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Foreign Direct Investment in Vietnam: Fact and Solution

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Abstract. This paper summarizes the issues and legal regulations related to foreign direct investment (FDI) enterprises. Based on these regulations, the author analyzes and evaluates the impact and role of FDI enterprises on the national economy. From this, the author offers suggestions and conclusions to further enhance the operational efficiency of FDI enterprises and attract more foreign direct investment to Vietnam in the future.

1. INTRODUCTION

Since opening up the market and transitioning from a centrally planned, subsidized economy to a socialist-oriented market economy in 1986, Vietnam has implemented numerous policies to attract foreign investment for economic development. Foreign direct investment (FDI) enterprises are playing an increasingly important role in Vietnam's economy. For Vietnam, FDI is closely linked to the process of opening up the economy. Vietnam has achieved many results in attracting FDI flows and trade transactions with other countries. By 2025, the total registered FDI capital in Vietnam is expected to reach nearly US$38.42 billion, with implemented FDI reaching a record US$27.62 billion. This is the highest implemented FDI capital in the past five years (2021-2025). Cumulatively, from 1986 to 2022, Vietnam has attracted nearly US$438.7 billion in FDI capital; Of that amount, US$274 billion has been disbursed, accounting for 62.5% of the total registered investment capital still in effect.

The Vietnamese government has been and continues to reform the economy towards deeper integration into the regional and global economies. Many economic solutions have been applied to attract FDI and promote international trade. However, a thorough and practical assessment of the impact of foreign economic activities on the Vietnamese economy is needed to provide a basis for appropriate policy planning.

2. LITERATURE REVIEW

2.1. Concept

According to the 2020 Investment Law, FDI enterprises are defined as economic organizations in which foreign investors participate in contributing capital, becoming members or shareholders. Common types of FDI enterprises include:

i. Enterprises with 100% foreign investment capital.

ii. Joint ventures between foreign investors and Vietnamese organizations and individuals.

iii. Other forms of investment include business cooperation contracts (BCC), share/equity acquisition, and branch establishment.

Common forms of FDI:

i. Establishment (Greenfield Investment): Building new factories or branches.

ii. Mergers and Acquisitions (M&A): Acquiring or purchasing shares of existing businesses in the host country.

iii. Joint Venture: Cooperation between foreign and domestic partners.

2.2. Characteristics of FDI

FDI has the following characteristics:

i. Profitability: Regardless of the form of FDI, the ultimate goal is to maximize profits.

ii. Basis for calculating profitability: The basis for calculating the profitability of FDI is based on the business results of the invested enterprises. Whether the invested enterprises improve and experience economic growth reflects the effectiveness of that FDI capital.

iii. Investor Participation: Investor participation in FDI projects varies. To participate in the control structure of a business, investors must have a certain amount of capital in that business.

iv. The specific minimum capital amount will depend on the regulations of each country. In addition, the parties will have specific agreements regarding the management of the business operations.

2.3. The Role of FDI

FDI always has positive impacts and contributes significantly to economic development.

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2.3.1. Increased Investment Capital

FDI helps increase investment capital in domestic economic projects. FDI brings important investment capital to the Vietnamese economy, helping to attract and increase foreign investment in large economic projects. This creates a solid foundation to promote economic growth and infrastructure development.

In addition, FDI plays a crucial role in promoting additional investment capital for key industries and high-tech industries such as tourism and electronics manufacturing.

2.3.2. FDI Helps Increase Job Opportunities and Improve Skills for Workers

A major impact of FDI on the Vietnamese economy is the creation of a large number of job opportunities, addressing the unemployment and labor surplus issues in Vietnam. Workers in Vietnam employed by foreign-invested companies and enterprises will generate sustainable income. This allows workers to quickly stabilize their lives and have more opportunities for development and skill improvement.

