35 YEARS ATTRACTING FDI INTO VIETNAM: THE SITUATION AND PROBLEMS IN THE NEW CONTEXT

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ABSTRACT

The article summarizes the current situation of FDI attraction in nearly 35 years since the first FDI project in Vietnam (in 1988), evaluates its contributions, limitations and causes. The writer has recommended severral suggestions of carrying out main solutions for effectively attract FDI into Vietnam in the new context.

Keywords: Foreign Direct Investment, FDI attraction, new context, Vietnam.

INTRODUCTION

Nearly 35 years of implementing the policy of Doi Moi and opening the economy. Vietnam has attracted nearly 400 billion USD of FDI with over 70 thousand FDI projects. Until now, FDI has always been assessed as creating values for Vietnam's economic growth. FDI inflows have really made important contributions to socio-economic development such as supplementing the missing investment capital, boosting exports, transferring technology, developing human resources and creating jobs. In general, the FDI sector in Vietnam has contributed about 20% of GDP, about 25% of total social investment and accounted for more than 40% of industrial production value, more than 50% of total exports, nearly 50% of total imports and about 30% of total revenue for the national budget.

The world economy recovered from the financial and monetary crisis, global economic growth also slowed down steadily from 2012 to 2019, international investment flows also declined markedly. These declines originate from the persistent consequences of the 2008 global financial crisis, the political crisis in Europe, the US-China trade war, and security instability such as the tension in the Korean peninsula. The world is facing one of the worst crises since World War II when the Covid-19 pandemic broke out, economic growth in 2021 reached lowest level since the 2008-2009 crisis. The impact of COVID-19 has been hardest hit on the largest group of economies, which are also Vietnam's biggest FDI partners. Therefore, although the disease control process in Vietnam is considered successful so far, the impact of the COVID-19 pandemic on the Vietnamese economy is very clear because of the openness of the economy and the export dependence of the

FDI sector. On the other hand, Vietnam has also been implementing a series of new generation free trade agreements (FTAs). Meanwhile, the fundamental factors are expected to be the new driving force for Vietnam's FDI attraction and economic growth such as the industrial revolution 4.0; development of information technology, artificial intelligence (AI); big data is still only a playground for developed countries, not only that, but it also creates many challenges for small and developing economies, which are science-based economies low technology and mainly labor and resource intensive manufacturing activities.

However, high FDI attraction is not really a clear indicator of a better business and investment environment in Vietnam because FDI investors or big groups often have the ability and resources to set up mechanisms, policies and investment environment as required; especially in the new context, attracting FDI into Vietnam will face many difficulties and challenges. On the basis of analyzing the current situation, assessing the context, and forecasting the new context of attracting FDI into Vietnam. Since then, there are solutions to effectively attract FDI kapital, contributing to the rapid and sustainable socio-economic promotion of Vietnam in the coming period.

BACKGROUND

Foreign direct investment is a type of international capital movement between countries, in which the owner of the capital is also the person who directly manages and operates the activities using investment capital (Vu Chi Loc, 2012).

FDI attraction is an activity aimed at exploiting and mobilizing direct investment capital sources from foreign governments, organizations and individuals into the country to meet investment needs for socio-economic development of the host country (WTO, 2010).

In a narrow sense, FDI attraction includes a combination of mechanisms and policies of the host State as well as of investment-receiving localities in order to create conditions for foreign investors to invest directly in the domestic market. In various forms, contributing to the socio-economic development of the locality and the country.

In a broad sense, FDI attraction is the totality of factors, conditions and policies of the host country (Socio-technical infrastructure, existing environmental resources, mechanisms and policies,...) impact on the investment environment in the invested areas, thereby attracting foreign investors to bring capital to invest in different forms of FDI, in accordance with the common interests of the foreign investor and the investment kapital receiver (Vu Chi Loc, 2012).

The new context manifests both domestically and internationally, having a strong impact on attracting FDI for Vietnam's economic development. Firstly, the impact of COVID-19 has been hardest hit on the group of the biggest economies, which are also the biggest FDI partners of Vietnam. Therefore, although the disease control process in Vietnam is considered to be successful in the world so far, the impact of the COVID-19 pandemic on the Vietnamese economy is very clear due to the openness of the economy and the dependence on exports of the FDI sector. Second, Vietnam has also been implementing a series of new-generation Free Trade Agreements (FTAs) such as: (i) Free Trade Agreement between EU and Vietnam (EVFTA); (ii) Investment Protection Agreement between the EU and Vietnam (EVIPA); and (iii) the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). On the other hand, in the international context, the fundamental factors are expected to be the new driving force to attract FDI for Vietnam's economic development such as the industrial revolution 4.0; information technology, artificial intelligence (AI); big data.

METHODOLOGY

Secondary data collection method: The article uses secondary data sources updated from reports and documents of the Ministry of Planning and Investment; Statistical yearbook for the years from 2010 to 2021; Report on Vietnam's socio-economic development, forecasts on FDI attraction trends in Vietnam in the new context.

