

# Exploring the Diplomatic Role of Ho Chi Minh City in Comprehensive International Integration: The Implication of City Diplomacy for Vietnam

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**Abstract:** Ho Chi Minh City, which is classed among the fastest developing cities in the Southeast Asia region, is attracting an increasing number of investments for the city and national economic growth. The city has been well known as an economic hub of Vietnam regarding development of finance and infrastructure, etc. The city is becoming an international financial center in the Mekong region. This paper will analyze the development of the city diplomacy concerning policies as well as the city's diplomatic capabilities for international economic integration based on previous theoretical frameworks.

**Keywords:** Ho Chi Minh City, Vietnam, city diplomacy, international integration, economic development

**JEL:** F15, F5, F68, D74, P33

## 1. Introduction

The study of international relations is moving their attention to a more sub-national administration of foreign policy of a nation. In the era of globalization, cities have a rising position to play in the complicated global challenges, notably environmental issues (Wardhani and Dugis, 2020). The involvement of local governments in this field is quite large and happens more frequently as these governments are the direct actors influencing the effectiveness of national economic diplomacy. Globalization is of extreme prevalence. This phenomenon is paving the way for the participation and contribution of non-state stakeholders. Cities are expressing more involvement in the implementation of foreign policy by also establishing direct transnational connections with other cities. Positioning in the international community is becoming more popular with city leaders. The involvement and networking initiative of cities in world politics has also mostly been studied in regard to North American, European, or Western settings (Wu, 2020). Conversely, Wu (2020) also stated that it lacks a literature review in this view from the Southeast Asian region. Acuto et al. (2016) tried to map the twin system for the two nations, the United Kingdom (UK) and China, for competitiveness, analysis, policy implications, etc. Vietnam is a Southeast Asian country that has been gaining noticeable attention from the international community. Recently, the government has outlined the 4 development programs to pitch Ho Chi Minh City into a city that is leading in national economic development and is a location for attracting more Foreign Direct Investment (FDI), and the establishment of multinational companies (MNCs). This paper will study the role of Ho Chi Minh City in the chain of foreign policy and what capacities could be offered (Dugis, 2020). The author also observes the economic diplomacy of Vietnam and its activities implemented to pave the way for this development.

## 2. Theoretical Frameworks

### 2.1 Economic Diplomacy

Globalization has altered how world economic interactions are structured globally, changing how societies and their citizens conduct their economic, social, and political lives. It is constituted by a complex system of interconnections and interdependence, with an expanding range of stakeholders interacting with each other. These actors are acting activities, entering markets, and using resources that could be regarded as subjects of diplomacy (Saner and Liu, 2006). Bergeijk

et al. (2011) claimed that embassies and related organizations, especially diplomats were recognized as crucial players in promoting commerce and investments with other nations. Lee and Hocking (2010) stated that economic diplomacy is related to the interests of the nation that employ it. Furthermore, economic diplomacy would consider a wider variety of non-state stakeholders like players in the business sectors or other civil organizations (Lee and Hocking, 2010). The state's activities are the main focus of economic diplomacy as it is a guideline based on the state's decision and orientation of development. It necessitates that economic diplomatic practitioners take into account the contexts of politics and society of the host country. Okano-Heijmans (2011) claimed that economic diplomacy cannot be separated from the internal environment of the sending and receiving states, as well as other players that might impact on the operations like business sectors and civil organizations. Hence, the definition of economic diplomacy was conceptualized as follows:

(1) Diplomacy concerned with economic policy questions, including the work of delegations to conferences sponsored by bodies such as the \*World Trade Organization. While distinct from the \*commercial diplomacy of diplomatic missions, it also includes that part of their work concerned with monitoring and reporting on economic policies and developments in the receiving state and advising on how best to influence them. (2) Diplomacy which employs economic resources, either as rewards or sanctions, in pursuit of a particular \*foreign policy objective. This is sometimes known as 'economic statecraft'. (Berridge and James, 2003, p. 91)

However, the difference between economic diplomacy and economic statecraft still exists at the debate table. Okano-Heijmans (2011) agreed that while economic statecraft focuses mostly on institutions, economic diplomacy is primarily about procedures and policy. The scholar demonstrated that economic diplomacy is supposed to entail the use of economic tools in "non-coercive" methods, but studies of economic statecraft tend to focus on "coercive" weapons like sanctions and boycotts (Okano-Heijmans, 2011). Hence, Moons and Bergeijk (2016) concluded that the availability of asymmetric information for businesses operating globally, and the externalities related to the gathering and dissemination of data about the economic environment and commercial prospects in foreign marketplaces serve as the economic foundation for economic diplomacy. In recent research, Côté et al. (2020) argued that innovation, the driver of a global city, should be a part of economic diplomacy, and this will call for closer coordination with cities and municipal diplomacy.