In addition, FDI also promotes the shift of Vietnam's economic sectors towards industrialization. Many specialized agricultural areas receive investment and infrastructure development to promote industrial development. and services. This forms the basis for improving the quality of the workforce as well as their monthly income.

2.3.3. Expanding Export Markets

Investing FDI capital in Vietnamese businesses also helps expand export markets to many countries around the world. FDI creates supply chains and added value. This gives Vietnamese business more opportunities to access international markets.

In addition, FDI investors in the Vietnamese market are very experienced in distributing and selling products in the global market. Therefore, this improves the balance of exports and imports as well as international trade.

2.3.4. Stimulating Industrial and Service Sector Development

The management processes and production technologies of foreign companies are quite superior. Therefore, businesses with foreign investment capital will have higher production efficiency and better competitiveness. In addition, FDI has the potential to stimulate the development of diverse economic sectors, including high technology and services.

2.3.5. Strengthening Foreign Currency Capital

Attracting FDI into Vietnam will help strengthen foreign currency capital from the US dollar. When the US dollar capital increases, it means that Vietnam is not pressured by exchange rate fluctuations. This is the basis for preventing foreign capital from stagnating or being withdrawn by investors.

2.3.6. Improving the Payment Situation

Receiving foreign investment will help improve the country's balance of payments, reducing the current account deficit. This helps increase foreign exchange reserves, stabilize and develop the domestic economy.

It can be said that FDI brings many important and practical benefits to the economy and stock market of the recipient country. This contribution helps stabilize and develop the economy and improve the value and quality of life of the people.

2.4. Types of FDI

Currently, there are three common types of foreign direct investment (FDI): vertical investment, horizontal investment, and concentrated investment. Each form has different advantages and strategic benefits.

2.4.1. Vertical FDI

Vertical FDI, also known as Vertical FDI, is simply a form of investment in the supply chain across diverse industries. In this case, the foreign-invested company will invest in different stages of the product supply chain. With this type of FDI, the investing enterprise can monitor and control the entire production process, reduce costs, and improve product quality.

For example: A Chinese company specializing in the production of carbonated beverages will conduct horizontal FDI by supplying raw materials such as sugar, fruits, flavorings, or investing in distribution units to make the product more accessible to consumers.

2.4.2. Horizontal FDI

Horizontal FDI is one of the most common types of FDI today. Investors expand their business operations to another country but within the same production sector. The two businesses support each other in producing and trading similar products. This form of investment allows investors to leverage economies of scale and production processes, increasing their competitiveness in the market.

Example: A Japanese automobile manufacturer invests horizontally in a Vietnamese company specializing in the production and assembly of automobile components. The Japanese company will invest in the production and supply of products similar to those of the Japanese company. By investing in the Vietnamese market, the Japanese company will maximize its advantages and potential, meet the needs of customers in each region, improve product quality, and enhance competitiveness.

2.4.3. Concentrated FDI

This type of FDI is simply understood as a country attracting a large amount of investment capital from many different countries into the same industry, region, or project. Or, foreign investors invest in many businesses operating in different sectors to increase profits and minimize risks.

This concentrated FDI form brings many practical benefits to the host country, such as creating many job opportunities for workers, improving the skills and expertise of workers, promoting strong and sustainable economic development, and opening the door to global economic integration.

Example: A multinational corporation from South Korea is currently investing in many economic sectors in Vietnam such as technology, real estate, finance, consumer goods, etc.

3. LEGAL POLICY OF FDI IN VIETNAM

Enterprises with foreign investment capital are FDI enterprises. Currently, FDI enterprises in Vietnam fall into two categories: wholly foreign-owned enterprises or enterprises with foreign capital that are joint ventures or partnerships with organizations in Vietnam.