Methods of synthesizing, analyzing and processing data: After collecting the data, it is synthesized according to the research criteria; analyze data using descriptive, graphical and comparative statistical methods. In addition, the author also applies the computer software Microsoft Excel 2010; based on absolute numbers, relative numbers and average numbers to analyze and describe data. Evaluate the relationship between quantity and value; assess the causes and factors affecting FDI attraction of Vietnam.

RESEARCH RESULTS AND DISCUSSIONS

In this section please present the results including tables, figures, numbers and graphs (if any). Font Size 12, Times New Roman, single spaced. All the subheadings in this section should be in font size 12 Bold, Times New Roman, single spaced. The first letter of each word in subheading should be capital. For tables please use font size 10. Tables/graphs or figures should be named as Table 1/ Figure 1/ Graph 1 and be given in center of the page.

Status of attracting FDI in Vietnam

Vietnam's economy, in the period 2001-2010, the average annual growth rate decreased by 0.34 percentage points compared to the period 1991-2000, by 2011-2020 the decrease was up to 0.68 percentage points compared to the period of 1991-2000. 2001-2010. Compared with the period 1991-2000, the growth in the period 2011-2021 was only 85% and did not reach the target set out in the Socio-Economic Development Strategy for the period 2011-2021 (7-8%).

Firstly, the scale of FDI capital: After nearly 35 years of renovation and opening up to attract FDI, FDI kapital has played an important role in socio-economic development. The process of attracting FDI and the amount of FDI into Vietnam in different stages is as follows:

Period 1988 - 1997: FDI inflows were still quite modest, in 10 years, registered FDI capital reached 35.6 billion USD, realized capital only reached 13.37 billion USD (accounting for 37.56%). In this period, Vietnam's economy has just begun to reform and open, the premise for FDI attraction, the legal framework system is still incomplete, and the fields and incentives to attract FDI are still limited.

Period 1998 - 2004: Total registered FDI capital reached only 23.88 billion USD, realized capital reached 17.84 billion USD (accounting for 74.7%). During this period, due to the influence of the Asian financial crisis, Vietnam's FDI capital mainly came from Asian countries, along with indirect effects of the amendment of the Foreign Investment Law in 1996, in which it is required to increase the localization rate, adjust the orientation to attract FDI towards export instead of import substitution, change in some tax incentive policies, etc., so FDI inflows slow down and slow growth.

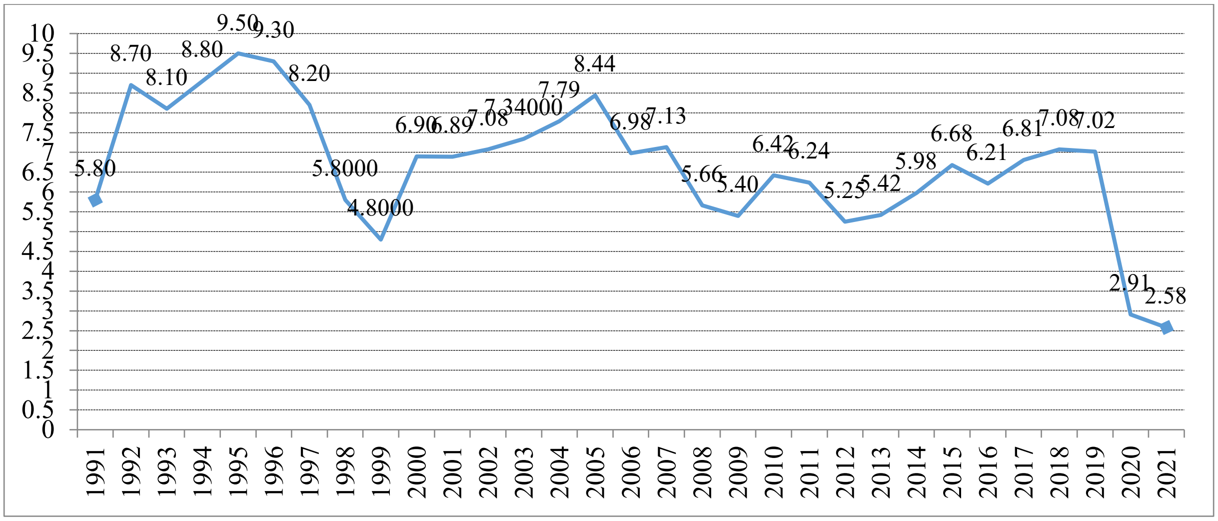

Figure 1: Vietnam GDP growth rate (1991 – 2021)

Source: GSO, Vietnam

Period 2005 - 2008: FDI inflows grew at a high and stable rate. The economy has made strides in improving the investment environment and "absorbing" the positive impacts of the Vietnam - US Trade Agreement, the Vietnam - Japan Investment Promotion and Protection Agreement, especially the impact of deeper integration into the world economy with the fact that Vietnam officially became the 150th member of the WTO in 2007.

Period from 2009 to 2012: After peaking in 2008, FDI inflows tended to decrease. During this period, FDI inflows were affected by the global economic recession, the public debt crisis in some countries and regions, and the Vietnamese economy itself also revealed many weaknesses. The factors that were previously advantages in attracting FDI such as natural resources, cheap labor, etc., have gradually decreased and are not clear in the development of FDI structure in the direction of promoting labor quality and investment environment. investment, the development of supporting industries, the level of technology, etc. All of the above-mentioned synergistic effects have led to a decrease in FDI inflows.