## 2.2 City Diplomacy

In the literature of diplomacy, city diplomacy is not a new tendency. It could be drawn out that any event, negotiation at the bilateral or multilateral level, and acts, etc. concerning foreign policy notions could be involved in the process of diplomacy. Many definitions of diplomacy have come into existence for decades. Some of them were shifted due to changes in international political tendencies and systems. Scholars such as Pluijm and Melissen (2007) defined diplomacy as the institutions and procedures implemented by one state to others, and the expression of their interests in the form of representation. Thus, the nature of diplomacy is involving the achievement of national interests and building relationships. Moreover, the subject of modern diplomacy has been widened. For instance, track two diplomacy, public diplomacy, or economic diplomacy are an extended type of diplomacy. The subject of one type of diplomacy is determined by its prefix. Explaining city diplomacy based on traditional diplomacy, the city could be regarded as one international actor playing in the international arena. Der-Yuan Wu (2020) claimed that because of globalization, cities are more determined and connected to international affairs via establishing cross-border connections. In that sense, cities are intermediate means supporting the pursuit of the nation in the global market.

In the literature of diplomatic studies, when mentioning the involvement in the foreign policy of the non-central government, D. Criekmans (2010) outlined forms of diplomacy that are suitable. These terminologies include “city diplomacy”, “sub-state diplomacy”, and “subnational diplomacy” detailing how local authorities, municipal governance bodies, or other semi-governmental players participate in international relations on an equal basis with states (Criekmans, 2010). There is a more inclusive term which is “Paradiplomacy” expecting the involvement of non-central governments in international affairs. Numerous practices, such as city twinning, global networking, and decentralized partnership, are included in the concept (Nganje, 2013).

Throughout historical research, Acuto (2013) outlined three bullet points as the foundation of city diplomacy.

- I) The representation of a city and its political regime acting in the international arena in the name of the local community;
- II) Governmental bodies including embassies, diplomatic officers, or even local governments must be involved in the city’s diplomatic acts;
- III) City diplomacy is also embodied in mediation with parties.

Hence, scholars like Yu et al. (2021) once again confirmed that city diplomacy was the practice of city governments pursuing international tactics to elevate their standing to advance a variety of economic, cultural, and political objectives. According to Bull, the purpose of conventional diplomacy is to enable communication, facilitate collaboration, acquire information, lessen the negative impacts of conflict in international affairs, and proclaim the existence of the state society (Bull, 1977). Hence, in the context of city diplomacy, the city municipalities could promote international cooperation for the sake of the city development and state. Thus, cities could also sign treaties and agreements, and discuss or exchange best practices in the policy. Engagement in diplomatic means is essential for a city to gain a high position in the state. To achieve that, city diplomacy also aims to encourage collaboration between city governments and urban scholars or observers.