3.1. Conditions For Becoming an FDI Enterprise

To become an FDI enterprise, the production and business establishment needs to meet the following basic conditions:

i. Investment capital requirements: To become an FDI enterprise, it is mandatory to be established or have capital contributed by foreign investors.

ii. Legal business lines: To become an FDI enterprise, the enterprise needs to demonstrate that its business lines and activities are not on the list of prohibited activities under Vietnamese law according to Article 6 of the 2020 Investment Law. Prohibited business lines include:

- Trading in narcotics, drugs, chemicals, minerals, and fireworks.
- Trading in wild animals and plants of natural origin or rare species.
- Engaging in prostitution.
- Trading in or buying and selling people, tissues, corpses, human body parts, fetuses, etc.
- Businesses related to human cloning activities.
- Business services related to protection rackets, debt collection, etc.

Investment Certificate Application Process: For a business to become an FDI enterprise, it must follow the correct procedures for applying for an investment certificate.

Specifically, according to Clause 1, Article 22 of the 2020 Enterprise Law, when establishing an FDI enterprise, it is necessary to demonstrate investment projects, carry out licensing procedures, and adjust information on the investment registration certificate.

The authority to issue investment certificates is regulated in Clauses 1 and 2, Article 39 of the 2020 Investment Law as follows:

The Management Board of industrial parks, export processing zones, high-tech zones, and economic zones issues investment registration certificates for projects in industrial parks, export processing zones, high-tech zones, etc. The Department of Planning and Investment issues investment registration certificates for investment projects outside industrial parks, export processing zones, high-tech zones, etc.

3.2. Rights and Obligations of FDI

According to the Investment Law and the Enterprise Law of Vietnam, foreign-invested enterprises are allowed to exercise the following basic rights:

i. The right to freedom of business and autonomy in planning their production and business activities in accordance with the scope and industry specified in their investment certificate.

ii. The right to import machinery, equipment, materials, etc., to serve their production and business activities.

iii. FDI enterprises are allowed to recruit Vietnamese workers to serve their production and business activities.

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v. The right to entrust the export and sale of products manufactured by the company.

vi. The right to enjoy tax exemption policies in cases of importing machinery and specialized equipment to create fixed assets for the enterprise or to expand the scale of investment.

vii. Authorized to open business accounts in Vietnamese Dong and foreign currency at Vietnamese banks, joint venture banks in Vietnam, or branches of foreign banks located in Vietnam.

viii. Authorized to open business loan accounts at foreign banks with the approval of the State Bank of Vietnam.

ix. Authorized to recruit personnel according to production and business needs. Priority is given to recruiting Vietnamese workers. Foreign workers are only allowed to be recruited for positions that Vietnamese workers cannot yet fill, but Vietnamese workers must be trained to replace them during employment.

x. Authorized to open company branches in provinces and centrally-governed cities.

In addition to the above rights, FDI enterprises must fulfill the following obligations:

i. Protect the environment (land, water, and air).

ii. Conduct production and business activities within the scope of the business activities specified in the investment certificate.

iii. Conduct bidding in accordance with Vietnamese law.

iv. Conduct accounting, auditing, and statistics in accordance with Vietnamese law. In special cases where foreign accounting systems need to be applied, approval from the Ministry of Finance is required.

v. Pay all taxes in full as prescribed by Vietnamese law.

4. CURRENT STATUS OF FDI IN VIETNAM

4.1. FDI and Vietnam's Economic Development

Vietnam is considered an attractive destination for foreign direct investment (FDI) globally. In 1991, the registered FDI capital in Vietnam was US$2.07 billion, of which the implemented FDI capital was US$428.5 million, reaching over 20% of the registered capital. The amount of FDI into Vietnam increased gradually thereafter. Notably, Vietnam's accession to the World Trade Organization in 2007 led to a significant increase in registered FDI in Vietnam, from US$21.35 billion in 2007 to US$71.73 billion in 2008 alone.