From 2013 to present: FDI inflows have continuously increased, both in terms of the number of projects and registered capital. As of December 31, 2021, the whole country has 33,070 valid projects, with a total registered capital of 384 billion USD, and 137 countries and territories have invested in Vietnam. Korea ranked first with a total registered kapital of nearly 70.6 billion USD; the second is Japan (60.3 billion USD). The next countries and territories are Singapore and Taiwan, Hong Kong; Mainland China alone in 5 years (2016-2021) ranked 7th; FDI into 19 sectors of 21 sectors in the national economic sub-sector system, in which the processing and manufacturing industry accounts for the highest proportion with nearly 201.2 billion USD (accounting for 58% of total FDI kapital). Next, is the real estate business with 58.2 billion USD (accounting for 16.8% of total FDI capital); production and distribution of electricity, gas and water with USD 23 billion (accounting for 6.6% of total FDI capital) (Foreign Investment Department, 2021).

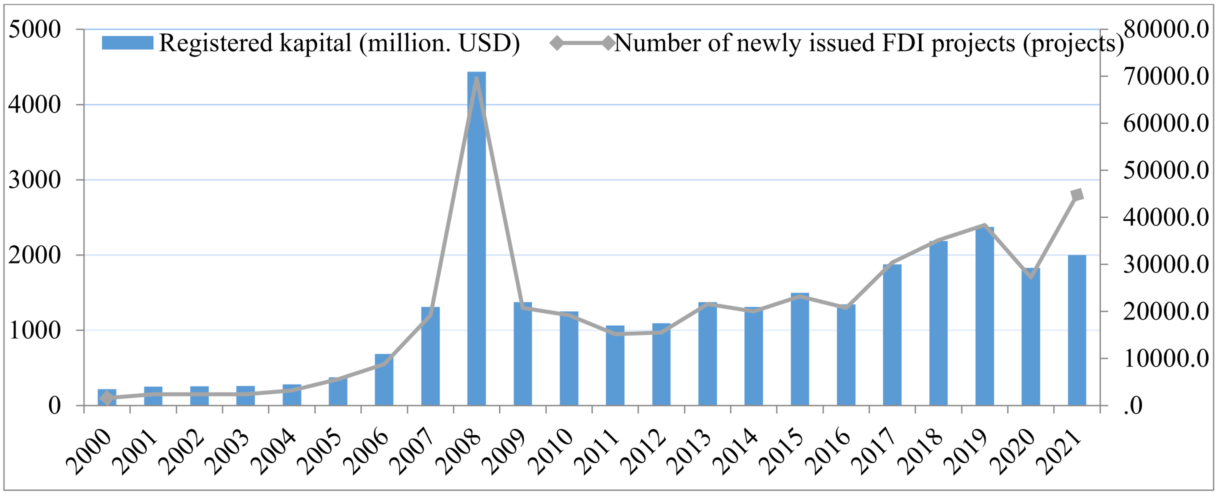

Figure 2: Registered FDI capital over the years in Vietnam

Source: Foreign Investment Agency, Vietnam (2021)

Secondly, FDI structure by investment partner: As of December 2021, there were 137 countries and territories investing in Vietnam, investment partners mainly come from Asian countries. countries with long-term diplomatic relations with Vietnam. In which, Korea leads with a total registered investment capital of over 68 billion USD, accounting for 19% of total registered FDI capital. Japan ranked second with total registered FDI capital of 59,364 billion USD, accounting for more than 16% of total registered FDI capital (Figure 3).

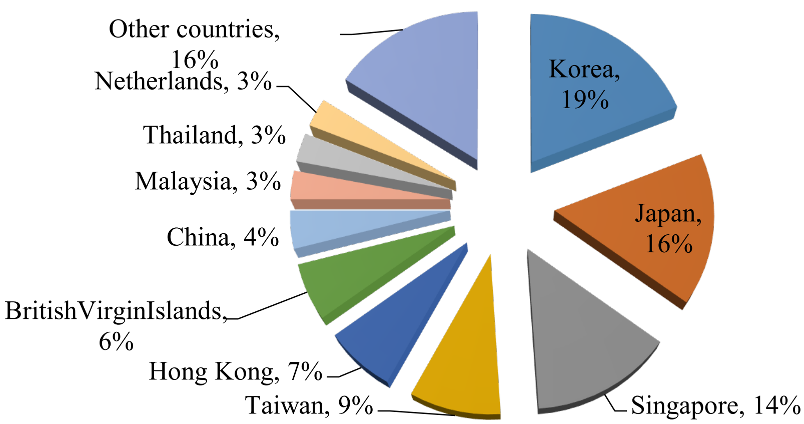

Figure 3: Structure of FDI into Vietnam by country and region

(Accumulation of projects valid until December 31, 2021)

Source: Author calculated according to data of Foreign Investment Agency, 2021

In 2021, Korea still leads with a total FDI of 8.92 billion USD, accounting for 20.8% of total registered FDI in Vietnam; Hong Kong ranked second with total registered FDI capital of 7.87 billion USD, accounting for 20.6% of total registered FDI capital; Singapore ranked third with a total registered FDI capital of 4.5 billion USD, accounting for 11.8% of total registered FDI capital. Followed by Japan, China,... In which, investment from China and Hong Kong tended to increase over the same period due to the impact of the US-China trade war. Specifically: investment from China increased by nearly 1.65 times, from Hong Kong by 2.4 times compared to 2020.