### 2.3 Global Cities

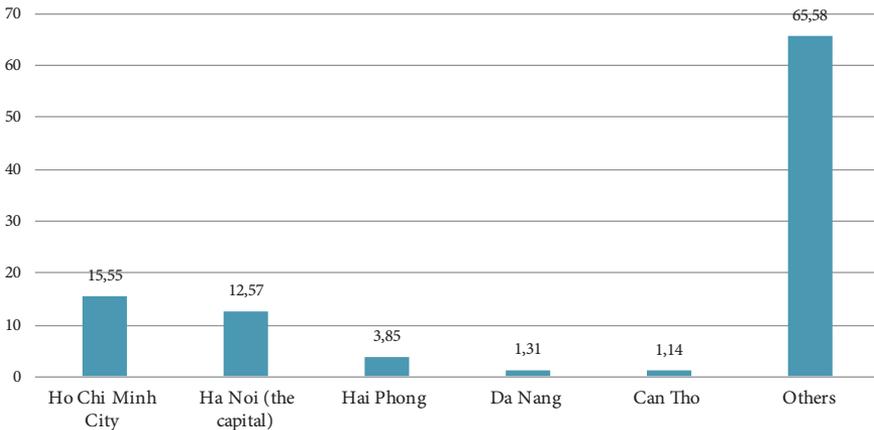
Sassen (2005) conceptualized a global city that must be concentrated on integrating itself into a networked economy. This model emerged due to the demands and nature of industrial-characterized services including “finance and specialized services, the new multimedia sectors, and telecommunications services”. Hence the scholar characterized global cities with provided services. Following the conception of a network economy, scholars such as Kim (2016) and Timberlake (2018) suggested another character of a global city which is the interlocking network model. This helps businesses and organizations connect to other cities in the country, enhancing the economic powers and interdependency among cities. Kim (2016) has identified another character that could be a key feature of a global city which is innovation. Innovations are essential to economic wealth which could be disseminated throughout cities to build an international network where the cities support one another (Kim, 2016, p. 131). Yet another feature of a global city can be found in innovation capacity. This feature illustrates the ability to accommodate innovation hubs or high technological consortiums within the city. This is one of the crucial criteria for a company to decide their geographical choice which could exploit the strong points of these companies (Mudambi, 2018). Cantwell (2016) claimed that a global city that has the capacity to embrace innovation at the knowledge base would capture the interest of multinational corporations (MNCs).

### 3. General Background of Ho Chi Minh City

Vietnam has 63 cities and the province where Ho Chi Minh City is located, had a population of more than 9.1 million in 2021, according to the National General Statistics Department, marking it as the largest city in Vietnam in terms of population. Although this figure was collected in 2021, this figure is considered official because it was published by the National General Statistics Department.

In the view of the UN-Habitat (2018), the city had been going through a rapid economic and demographic expansion and was expecting large number of immigrants from neighboring provinces. The organization stated the reason for this high development as this city is serving as Vietnam's financial and economic center contributing largely to the national gross domestic product (GDP). Minh Tiến (2023) reported that despite the Covid-19 pandemic, the city still possesses a large proportion of national GDP contribution.

Chart 1: Contribution rate of 5 central-state cities to national GDP in 2022 (in percent)



Source: Minh Tiến, 2023.

Chart 1 demonstrates that Ho Chi Minh City has the highest proportion in national GDP contribution with 15.55 percent out of 62 other cities and provinces including the capital city. This means that the role of Ho Chi Minh City is widely acknowledged. This perspective was backed by the Department of Planning and Investment of Ho Chi Minh City where in the period from 2016 to 2020 the city

made the highest contribution to the growth rate of the southeast region and the Southern Key Economic Region (Thái, 2022). This position was recognized by Vuving (2005) when he mentioned the city as a central factor of the Southern region of Vietnam which possessed a more potential and favorable business expansional environment. He also stated that Ho Chi Minh City also played an economic role of the central region of Vietnam and Cambodia.

Picture 1: Geography map of Vietnam



Source: compiled by the author.

From the map above, it is a clear truth of Ho Chi Minh City's position as confirmed by Vuving (2005). Ho Chi Minh City is located in the center of the southern region and is considered as a regional key economic factor as the city could easily access the border of Cambodia and even part of Laos. According to Nguyen (2019), the city possesses "11 container ports and directly exports and imports bulk cargo". This is a certain leverage of Ho Chi Minh City to be a key economic leader in logistics industry and ocean economics. Furthermore, the city is geographically linked to the South China Sea, mobilizing a global value chain. Hence, the comparative advantages of the city could be effectively utilized if it is integrated into the global and local trading networks. In general, Ho Chi Minh City is still leading Vietnam's economy from that day. In the latest report of Vietnam Briefing, 15 years after the argumentation of Vuving, Vettoretti (2020, p. 4) once again confirmed the role of this city in the whole country, expanding to several sectors such as "finance, logistics, tourism, healthcare, and education" with "USD47.3 billion" of FDI. From there, Nguyen Phu Trong, the General Secretary of the Vietnamese Communist Party passed Resolution No. 31-NQ/TW of the Vietnam's Politburo which describes the direction and mission of developing Ho Chi Minh City until 2030, with a vision to 2045. This resolution emphasized and reaffirmed the geopolitical position of Ho Chi Minh City within the nation and the region. This also implies the city's role in the foreign policy of Vietnam. Furthermore, the below sections will discuss diplomatic capabilities of Ho Chi Minh City based on related theory of city diplomacy.