However, the US financial crisis in 2008, which subsequently spread globally, severely impacted FDI flows into Vietnam. This downward trend continued until 2012. From 2013 to 2019, FDI into Vietnam maintained a steady growth rate in terms of the number of newly registered projects, registered capital, and implemented capital annually. In particular, in 2021, despite the complex developments of the Covid-19 pandemic, FDI into Vietnam reached US$31.15 billion, an increase of 9.2% compared to 2020. This shows that foreign investors are placing great confidence in Vietnam's investment environment.

Vietnam implements the Direct Investment Law. Foreign investment (December 1987) began in a context of very low socio-economic development. Infrastructure was poor, science and technology were backward, and the workforce was largely untrained. Meanwhile, development constantly faced pressure to secure investment capital, advanced technology, and boost exports... to exploit comparative advantages in order to achieve high growth rates, create jobs, and stabilize social life.

On the other hand, from the late 1980s to the end of the 1990s, the trend of international investment in developing countries mainly focused on mining, manufacturing, and labor-intensive industries. In this context, Vietnam found it very difficult to attract FDI into high-tech industries, the production of high value-added products, or industries that had to meet stringent environmental protection standards. Therefore, orienting FDI attraction towards sectors where Vietnam has natural advantages, aligns with its level of development, and anticipates international investment trends is quite appropriate. Thus, despite certain limitations, FDI has made a very positive contribution, playing a pivotal role in the success of the economic reform policy.

4.1.1. Impact on Growth and Economic Restructuring

The most significant and readily apparent contribution is the increased investment capital for growth. As of the end of 2021, Vietnam had 34,527 active projects with a total registered capital of nearly US$408.1 billion. The cumulative implemented capital of foreign investment projects was estimated at US$251.6 billion, equivalent to 61.7% of the total registered active investment capital. The FDI sector contributed 15.15% to GDP in 2010, 18.07% in 2015, and 20.13% in 2021; compared to the world average, the FDI sector's contribution to Vietnam's GDP was 9.5 percentage points higher (20.13% compared to 10.6%).

FDI plays a significant role in total social investment in Vietnam. Specifically, FDI accounted for 13.1% of total social investment in 1990 and increased sharply to 32.3% in 1995. This rate gradually decreased during the period 1996-2000, due to the impact of the regional financial crisis (accounting for 20% in 2000), and during the period 2001-2010, it accounted for approximately 16% of total social investment. During the period 2011-2020, the average annual realized FDI capital accounted for approximately 22% of total social investment.

4.1.2. Foreign Direct Investment

FDI flows have contributed to promoting innovation and technology transfer, gradually improving domestic production capacity. The FDI sector has positively impacted the shift in economic structure towards modernization. Specifically:

In the Industrial and Construction sector: The FDI sector accounts for approximately 55% of the total industrial production value, contributing to the formation of several key industries of the economy such as telecommunications, oil and gas exploration, electronics, chemicals, automobiles, motorcycles, information technology, steel, cement, agricultural and food processing, leather and footwear, textiles, etc. FDI enterprises account for a large proportion in high-tech industries such as oil and gas exploration, electronics, telecommunications, office equipment, computers, etc.

In the Agriculture, Forestry, and Fisheries sector: The growth rate of output in the FDI sector is always higher than that of the domestic economic sector, contributing to the restructuring of agriculture, product diversification, increasing the value of exported agricultural products, and adopting some advanced technologies, high-yield and high-quality plant and animal varieties that meet international standards; however, the impact of FDI is insignificant due to the very small proportion of the FDI sector in this sector.

In the Services sector: FDI has significantly impacted the quality of banking and auditing services with modern payment, credit, and card methods. FDI in tourism, hotels, and office rentals has transformed the face of several major cities and coastal areas. Many entertainment venues such as golf courses, bowling alleys, and gambling establishments have created attractive conditions for investors and international visitors.

In the Education, Training, and Healthcare sectors, although not yet attracting a large amount of FDI, some high-quality educational institutions, hospitals, and modern medical facilities have begun to be established, serving the needs of a segment of high-income Vietnamese citizens and foreigners in Vietnam.

