме «Применение цифровых технологий во внешнеэкономической деятельности: международный опыт и уроки для Вьетнама».

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Introduction

Data has moved from being a technical by-product of digitalization to a strategic economic resource. It supports productivity, innovation, artificial intelligence, digital trade, financial technology, logistics, public services and strategic forecasting. At the same time, data is inseparable from cybersecurity, privacy, critical infrastructure, platform dependence and the external balance of power. For an open and export-oriented economy such as Vietnam, data governance is therefore no longer only a domestic regulatory issue; it has become a foreign-policy issue.

The central research question is: how should Vietnam’s foreign policy respond to the rise of the data economy in the context of great power competition? The article argues that Vietnam should avoid both extremes: unrestricted data openness, which may deepen technological dependence and expose sensitive information, and a closed model of digital sovereignty, which may weaken innovation, investment attraction and digital trade. The more appropriate direction is connected digital autonomy: the capacity to capture value from data, protect critical data and infrastructure, keep trusted cross-border data flows open, and participate actively in regional and global rule-making.

The article contributes in three ways. First, it clarifies the distinction between the broader digital economy and the narrower data economy. Second, it proposes a Development–Security–Foreign Affairs framework for analysing the policy trade-offs around data. Third, it derives practical implications for Vietnam’s diplomacy, including data diplomacy, controlled openness, ASEAN-based rule-shaping, diversified digital partnerships and digital human-resource upgrading.

Materials and methods

The study applies a qualitative and comparative design. The first method is policy analysis of major documents and regulatory instruments on data, digital transformation, digital trade and cybersecurity, including Vietnam’s Law on Data, Resolution No. 57-NQ/TW, OECD work on data regulation, and regulatory frameworks of the United States, China, the European Union and ASEAN.

The second method is comparative institutional analysis, used to identify the logic of different data-governance models and their implications for a medium-sized, highly open economy.

The third method is secondary-data synthesis. Indicators on Vietnam’s digital-economy value added, data-center capacity and AI user interaction are used as proxies for the country’s emerging data-economy conditions. These indicators do not directly measure the full value of data as an asset; rather, they help identify the gap between rapid digital adoption and the deeper capacity to generate,

clean, standardize, process, protect and commercialize data. The limitation of the study is that enterprise-level data on data monetization and cross-border data flows remain scarce, which points to an agenda for further empirical research.

Results and discussion

1. Analytical framework: connected digital autonomy

The data economy may be understood as the set of activities through which data is generated, collected, processed, stored, shared, analysed and transformed into economic value. This concept is narrower than the digital economy. The digital economy covers all activities enabled by digital technologies, while the data economy focuses on the data value chain itself. The distinction matters because a country may have high levels of digital consumption without mastering the higher-value stages of data analytics, cloud infrastructure, AI development and platform governance [4; 9].

The article uses a Development–Security–Foreign Affairs framework. The Development pillar refers to data as a production factor and an input for innovation. The Security pillar refers to the protection of personal, important and core data, cybersecurity and critical digital infrastructure. The Foreign Affairs pillar refers to the external dimension: digital trade negotiations, technology partnerships, cross-border data rules, standards, and strategic balancing among major digital powers. The center of the triangle is connected digital autonomy, which does not mean isolation but controlled connection: keeping data sufficiently open for innovation while retaining sovereign capacity over critical data and infrastructure.

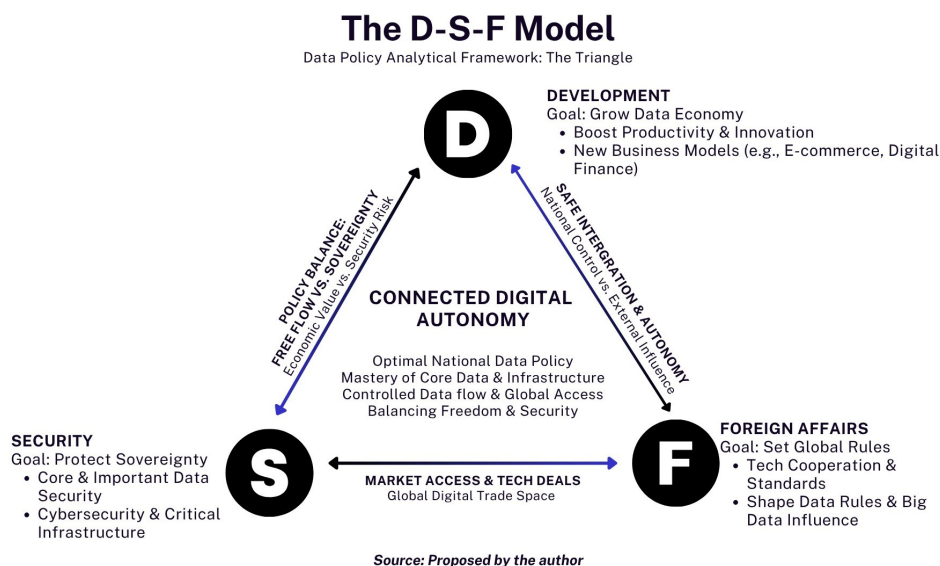


Figure 1. D-S-F Analytical Model for Data Economy [Authors' own elaboration]