#### 4. Vietnam's Economic Diplomacy as Guidance for Ho Chi Minh City

Historically, national economic diplomacy has encouraged investment and commerce in the manufacturing sector, frequently through trade deals and promotion organizations. It is undeniable that globalization has opened many opportunities for trade agreements, business investments, foreign services, FDI, etc. This event has been backed by Rodrik (2018) that globalization has resulted in a significant rise in international trade and investment. In particular, after 1990, the rise is more considerable because of the decline in costs of "transportation and communications" (Rodrik, 2018). Since the birth of globalization, the world has paved the way for more trade relationships and investment throughout many countries. For instance, the General Agreement on Tariffs and Trade (GATT) represents multilateral cooperation, and the Regional Trade Agreements (RTAs) represent regional trade relations and investments. The number of nations endorsing these agreements has risen threefold since 1990 through organizations that aimed to

encourage global commerce and investment capital (OECD, 2018). Vietnam is not standing outside this tendency. Vietnam has 17 free trade agreements (FTAs), of which 15 are in force and 2 are being negotiated, according to data published by the Vietnam Chamber of Commerce and Industry (VCCI). Regarding the economic diplomacy of Vietnam, the nation is framing the full direction of diplomacy toward international economic development and integration. The Secretariat of Vietnam's government has signed and promulgated a directive number 15-CT/TW on economic diplomacy for the development of the country until 2030. Several key points are leading to the focus of the government on supporting the local authorities. This directive demonstrated the core mission of the Ministry of Foreign Affairs (MOFA) and national diplomatic strategy, namely they need to assist local authorities with integrating into international economic integration (Ban Bí thư, 2022). And this context was mentioned several times, emphasizing the international development of cities and provinces of Vietnam in the economic sector. Although this directive was issued in August 2022, the report of Thùy Chi (2022) showed that there were 70 activities of partnerships with foreign partners organized, and 40 international cooperation agreements signed by cities and provinces with the support of MOFAs.

**Table 1: Place for the official visit of Vietnam's Prime Minister and high-ranking officers**

No	Partners	Sector and purpose classification	Purposes
1.	The Center Strategic and International Studies	Advocacy	Affirming the strategies of Vietnam in international economic integration and participation in global value chains.
2.	Harvard Kennedy School	Advocacy	Putting emphasis on Vietnam's orientation to multilateral cooperation on international economic integration and renewable energy infrastructure.
3.	New York Stock Exchange	Stock market management	Extending cooperation in sharing management and market capitalization in the sectors of investments, banking, and finance, especially cooperating in establishing a regime for the investors to join the two stock markets.
4.	Kohlberg Kravis Roberts, VISA, Citigroup, Standard & Poor, etc.	Financial technologies and platforms	Extending their investments in the development of infrastructures, tackling environmental issues, financial technologies, and credit scores for Vietnamese enterprises and start-up companies.
5.	Intel, Apple, Microsoft, and Google	Technological advancement	Extending their investments in the development of facilities and factories, global value chains, and digital transformation.

Source: compiled by the author.

Table 1 serves as an example of the active economic diplomacy employed by the head of state. The visit to major companies in the field of technology and finance proved the ambition of the government which is to pitch the country to become more attractive to FDI and a location for MNCs. Furthermore, Vietnam's Prime Minister has been to the two large institutions mentioned in Table 1 to deliver a speech with the purpose of advocacy for future research. This advocacy process was aimed at supporting business facilitation in Vietnam's business environment. In the international context, cities are actors which are operating international strategies like trading goods and attracting FDI. These cities labeled "global" are working especially with multinational companies which have a direct impact on the international development and strategy of a nation as a whole. Hence, it could be observed that Vietnam's government is pushing forward a national economic diplomacy. A feature of economic diplomacy is that it is deployed strictly and accordingly, including multilateral agreements and several cross-border promotion strategies that allow for the opening of markets to trade and investment. Activities in Table 1 serve as one remarkable example of national economic diplomacy in 2022. These advocacy activities are paving the way for cities in Vietnam to attract more foreign investments in the next coming years. In this sense, Ho Chi Minh City, as the leading role in promoting industrial sectors, must be prepared for these opportunities.