In the Trade and Retail sector: After joining the World Trade Organization (WTO), wholesale and retail trade services have developed rapidly, creating new methods in goods distribution and consumption, and contributing to increased export turnover.

The participation of the FDI sector in many industries and fields, especially the concentration of FDI capital in the processing and manufacturing industries and some other industries, is an important factor promoting the transformation of Vietnam's economic structure towards modernization, contributing to building a favorable economic environment. FDI contributes to a dynamic economy and increased production capacity, diversifying high-intellectual-content products in our country's economy.

In addition, FDI also helps boost exports, contributing to Vietnam's trade surplus, thereby promoting GDP growth. The value of goods exported by the FDI sector accounted for 27% in 1995 and nearly tripled to 73.6% of the country's total export turnover (reaching US$245.22 billion, including crude oil) in 2021.

Although, imports by the FDI sector reached US$218.21 billion, accounting for 65.6% of the country's total import turnover. However, overall for 2021, the trade balance of goods for FDI enterprises reached a surplus of US$27.01 billion, helping to offset the US$22.94 billion trade deficit of the domestic enterprise sector, thereby reversing Vietnam's trade balance to a surplus of over US$4 billion.

4.1.3. Technology Transfer, Promoting Production Improvement and Innovation

One of the leading advantages of FDI compared to other investment sources is the accompanying technology transfer, enhancing research and development capacity, and innovation capacity of the entire economy.

According to many assessments, FDI has contributed to promoting innovation and technology transfer, gradually improving domestic production capacity. Many new and modern technologies have been imported into our country, especially in the fields of oil and gas, electronics, telecommunications, and automobiles. In particular, some industries have adopted advanced technologies at the world's highest level, such as postal and telecommunications services, oil and gas, construction, bridges and roads, and textiles and footwear.

By attracting many new and advanced technologies, Vietnam has produced many new products that were previously unavailable domestically. Many new industries and products have been created thanks to the modern, high-quality technologies brought in by FDI.

On the other hand, many domestic businesses, due to the increasing pressure of market competition created by products from FDI enterprises, have strived to innovate their technology by importing new equipment and technologies and improving their production and business operations. Through this, high-quality products with attractive designs, comparable to imported goods, have been produced at reasonable prices, gaining consumer favor, such as clothing, footwear, and processed food products.

This has contributed to the shift in the economic structure towards industrialization and modernization. Many domestic resources such as labor, land, and natural resources have been exploited and used relatively efficiently. Through FDI, the level of domestic production technology has been significantly improved compared to the past.

In addition, the transfer of technology from abroad through FDI has minimized the import of many types of goods in various fields: oil and gas, new building materials production, household electronics, transportation vehicles, etc. Along with technology transfer comes the process of adopting advanced management experience from around the world and training a highly skilled workforce capable of using modern technologies. Furthermore, technology transfer contributes to job creation for workers and enhances domestic technological capabilities.

The achievements mentioned above affirm the correctness of the Party and State's policy on attracting FDI, as well as the policy of encouraging and attracting foreign technology to innovate and contribute to improving national technological capabilities.

4.1.4. Job Creation and Improved Worker Income

Job creation is an important and undeniable contribution of the FDI sector. According to the survey results of the General Statistics Office, the foreign-invested enterprise sector attracts 5.1 million workers, accounting for nearly 10% of the total workforce (over 54 million workers), and 20% of the total salaried workforce (25.3 million people) in Vietnam. Besides creating jobs directly, the FDI sector also indirectly creates jobs for millions of workers in supporting industries or other businesses in the supply chain of goods for FDI enterprises. Although the number of jobs created is limited compared to small and medium-sized enterprises (SMEs), the "quality" of the workforce in the FDI sector is significantly better through internal training systems within the enterprises or partnerships with external training institutions. Many managers and workers in the FDI sector have been and continue to be key figures in developing Vietnam's highly skilled workforce.