This framework reflects the central paradox of data policy. Data generates value when it circulates, but circulation without governance can create vulnerability. Excessive restriction, by contrast, can reduce productivity, weaken innovation and limit participation in digital trade. Empirical studies [2; 10; 13; 15] show that data and digital transformation contribute to growth, while data regulation can affect trade and market access depending on its design. Vietnam's task is

therefore not to choose between openness and control, but to design a hierarchy of data governance: open data for innovation, trusted data sharing for business and public services, controlled cross-border transfer for sensitive sectors, and protection for core and important data.

2. Vietnam's data economy: potential, bottlenecks and vulnerabilities

Vietnam is entering a data-driven growth phase. The digital economy's share in GDP increased from 12.87 % in 2021 to an estimated 14.02 % in 2025, with value added reaching about USD 72.1 billion [14]. These figures show a rising digital base, but they should be interpreted carefully. They measure the broader digital economy rather than the data economy alone. The key policy question is whether Vietnam can move from large-scale digital use to higher-value data processing, analytics, trusted data services and domestic platform capacity.

Table 1.

Share of Digital Economy Value Added in GDP

Year	2021	2022	2023	2024	2025
Share of Digital Economy in GDP (%)	12.87	12.83	12.98	13.22	14.02
Digital Economy Scale (billion USD)	47.2	53.0	56.3	63.0	72.1
Growth Rate at Current Prices (%)	7.4	12.5	6.1	11.9	14.6

Source: National Statistics Office, cited in VnEconomy [14].

Table 2.

Data Center Capacity (MW) as of September 2025

	Vietnam	Singapore	Thailand	Malaysia	Philippines	Indonesia
Data Center Capacity (MW)	55	1,000	350	690	180	330

Source: e-Conomy SEA 2025 [7].

Table 3.

Percentage of Daily AI User Interaction as of September 2025

Country	Vietnam	Singapore	Thailand	Malaysia	Philippines	Indonesia
Daily AI Interaction (%)	81%	65%	76%	74%	74%	80%

Source: e-Conomy SEA 2025 [7].

Tables 2 and 3 show the contrast between demand and capacity. Vietnam has very high daily AI interaction, indicating a rapidly expanding user base and strong market readiness. Yet its data-center capacity remains far below several regional peers. This mismatch implies that Vietnam may generate large volumes of data while relying on external infrastructure and platforms for storage, processing, AI services and monetization. In strategic terms, the bottleneck affects bargaining power, cybersecurity, enterprise upgrading and the autonomy of digital policy.

Vietnam's institutional framework is improving. The Law on Data provides rules on data building, development, protection, administration, processing and use; it also creates legal foundations for the National Data Center and the National Synthetic Database [8]. Resolution No. 57-NQ/TW identifies science, technology, innovation and national digital transformation as a decisive breakthrough, while emphasizing cybersecurity, data security and digital sovereignty [11]. The challenge now is implementation: data standards, interoperability, compliance capacity, data-quality control, protection of sensitive data, and clear procedures for lawful data sharing.

Table 4.**SWOT Analysis of Vietnam's Data Economy**

STRENGTHS	WEAKNESSES
1. Vibrant digital market with 67.3 million smartphone users (2026); Southeast Asian leader in AI interaction (81% daily) 2. Rapidly growing data infrastructure 3. Significant legislative progress: PDPL (2026), Data Law 2025, and Resolution 57-NQ/TW 4. Established internal digital ecosystem connecting domestic units with over 90 overseas representative offices	1. Failure to master the data value chain; limited to collection and basic exploitation rather than high-value analysis 2. Lack of a unified, clean, and standardized national data platform with real-time updates 3. Heavy reliance on foreign digital platforms 4. Limited data exploitation capacity among domestic firms, particularly SMEs 5. Institutional framework is still nascent, lacking synchronized enforcement mechanisms 6. Infrastructure gap compared to global standards; core technology is largely imported
OPPORTUNITIES	THREATS
1. Deep integration into new-generation FTAs to facilitate data flows and technology transfer 2. Attracting high-quality FDI in digital infrastructure, data centers, semiconductors, and AI 3. Utilizing Resolution 57-NQ/TW as a foundation for comprehensive digital transformation 4. Potential to become a regional Data and AI hub due to strategic geopolitics and a young population 5. Economic diplomacy connecting global conglomerates to Vietnam and supporting domestic partnership expansion	1. Intense major power competition within the digital sphere 2. Cybersecurity risks, loss of digital sovereignty, and strategic data breaches 3. Limited public and corporate awareness of data rights and processing responsibilities 4. Fierce competition from international Big Tech corporations

Source: Authors' own elaboration based on [7; 8; 11; 14].