## 5. Diplomatic Role Capabilities of Ho Chi Minh City

Vietnam's city diplomacy walks a different path from other countries due to the different regimes of governance. City diplomacy under democratic regimes tends to give local authorities the political autonomy to decide the path of development by following or disobeying their national government on foreign policy matters (Peter Bursens, 2010). It seems that city diplomacy, in the context of Vietnam, exists to serve the state development of foreign affairs which contributes to enhancing the position of the nation in the international arena. Hence, city diplomacy helps advance national interests. Now that the multifaceted function of geography is more understood, countries are not always the main geographic unit of concern for various policy decisions by businesses and governments. The geography of countries is not always the main matter for numerous governance policy decisions by businesses and governments (Mudambi, 2018). Many scholars have recognized the crucial play of cities as means for the promotion of establishing and exchanging "knowledge-based services" to many MNCs. Iammarino et al. (2018) studied the decisive factors for MNCs to choose the location including

“diversity, demographics, automation and artificial intelligence technologies, industrial policy, and protectionism”. The dominant elements concluded were technological and knowledge bases (Iammarino, 2018). When trying to redefine global cities based on metropolitan cities, Trujillo and Parilla (2016) confirmed the importance of knowledge capitals of a city evolving into a global city by considering knowledge as a factor endorsing economic growth. As a result, cities need to act to create a business environment with a rich knowledge frame to attract MNCs’ geographic choice. Therefore, the acceleration of trade activities in the country will be high via global cities. The Chinese government has institutionalized subnational diplomacy in a more domestic context by equipping the majority of municipal and provincial governments with Foreign Affairs Offices (FAO) which accommodate diplomatic professionals and bureaus of the Chinese People’s Association for Friendship with Foreign Countries (Yu, 2021). From this stage, Vietnam’s government institutionalized its sub-diplomatic strategy by establishing Departments of Foreign Affairs (DOA) under the direction of Provincial People’s Committees. The Vietnamese government has been pursuing to expand international integration at the provincial level. The scope of diplomacy shall be distributed to provinces and cities in Vietnam. In March 2021, the Ministry of Foreign Affairs of Vietnam promulgated circular number 03/2021/TT-BNG which is related to the instructions on functions, tasks, and authorities on external relations of professional agencies of provincial people’s committee, district level people’s committee. The circular has identified the role of DOAs and emphasized the importance of cities contributing to the national development.

## 6. Foreign Investments and Innovation Advancement of the City

According to Côté et al. (2020), a global city could be granted an important role in national and global economic development through a focus toward trade and FDI policy. Hence, the number of FDI and MNCs established within the city could describe the cruciality of that city in global trade. From there, the city is a vital network and knowledge base for economic development. National economic diplomacy and related ministries must issue policies promoting innovation and knowledge since these investments may draw FDI and expand trade in services. Ho Chi Minh City has these features to accelerate international economic integration. According to the Ministry of Planning and Investment, the flow of foreign capital investing in Ho Chi Minh city is US\$3.54 billion, accounting for 14.1 percent of total investment capital in the whole country. With the number of new international projects, foreign investors continue to focus on investing heavily in