Data shows that over 57% of FDI enterprises implement training programs for their employees. Of these, self-training accounts for 40%, and partnerships with training institutions account for 17%. This contributes to improving the quality of human resources and labor productivity in FDI enterprises, creating a positive effect and promoting the improvement of human resource quality in Vietnam in general through the migration of labor from the FDI sector to other sectors.

In addition, the average salary of workers in the FDI sector... Jobs in the FDI-funded business sector are higher than in the state-owned or non-state-owned sectors. Specifically, data from the General Statistics Office shows that the average salary of workers in the FDI-funded sector is 8.2 million VND/month, with 9.2 million VND/month for male workers and 7.6 million VND/month for female workers. Meanwhile, the average salary for workers in the state-owned sector is 7.7 million VND/month and for the non-state sector is 6.4 million VND/month.

4.1.5. Some Issues in Exploiting the Benefits of FDI

To date, FDI flows have been recognized as one of the "pillars" of Vietnam's economic growth. The role of FDI is clearly demonstrated through its contribution to key growth factors such as supplementing investment capital, boosting exports, technology transfer, human resource development, and job creation.

In addition, FDI also contributes positively to budget revenue and promotes Vietnam's deep integration into the global economy. Thanks to the significant contribution of FDI, Vietnam has achieved high economic growth rates in recent years and is known as a dynamic, innovative developing country, attracting the attention of the international community.

Besides the positive contributions outlined above, exploiting the benefits brought by FDI flows faces many challenges. Some FDI projects also create negative impacts, causing public concern, and the quality of FDI attraction remains low and lacks sustainability. Assessments have highlighted four issues and challenges that Vietnam faces in promoting the role and enhancing the effectiveness of the FDI sector in the economy in the coming period, as follows:

Firstly, the linkages between the FDI sector and domestic enterprises are still very limited, and supporting industries and production linkages along the supply chain have not yet been formed. Typically, supporting industries can generate 80-95% of the added value for products; however, currently, manufacturing and assembly enterprises in Vietnam have to import 70-80% of their supporting products. Due to this limitation, the value created in Vietnam remains low, making it difficult for many FDI enterprises to expand their scale and invest in depth. Recently, there has been a trend of some FDI projects relocating production to other countries, closing down, or shifting to new investment sectors in Vietnam.

Most FDI enterprises focus on exploiting the advantages of cheap labor, readily available resources, and a "lenient" consumer market to assemble and process products for domestic consumption and export. For example, in the garment and footwear industries, the organic connection or integration between domestic and FDI enterprises remains weak, failing to form large-scale, modern production clusters. Despite FDI flowing into Vietnam for over 30 years, leading brands still primarily operate in the processing sector and have not been able to move up to higher value-added levels.

Secondly, some manufacturing and production sectors, such as sugar cane, assembly, and automobile production, have received preferential policies for a long time, but the results generated by FDI enterprises have not lived up to expectations. Some sectors have been selected and given preferential treatment, but some foreign-invested enterprises seem to only take advantage of these preferential policies to sell goods at high prices in the Vietnamese market, rather than focusing on high value-added stages that contribute to enhancing the competitiveness of the Vietnamese economy.

Excessive incentives, policy inconsistencies, and competition among localities. Calculating benefits and costs is quite complex, and while competing with other countries is necessary, it cannot be ruled out that Vietnam has provided excessive incentives.

Furthermore, the excessively high level of decision-making power among localities and fierce competition have led to FDI enterprises splitting their projects into smaller parts and relocating to take advantage of incentives created by the intense competition among localities. This can lead to a situation where benefits are lost. Overall, the increase in FDI inflows to the

Vietnamese economy is decreasing, potentially causing damage if preferential policies are not properly controlled.

Thirdly, transfer pricing, or the shifting of profits abroad, is a major challenge for Vietnam currently. How to encourage foreign-invested enterprises to declare more profits and pay more taxes in Vietnam is a thorny issue today.