Thirdly, structure of FDI by major sectors and sectors: Accumulated as of December 31, 2021, FDI kapital has entered 19 out of 21 sectors in the national economic sub-sector system with a total registered FDI capital of over 400 billion USD of nearly 32 thousand FDI projects (including valid projects). In which, the processing and manufacturing industry ranked first in terms of investment capital and number of projects, with 214.61 billion USD for 14,463 projects (accounting for 59.07% of total registered FDI kapital). Investment in the real estate sector ranks second, although the number of projects is not much, the scale of the projects is large, with the total FDI capital up to 58.43 billion USD (accounting for 16.09% of the total registered FDI kapital) (figure 4).

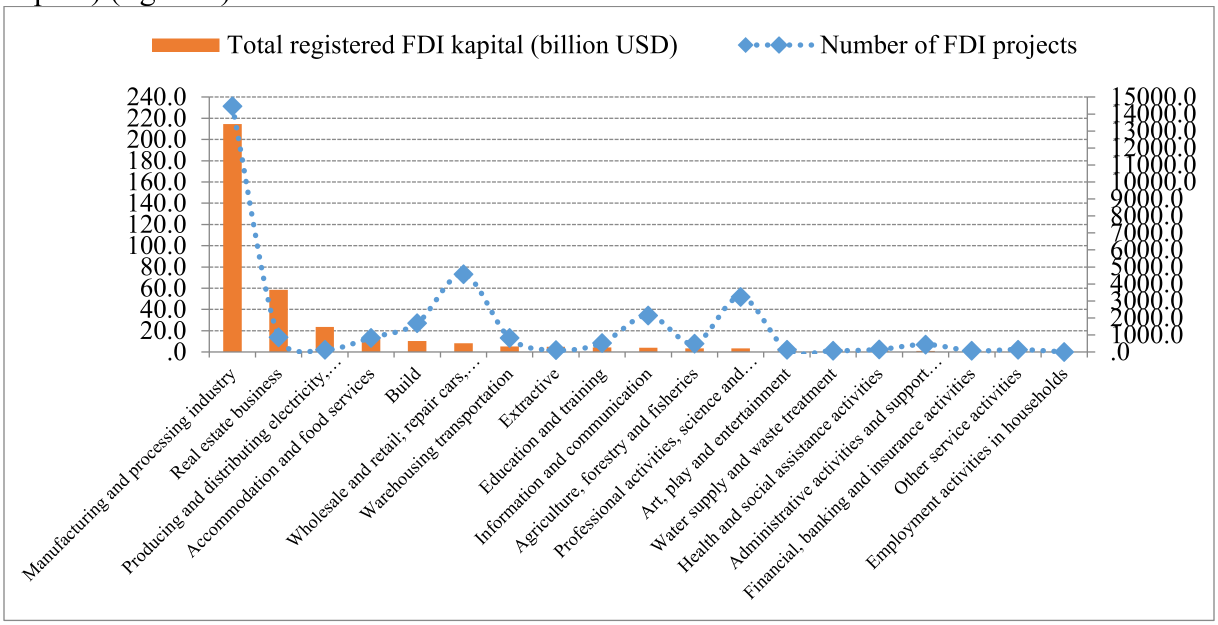

Figure 4: Structure of FDI into Vietnam by industry and main sectors

(Accumulation of projects valid until December 31, 2021)

Source: Author's calculation based on data of Foreign Investment Agency, 2021

Agriculture, forestry and fishery are encouraged, but this sector attracts very few projects. By the end of 2021, there are only 499 valid FDI projects with a total capital of 3,518 billion USD (accounting for 0.97% of total registered FDI in Vietnam). The kapital scale of the projects is small, mainly used in livestock production; production of animal and poultry feed; processing livestock and poultry products for domestic consumption and.

Fourthly, structure of FDI by region and economic region: As of December 31, 2021, FDI enterprises have been present and invested in 63 provinces; cities in the territory of Vietnam. In which, leading in attracting FDI is Ho Chi Minh City with 47.34 billion USD (accounting for 13.1% of total FDI capital); followed by Hanoi with 34.6 billion USD (accounting for 9.5% of total FDI) and Binh Duong with 34.4 billion USD (accounting for 9.4% of total FDI kapital).