big cities with modernized and high technological infrastructures, such as Ho Chi Minh City. This city has captured new international projects accounting for 44.5 percent of total projects throughout the country. It is believed that Ho Chi Minh City will hold its place as a leading city in economic, social, and infrastructure development. Thus, the city would eventually become an important gateway for FDI flowing to Vietnam. Leffel and Acuto (2018) demonstrated that the main actors in cities gathering and redistributing global money flows and investments are businesses, especially multinational firms. This process takes on a connected shape and eventually results in a city's economic dominance. As stated above, Ho Chi Minh City accounts for the largest amount of the country's total foreign investments. As a result, many multinational companies would choose the city as their geographical representative. Moving toward the innovation knowledge base, Ho Chi Minh City is home to Saigon High Tech Park formed by the direction of the government. This is a highly technological-focused zone dedicated to attracting investments in Ho Chi Minh City as well as Vietnam. This zone has recently focused on four 'pillars'/sectors, 1) Micro-electronics – Information Technology – Telecommunications; 2) Precision mechanics – Automation; 3) Biotechnology applied to pharmaceuticals and the environment; 4) New Energy – New Materials – Nanotechnology (Khu Công nghệ cao Thành phố Hồ Chí Minh, 2023). With a strong focus on cities, innovation plans should be directly connected to trade and investment development policies. It is believed that the relationship between cities and national trade and investment policies toward innovation strategies cannot be separated (Côté et al., 2020). The formation of the high technological-focused zone is under the direction of the government which was oriented to become an economic-technical zone, built and developed on the basis of high technology. This zone was characterized to attract foreign investment. This is also a place to mobilize resources in science and technology, form a modern production force, and effectively combine production and business with research, acquisition, transfer, and development of high technology, and training human resources for the high-tech industry. Regarding the national policy for the development of Ho Chi Minh City, the People's Committee of Ho Chi Minh City has issued a decree No 6179/QĐ-UBND regarding the highly focused initiative named "Ho Chi Minh City's smart city initiative". Aside from the prioritizations of sectorial industries, this initiative has ensured that the infrastructures of Ho Chi Minh City shall be ready for more FDI and innovation clusters regarding to the digital and knowledge economy. This should be a positive signal that Ho Chi Minh City will be a destination for MNCs in the region. Scholars like Buuse and Kolk (2019) for instance, discussed the development of "smart city" technology by firms such as Cisco, IBM, and Accenture which share information they learn with other parts of

their organizations while conducting testing in numerous cities. They concluded that city-based criteria rather than country-based were typically used to determine the business presence and activities. This statement proved the importance of Ho Chi Minh City in the course of developing the national economy by being a location for MNCs with knowledge-based and shared products and services. Decree No 6179/QĐ-UBND has laid a foundational base for other initiatives to attract more innovative incentives and investments from abroad. Generally speaking, Ho Chi Minh City is not only an ideal location for investing, but also a key point in global value chains. Thus, the local government has implemented many initiatives according to the policy of the country regarding digital transformation. On 18 February 2022, the city's board of leaders seized a big tendency of digital transformation throughout the world by utilizing tools of industry 4.0. Thus, decree No 503/QĐ-UBND was issued by the People's Committee of the city to support and implement comprehensively the project "Phát triển kinh tế số, kinh tế chia sẻ và kinh tế tuần hoàn trên địa bàn thành phố Hồ Chí Minh giai đoạn 2020-2025, tầm nhìn đến năm 2030", translated as 'developing digital economy, sharing economy and circular economy in Ho Chi Minh City in the period of 2020-2025, a vision to 2030'. According to the city's task force for digital transformation, this project aims at helping the local government develop rapidly and sustainably on the basis of applying scientific and technological incentives to innovation initiatives and increasing labor productivity. Furthermore, this project also endeavors the city to become the largest creative start-up hub in the country in the light of the digital economy, the shared economy, and the circular economy (Ủy ban nhân dân Thành phố Hồ Chí Minh, 2022). By apprehending the notions of "digital economy" and "shared economy", Ho Chi Minh City has characterized itself as a global city by becoming an innovation cluster to attract more knowledge-based incentives and MNCs. Côté et al. (2020) described that the widespread presence of high-value-added consulting services and businesses in several locations, especially those in developing countries, is another characteristic of global cities. Nevertheless, some of them could also be the location of more specialized innovation clusters (Côté et al., 2020).

## 7. City Networks

Grandi (2020) has defined the characteristics of cities at three levels based on the size of the population. The scholar identified that a large city has more than one million people inhabit it while cities with more than 10 million inhabitants could be regarded as a megacities. The reasoning for seeing Ho Chi Minh City as a large

city is that there were more than 8,993,082 inhabitants (statistics of 2019) according to the Steering Committee for the 2019 Ho Chi Minh City's population and housing census. This number might have increased by the end of 2022. It could be concluded that Ho Chi Minh City is regarded as a large city moving toward a megacity if the population rises to more than 10 million.