Fourthly, there are potential risks to security and the environment. Some FDI projects have caused environmental incidents and created risks related to national security and defense. These are significant challenges for Vietnam in mitigating the unintended impacts of FDI.

These challenges require Vietnam to adopt new approaches in attracting FDI flows, as well as solutions to further enhance the efficiency of exploiting the benefits brought by these capital flows, contributing to the achievement of industrialization and modernization goals and deeper integration with the global economy.

4.2. Assessing the Role of FDI in Vietnam

Foreign direct investment (FDI) enterprises play a key role in driving growth and modernization of the Vietnamese economy. By 2025, this sector will continue to affirm its pivotal position in manufacturing, exports, and economic restructuring. Below are the key roles of FDI enterprises:

4.2.1. Contribution to GDP Growth and Budget

GDP share: The FDI sector contributes approximately 20% of the total GDP of the economy.

Budget revenue: In 2024, FDI enterprises contributed approximately US$20.5 billion to the state budget (a 12% increase compared to the previous year), accounting for about 24.7% of total budget revenue.

Investment capital: Accounts for about 23-24% of total social investment capital, helping to fill the capital shortage for socio-economic development.

4.2.2. Leading Import and Export Activities

Export Turnover: FDI enterprises play a dominant role, accounting for over 71% to 78% of the country's total export turnover.

Value Chain: Helps Vietnam participate more deeply in global production networks and value chains, especially in high-tech and processing and manufacturing industries.

4.2.3. Promoting Technology Transfer and Innovation

Modern Technology: Brings advanced production processes, new technologies, and modern management skills.

Competitiveness: Creates pressure and motivation for domestic enterprises to innovate and improve technology to enhance productivity and competitiveness.

4.2.4. Job Creation and Human Resource Development

Direct Employment: Creates millions of job opportunities for local workers (over 2 million direct jobs were created by 2017 alone).

Labor quality: Contributing to the formation of a highly skilled, disciplined workforce with a modern industrial work ethic.

4.2.5. Promoting economic restructuring

Industry structure: Strong focus on the processing and manufacturing industry (accounting for the largest proportion of FDI attraction), promoting industrialization and modernization.

Regional development: Large-scale projects promote infrastructure and the economy in key localities, although there is still uneven distribution between regions.

4.3. Proposed Solutions

To further promote and enhance the operational efficiency of FDI enterprises, competent state management agencies in Vietnam need to implement the following:

Firstly, preferential policies to attract FDI need to be maintained, implemented, and further developed. Vietnam needs more preferential policies and superior international competitiveness to attract strategic investors and leading multinational corporations to invest in large-scale projects in Vietnam.

Secondly, FDI policies need to be selective, prioritizing quality, efficiency, technology, and environmental protection. Vietnam needs to prioritize projects with advanced, clean technology, modern management, high added value, spillover effects, and global connectivity between production and supply chains.

Thirdly, negotiations and signing of free trade agreements should continue to create a favorable environment for foreign trade activities. Vietnam needs to continue affirming and implementing its trade liberalization policy by actively and fully participating in the signing of international trade commitments.

Fourth, persistently implement an export-oriented economic development policy. Vietnam needs to continue identifying and investing in the development of key products with high competitive advantages to boost exports.

Fifth, it is necessary to emphasize the benefits from import and export activities. Vietnam needs to increase the added value of exports, limit the export of raw materials, resources, and minerals, control the types of goods imported into Vietnam, and shift from... Importing consumer goods that can be produced domestically shifts to importing raw materials, advanced technology, and goods that are unavailable domestically or whose domestic production is insufficient to meet domestic demand.

5. CONCLUSION

In brief, FDI plays an extremely important role in the development of Vietnam's economy. Vietnam has recognized this role and has implemented many policies and laws to attract foreign direct investment and create favorable conditions for FDI enterprises to establish and operate in Vietnam in recent years.

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