In 2021, Hanoi is the local attracting the most FDI with a total registered kapital of 8.45 billion USD, accounting for 22.26% of total FDI capital. Investment kapital in Hanoi is mainly in the form of kapital contribution and share purchase with 6.47 billion USD, accounting for 76.6% of Hanoi's total registered FDI capital. Ho Chi Minh City ranked second with nearly 8.3 billion USD, accounting for 21.41% of total registered FDI kapital. Similar to Hanoi, Ho Chi Minh City's investment in the form of capital contribution and share purchase accounted for a large proportion, accounting for 67.5% of the City's total registered FDI kapital and accounting for 58.1% of the total number of visitors. contribute kapital, buy shares of the whole country. Next are the provinces of Binh Duong, Dong Nai, Bac Ninh (Figure 5).

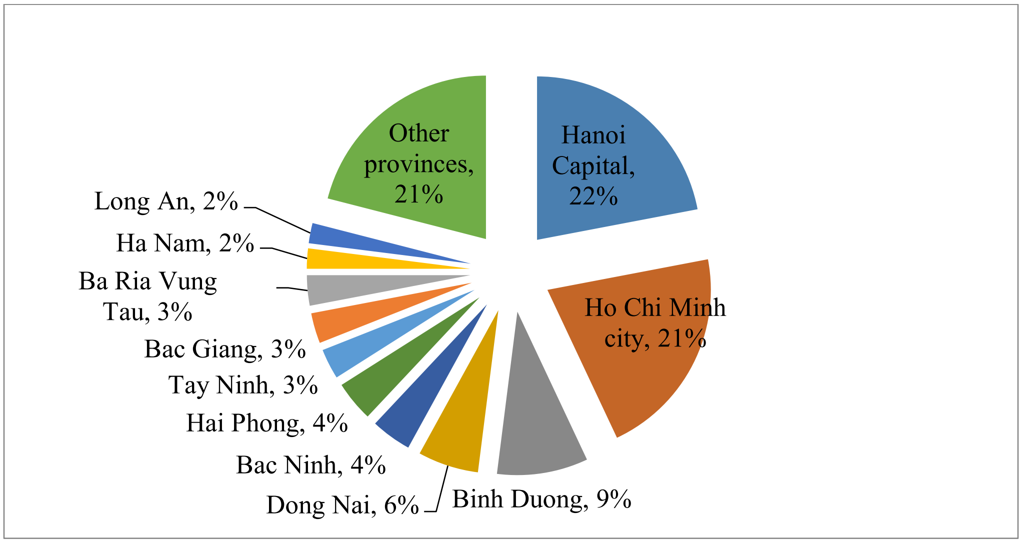

Figure 5: Structure of FDI attraction in Vietnam by location in 2021

Source: Author's calculation based on data of Foreign Investment Agency, 2021

FDI flows tend to flow into large urban areas, regions with developed socio-economic infrastructure, typically the Southern key economic region and the Northern key economic region.

Table 1: Structure of FDI by key economic regions in Vietnam

(Accumulation of projects valid until December 31, 2021)

Economic region	Total registered kapital (billion USD)	Ratio (%)	The number of FDI Project	Ratio (%)
Northern key economic region	96.53	33.89	9,735	34.64
Key economic region in the Central	18.13	6.36	1,190	4.23
Southern key economic region	164.26	57.66	16,994	60.47
Key economic region of the Mekong Delta	5.94	2.09	182	0.65
Total	**284.86**	**100**	**28,101**	**100**

Source: Author's calculation based on data of Foreign Investment Agency, 2021

The Southern key economic region is the largest FDI attraction in the country with 16,994 projects, total registered capital up to 164.264 billion USD, accounting for 57.66%. Next is the Northern key economic region, with 9,735 projects, registered capital up to 96.53 billion USD, accounting for 33.89%. Central key economic region has 1,190 projects with registered capital of 18.13 billion USD, accounting for 6.36%. The key economic region of the Mekong Delta is the lowest FDI attraction with 182 projects, with a total investment capital of 5.94 billion USD, accounting for 2.09% of the total registered FDI capital (table 1).

Contribution of FDI to Vietnam's economic development

Firstly, supplementing an important source of capital for development investment: In fact, the FDI sector is increasingly asserting an important role in the economic development of Vietnam and is an area with high growth rate and most active. Studies show that FDI is an important source of kapital in total social development investment kapital and an important economic growth engine of Vietnam in recent years.

The contribution of FDI in total social investment kapital fluctuates greatly (from 18% in 2000 to 30.9% in 2008). This rate has gradually decreased, then continued to stabilize in the period 2009-2021. The proportion of FDI in total social development investment kapital remains at around 21.4% in the period 2000 - 2021. The outstanding advantage of this kapital source compared to other sources of investment kapital is that it entails the transfer of kapital; technology transfer, export promotion; adopt modern management methods and experiences (Figure 6).

Secondly, contributing to promoting economic restructuring towards modernity: In the process of attracting FDI, Vietnam's attraction policy has also gradually improved and is more suitable with the socio-economic level of each period. One of the goals of FDI is to attract projects into key, preferential sectors. Therefore, the FDI sector has made an important contribution to promoting the economic restructuring of Vietnam. Of the total FDI kapital, 58.2% of FDI kapital is concentrated in the field of processing and manufacturing industry; create over 50% of industrial production value of Vietnam. The FDI sector has also carried out technology transfer in a number of industries and fields and has had certain spillover effects of technology on the domestic business sector; promoting the development of supporting industries... On the other hand, contributing to the development of important industries such as telecommunications, electronics,… FDI also contributes to the formation of a number of new industries in Vietnam. This is an important foundation for the process of industrialization and modernization of the country; development of the digital economy.