Considering that cities are expanding involvement in international politics, they are growing attention by engaging in international affairs. In order to enhance its presence in the international community, a global city advances its capacity of building and maintaining external relations. Thus, engagements in solving issues of global governance have become a major type of city diplomacy, shaping the global city network. United Cities and Local Government (UCLG) could be regarded as an example of such a city network. This international organization aims at advancing local cities' goals and interests via the promotion of international cooperation within a global forum. Although Ho Chi Minh City does not hold as a high position as other cities, especially cities of China, the city still participates actively to join hands to cope with environmental and financial issues (Hidalgo et al., 2014; The United Cities and Local Governments, 2015). Another nature of a global city is to become a desired location for MNCs and participate in the trade activities of goods and global value chains. Davis and Dingel (2019) claimed that global cities offer a broad spectrum of value-added services, highly skilled labor forces, and advanced infrastructures of transportation and communication which could become a beneficial accumulation helping keep spatial transaction costs to a minimum. Côté et al. (2020) argued that the nature of global cities rising in the destination participate in the global value chain while producing important elements. The scholar also added the importance of companies offering services that could also contribute to the development of interconnected cities. However, these scholars hinted that these features are favorable and more concentrated in cities in developed countries rather than in developing countries regarding to research and development (R&D) and innovation capabilities, design engineering, and support services for business operations. Thus, Ho Chi Minh City's government acknowledged this phenomenon, and proposed the development of a high technological zone for business. It is not only serving as an assistance platform for high technology R&D, but this zone was also prioritized with tax privilege and lease of the facility. Moreover, Vietnam's government facilitates a "single-door" mechanism which helps the center issue an investment registration certificate and a business license; a license for the representative office of foreign traders at the time of issue (Khu Công nghệ cao Thành phố Hồ Chí Minh, 2023). This mechanism directly manages a faster administrative procedure for

investors. City diplomacy in this sense defines the strategies through which cities can advocate their interests both with other cities, the international communities, and pertinent organizations. In the international economic integration, Hanoi, the capital city, and Ho Chi Minh City are home to many foreign business groups which help facilitate investments and business network in the “two-ways” form, domestically and internationally.

Table 2: List of foreign business groups distributed by cities

No	Business Group	Location
1.	American Chamber of Commerce in Vietnam (AmCham)	Hanoi and Ho Chi Minh City
2.	Australian Chamber of Commerce Vietnam (Auscham)	Hanoi and Ho Chi Minh City
3.	Belgian Luxembourg Chamber of Commerce in Vietnam (Beluxcham)	Ho Chi Minh City
4.	British Business Group Vietnam (BBGV)	Hanoi and Ho Chi Minh City
5.	Canadian Chamber of Commerce in Vietnam (CANCHAM)	Hanoi and Ho Chi Minh City
6.	Chinese Business Association Ho Chi Minh Branch (CBAH)	Hanoi and Ho Chi Minh City
7.	Dutch Business Association (DBAV)	Ho Chi Minh City
8.	European Chamber of Commerce in Vietnam (EUROCHAM)	Hanoi and Ho Chi Minh City
9.	French Chamber of Commerce and Industry in Vietnam	Hanoi and Ho Chi Minh City
10.	German Business Association (GBA)	Ho Chi Minh City
11.	Hong – Kong Business Association	Hanoi and Ho Chi Minh City
12.	Indonesian Chamber of Commerce Vietnam (ICCV)	Ho Chi Minh City
13.	Italian Chamber of Commerce in Vietnam (ICHAM)	Hanoi and Ho Chi Minh City
14.	Japanese Business Association (JBAH)	Ho Chi Minh City
15.	Korean Chamber of Commerce & Industry (KOCHAM)	Ho Chi Minh City
16.	Malaysia Business Chamber, Vietnam (MBC)	Ho Chi Minh City
17.	New Zealand Chamber of Commerce in Vietnam (NZCHAM)	Ho Chi Minh City
18.	Nordic Chamber of Commerce in Ho Chi Minh City (NORDCHAM)	Ho Chi Minh City
19.	The Swiss Business Association Vietnam (SBA)	Ho Chi Minh City
20.	Singapore Business Group Ho Chi Minh City (SBG)	Hanoi and Ho Chi Minh City
21.	Spain – Economic and Commercial Office	Ho Chi Minh City
22.	Thai Business Association (TBA)	Ho Chi Minh City
23.	The Council of Taiwanese Chamber of Commerce in Vietnam	Hanoi and Ho Chi Minh City
24.	Indian Business Chamber in Vietnam	Ho Chi Minh City

Source: compiled by the author.