The SWOT analysis indicates that Vietnam has strong market and institutional advantages, but these advantages will not automatically become strategic capacity. If domestic bottlenecks in infrastructure, analytics, data quality and enterprise readiness are not addressed, external opportunities may deepen dependence on foreign cloud, AI and platform providers. Conversely, if data governance becomes overly restrictive, Vietnam may lose access to innovation, capital, digital services and regional markets. Connected digital autonomy therefore provides a practical middle path: selective protection for sensitive domains, openness for non-sensitive data, and active participation in rule-making.

3. Data governance models under great power competition

Great power competition makes data governance a geopolitical frontier. The United States combines market-led innovation with stronger national-security controls over sensitive personal and government-related data. Its Data Security Program, effective from April 2025, reflects the view

that bulk access to sensitive data by countries of concern can create strategic risks [12]. China follows a state-centered model in which data security, personal information protection and platform governance are tied to sovereignty and national governance capacity [3]. The European Union projects regulatory power through rules on data protection, data access, platform competition and risk-based AI governance [5; 6]. ASEAN, through the Digital Economy Framework Agreement process, offers a regional route toward interoperability, cross-border data flows and practical digital trade rules [1].

For Vietnam, these models should not be copied mechanically. The U.S. model offers innovation and advanced technology, but also shows the securitization of data. The Chinese model demonstrates infrastructure capacity and state coordination, but also poses risks of excessive control. The EU model offers trusted regulation and standards, but compliance may be costly for smaller firms. ASEAN is not a complete substitute for global rule-making, but it gives Vietnam an institutional buffer, reduces pressure to choose between digital blocs, and creates room to shape rules that fit Southeast Asian development conditions.

4. Policy implications for Vietnam's foreign affairs

The first implication is to institutionalize data diplomacy as a component of modern foreign policy. Data diplomacy should cover negotiations on cross-border data flows, AI governance, digital trade, cloud services, cybersecurity, technology standards and digital infrastructure. It also requires better coordination among foreign affairs, public security, national defense, science and technology, industry and trade, banking, enterprises and research institutions.

Second, Vietnam should operationalize controlled openness. Core and important data must be classified, protected and monitored, while non-sensitive data should be made more usable for innovation, public services, research and regional integration. This requires not only legal rules but also data standards, interoperable platforms, audit mechanisms and predictable compliance procedures for enterprises.

Third, ASEAN should be used as a rule-shaping platform. Vietnam can support practical rules on data interoperability, privacy, cybersecurity, electronic transactions and digital services under ASEAN mechanisms, especially DEFA. A regional approach helps Vietnam maintain openness while avoiding excessive dependence on any single major power.

Fourth, digital partnerships should be diversified by function. Cooperation with the United States can focus on AI, cloud, semiconductors, cybersecurity and innovation ecosystems. Cooperation with the European Union should emphasize trusted governance, data protection and responsible AI. Cooperation with China should be commercially practical but risk-aware, especially in e-commerce, connectivity and industrial digitalization. Cooperation with Japan, South Korea, Singapore, India, Australia and other partners should prioritize digital infrastructure, skills, standards and enterprise upgrading.

Fifth, enterprises must treat data both as an asset and as a compliance responsibility. Domestic firms, especially small and medium-sized enterprises, need internal data governance, lawful processing, cybersecurity, cross-border data management and better analytics capacity. Finally, digital human resources are decisive. Vietnam needs data scientists, data engineers, AI governance specialists, cybersecurity professionals and diplomats who understand technology standards, digital trade rules and data-driven strategic forecasting.

Conclusion

The data economy is a new growth driver and a strategic frontier of foreign policy. For Vietnam, the main issue is not whether to open or restrict data, but how to organize openness under conditions of sovereignty, security and development. The Development–Security–Foreign Affairs framework shows that data policy must be connected to productivity, digital infrastructure, cybersecurity, international rule-making and national strategic autonomy.

Vietnam's advantages are clear: a dynamic digital market, rising digital-economy value added, high AI interaction, and a more complete legal framework. Its vulnerabilities are also clear: fragmented data systems, insufficient data-center capacity, dependence on foreign platforms, limited analytics capability, uneven enterprise readiness and implementation gaps. The policy response should be connected digital autonomy. Vietnam should protect core and important data, keep trusted data flows open, strengthen sovereign digital infrastructure, shape ASEAN rules, diversify digital partnerships, and upgrade domestic firms and human resources. If implemented coherently, data diplomacy can turn the data economy into both a source of growth and a foundation for strategic autonomy in the digital age.

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