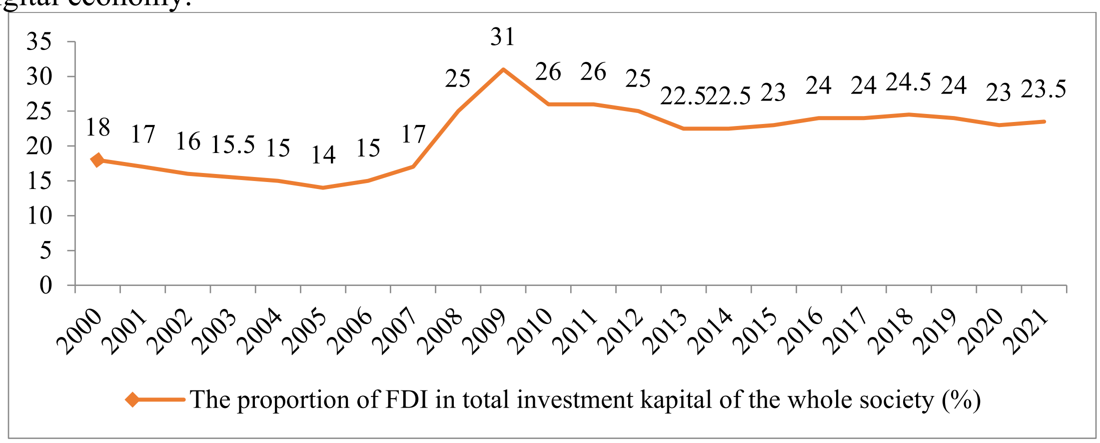

Figure 6: Share of FDI in total social investment

Source: Author's calculation according to Foreign Investment Agency of Vietnam, 2021

Thirdly, technology transfer: Technology transfer through FDI projects is one of the main channels, through breakthrough Transfering National Companies (TNCs) to improve Vietnam's technological capacity. Technology transfer through FDI projects is always accompanied by training of operation and management personnel and by learning by doing. Since then, it has trained a team of highly qualified and skilled technical staff and workers. The survey shows that 44% of FDI enterprises re-train their employees to different degrees (for about 30% of the recruited employees). For some key stages of advanced or special technology chains, after being recruited, employees are sent for training at parent companies abroad. Up to now, most of the advanced technology, source technology and high-tech staff and workers in Vietnam are concentrated in the FDI

Fourthly, contribute to GDP growth: FDI kapital plays an important role in promoting economic growth of Vietnam. The contribution of the FDI sector in the country's GDP increased from

13.28% in 2000 to 19.55% in 2013; rate of 20.3% in 2018 and an average of over 21% from 2019 to 2021.

Fifthly, contribute to state budget revenue: The proportion of state budget revenue from the FDI sector also increased significantly from 1.8 billion USD in the period 1994-2000 to 23.7 billion USD in the period 2011-2015, accounting for nearly 14% of total state budget revenue. In 2019, the FDI sector contributed nearly 17.2 billion USD, accounting for 25.8% of the total state budget revenue.

Sixthly, contributing to increasing the proportion of exports: Vietnam's impressive export results over the past many years have been marked by the FDI sector. The share of the FDI sector's contribution to exports has increased sharply from less than 50% of the total turnover before 2003 to 66.9% in 2012 and continued to exceed 70% from 2015 onwards. In 2021, exports of the FDI sector (including crude oil) account for 65% of the country's export value (Figure 7).

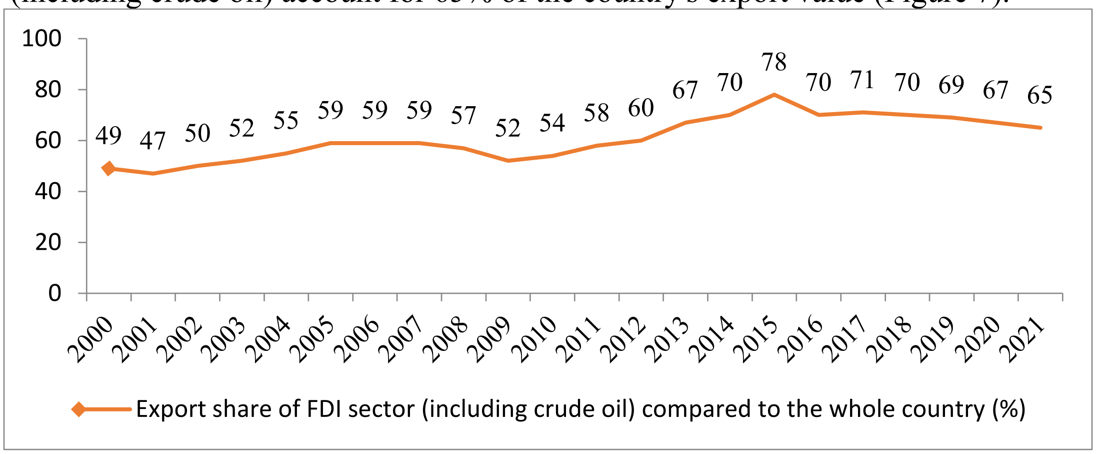

Figure 7: Export share of FDI sector compared to the whole country

Source: Foreign Investment Agency of Vietnam, 2021

Seventhly, creating jobs and improving the quality of human resources: FDI inflows have made an important contribution to creating jobs as well as improving the quality of human resources, a fundamental factor for Vietnam's economy. Integration and development. As of December 31, 2021, the FDI sector has created jobs for over 4.7 million direct workers and about 5-6 million indirect workers. In which, many workers have been trained at home and abroad.