Table 2 demonstrates the importance of Ho Chi Minh City as a geographical choice for MNCs, but also for international organizations for business facilitation. All these 24 business facilitation service organizations are located in Ho Chi Minh City of which 13 organizations established their headquarters only in Ho Chi Minh City. OECD (2018) claimed that one of the effective means for nations to facilitate trade and investment in the host country is to establish related agencies which would offer “information, incentives, and resources” to remedy

the negative externalities of the market caused by information disparities emerging from the lack of relevant knowledge, potential investors, and exporters. It is believed that the 24 business groups above serve as the knowledge-based service providers in Ho Chi Minh City which prove that the city is capturing interest from many countries. It means that the city is an important link in the global value chains of Vietnam. By mentioning the circular economy in the city's digital transformation initiative and perceiving it as one 'pillar' of development, the city is marking its presence in the international community by dealing with environmental issues and trying to achieve the sustainable development goals of the United Nations. However, the presence of these in Ho Chi Minh City is still lacking, as they are in other cities in the country. By observing that China has also been actively participating in the C40 including Beijing, Chengdu, Dalian, Fuzhou, Guangzhou, Hangzhou, Hong Kong, Nanjing, Qingdao, Shanghai, Shenzhen, Wuhan, and Zhenjiang, representing the Central Asian region (C40 Cities, n.d.), while Vietnam has only two, which are Hanoi and Ho Chi Minh City. Moreover, some Chinese cities are also a member of the United Cities and Local Government (UCLG) including Guangzhou as co-president, Beijing, Tianjin, Xi'an, Chengdu, Shenzhen, and Chongqing (Acuto, 2016). It implies the necessity of the city's participation in the activities and operations of the international community.

## 8. Conclusion

Ho Chi Minh City is on track to become a global city possessing diplomatic capacity. The city still has the ability to develop in the future. However, the author finds that the city is still passively depending on national economic diplomacy. Moreover, the city's potential and advantages have not been effectively exploited. The leading role of the city by its dynamism and creativity as a driving force in the region increased due to the business transfers from China to Vietnam, India, etc. Nevertheless, it did not catch much attention leading to a decrease in international competitiveness. By realizing this fact, the resolution promulgated by the Politburo of Vietnam on January 2, 2023, has indicated these concerns restricting the development of the city. In this sense, this research only focuses on the orientation of the party which was translated that the city must continue to maintain its role as a major center of economy, culture, education—training, science—technology, and hold the most important political position in the whole country, having the power to spread and promote and develop the southeast region and the Southern Key Economic Region. Furthermore, Ho Chi Minh City

must become the center of economy, finance, services, culture, education—training, science—technology, and innovation in Southeast Asia and Asia, with global competitiveness. Thus, the development of Ho Chi Minh City is being supported by the government. The national economic diplomacy activities implemented by the government imply deeply the involvement of the city which will eventually help promote advancement in other cities. A city can advocate its interests to other players by using municipal diplomacy to take an active role in the international arena (Wardhani and Dugis, 2020). In this sense, city diplomacy still has spacious room to research and develop. City diplomacy continues to be attached to national diplomacy, but also has its autonomy. The role of cities in foreign policy was also enhanced with the issuance of the circular of the Ministry of Foreign Affairs defining the role of DOAs in each city. A city's role in international economic integration is recognized, and it is given more autonomy in their economic diplomacy and other international activities. This statement was proven by the circular of the MOFAs. Hence, Ho Chi Minh City must form its policy and clarify its strategy to position the city's recognition in the international community and network. Developing research in twin city modeling could be considered. These "twinning" activities could help Ho Chi Minh City to deepen its relationship with other global cities by signing its own memorandum based on several activities including business cooperation and multidimensional partnership. Economic development and business opportunities in many industrial services are no doubt a clear policy for tackling environmental issues, however, this is yet to be defined. Although the circular economy is now more noticeable in the development strategy of a smart Ho Chi Minh City, a policy guideline has not been clearly outlined. This is an opportunity for the city to conceptualize its strategy to orient the city's development and foreign policy toward tendencies such as circular economy, sustainable development goals (SDGs), or environmental issues. This would help the city's diplomacy to gain its position and enhance the city's reputation. However, city diplomacy still needs to be studied in terms of city leadership and its role in international negotiation, especially with those global-oriented cities, namely Ho Chi Minh City.

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