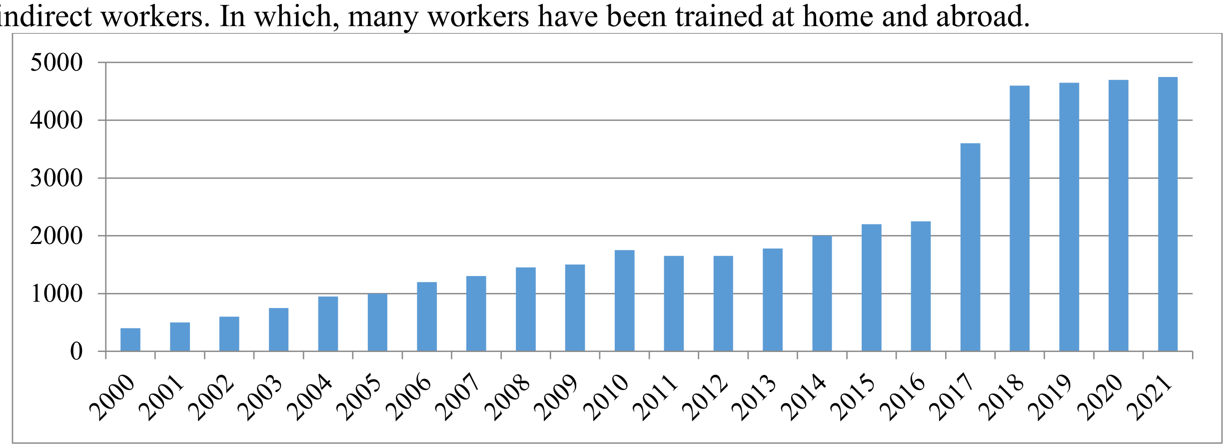

Figure 8: Number of employees working in the FDI sector (1,000 employees)

Source: Foreign Investment Agency of Vietnam, 2021

Although compared to small and medium enterprises, the number of jobs created is still limited, but the quality of labor in the FDI sector is clearly better. Many officials and workers in the FDI sector have been and are the "key persons" to develop the highly qualified and skilled workforce of Vietnam. In addition, the number of jobs created by the spillover effect of the FDI sector is also a significant number. FDI enterprises' requirements on labor quality are also an opportunity for Vietnam to shorten the labor productivity gap with the region and the world (Figure 8).

Thus, nearly 35 years of attracting FDI into Vietnam with many changes, but the effort to aim for a perfect environment has brought remarkable results for Vietnam. However, despite the results. FDI is impressive, but Vietnam also needs a strategic change in policy both at home and abroad to maintain competitiveness within ASEAN, with other similar countries to ensure the sustainability of the flow of FDI kapital and attract more FDI with higher added value.

The limitations and inadequacies of FDI for the Vietnamese economy

It can be said that the presence of FDI in the past 35 years has contributed to positive changes in the Vietnamese economy. The above results are undeniable results of the contribution of the FDI sector to the socio-economic development of Vietnam. However, in fact, FDI also has many hot spots that have not been resolved; there are still many limitations and shortcomings of FDI in recent years.

Firstly, FDI creates added value for the economy is still low: The FDI sector in Vietnam has contributed an important proportion to the export value in the total export turnover of the country, but the contribution rate is still low; don't contribute much. FDI enterprises want to take advantage of Vietnam's young and cheap labor source. Therefore, FDI is mainly in the field of processing and manufacturing. However, because Vietnam's supporting industry has not yet developed strongly, attracting FDI into the processing and manufacturing industry too much will turn Vietnam into the assembly factory of the world. On the other hand, this is an area that attracts a lot of workers, exports a lot but imports are also large, so the added value is not high and does not create spillovers to other economic sectors and areas. Supporting industries are underdeveloped, leading to Vietnam only working as hired laborers and employees for FDI enterprises.

Secondly, the technology spillover effect is not high: After nearly 35 years of FDI attraction, it can be seen that the level of technology transfer of FDI enterprises to domestic enterprises, as well as the technology spillover effect that the FDI enterprises FDI industry brings not high. According to a survey on technology spillover effects of the FDI sector conducted by a group of experts from the Vietnam Competitiveness Initiative (VNCI) project, 65% of FDI enterprises operating in the manufacturing sector are located in Vietnam at the end of the product value chain, the rest operate in the service sector and other fields. In fact, FDI enterprises need a large volume of intermediate goods and services for the production process. However, FDI enterprises operating in Vietnam currently have to import inputs for the production and trading process up to 57.5% of intermediate products from abroad, only about 40% are supplied domestically territory of Vietnam. The low level of technology transfer and diffusion shows that: (i) The number of technology transfer contracts is still small: Most of the technology transfer contracts are transferred in the form of the parent company to the subsidiaries company, According to a survey on competitiveness and technology at the enterprise level in Vietnam from 2010 to 2014 (CIEM, 2015), if considering both enterprises in the same industry and in different industries, 80% of technology transfer takes place among domestic enterprises, while FDI enterprises transferring technology to domestic enterprises account for only about 20%, this is a very low rate; (ii) Total Factor Productivity (TFP) indicates that the growth of the FDI sector is not due to technology transfer: According to the research results of the author Bui Trinh (2010) TFP of the FDI sector is -17.6%, showing that the growth of the FDI sector is not due to technology, but mainly due to other factors such as cheap labor costs, capital advantages; (iii) Low localization rate is a factor hindering technology transfer: The supporting industry is underdeveloped, so the localization rate in Vietnam is lower than many countries in the region. This will greatly affect the technology transfer ability of FDI enterprises. According to a survey by (JETRO, 2016), Vietnam's supply capacity for Japanese enterprises in raw materials and components in the field of supporting industries is only 32.1% (this rate is much lower than that of Japanese enterprises) compared to other countries in Asia: China 64.7%, Thailand 55.5%, Indonesia 40.5%, Malaysia 36%); (iv). The level of modernity and updating of transferred technologies is low: most of the technologies used in Vietnam are outdated technologies, 80% of FDI enterprises use the world's average technology, 5% - 6% use high technology, 14% use low and outdated technology (Do Minh Hanh, Communist Review). According to the assessment of the Ministry of Planning and Investment, technology transfer is mainly carried out horizontally (between enterprises and enterprises), with little change in technology level and capacity. Some FDI enterprises, although using high technology, do not do it in Vietnam, so Vietnamese enterprises still only create processed products with low added value and are difficult to participate in the value chain of global production.

Therefore, the products generated from the processing and manufacturing industry in Vietnam still mainly stop at the raw processed products, the refined products, with high technology products, almost very little. The dependence on the FDI sector has limited the ability to import modern technology in the world.

Thirdly, the link between the FDI sector and domestic enterprises is still very low, supporting industries and production linkages have not yet been established according to the global supply chain: Currently, the level of linkage between FDI enterprises and domestic enterprises are very weak, so there is not much support for domestic enterprises to develop. The survey results of UNIDO (2018) show that FDI enterprises participating in the survey only use a low level of intermediate products for inputs processed and manufactured in Vietnam. The proportion of input products purchased from domestic manufacturers in all types of FDI enterprises is relatively low (about 26.6%). FDI enterprises import most of raw materials, fuels and other input semi-finished products (58.4%); through the parent company (20.4%) or directly imported (38%).

Fourthly, many FDI enterprises have acts of transfer pricing, tax evasion, causing loss of revenue to the state budget: Transfer pricing is a common phenomenon for FDI enterprises; FDI enterprises declare and report losses quite commonly, accounting for about 50% of the total number of FDI enterprises operating in Vietnam. The acts of "transfer pricing" have caused a great loss of revenue to the state budget, increased import value, and negatively impacted the balance of trade and the balance of international payments; worsening the domestic business environment, reducing the efficiency of using FDI capital in particular and capital in general. In Ho Chi Minh City, nearly 60% of the more than 3,500 FDI enterprises regularly declare losses for many years. It is unreasonable that despite continuous and large losses, FDI enterprises still expand their production and business scale (in the case of Coca-Cola, Pepsi and P&G Group); Joint-venture FDI enterprises always tend to transfer prices to become 100% foreign-owned FDI enterprises, foreign investors have full control and management rights. Transfer pricing activities of FDI enterprises have caused loss of revenue to the state budget tens of thousands of billion dong for many years.

Fifthly, many FDI projects and enterprises use outdated technology or actively pollute the environment, reducing the sustainability of Vietnam's economic growth: There are many FDI projects investing in Vietnam with the purpose of taking advantage of cheap labor, using outdated machinery and technology, causing environmental pollution. In which, there are serious environmental incidents such as the case of Formosa Ha Tinh, Vedan Dong Nai... Besides, the use of resources, especially land, is wasteful; causing depletion of natural resources, leading to many consequences for the Vietnamese economy. On the other hand, some localities still "tear down the fence" in attracting and using FDI capital, negatively affecting the competitive environment in attracting FDI in Vietnam.

Solutions to enhance FDI attraction in the new context

In the context of an increasingly complex economy, with unpredictable developments of the global crisis, including the COVID-19 pandemic; in order for Vietnam to realize its economic development goals and become a modern industrialized country in the coming period, it is necessary to mobilize large capital sources, including FDI. Although there are many conflicting opinions on the point of view of FDI attraction, in fact, Vietnam's demand for FDI attraction is still very large, due to the decrease in other financial sources such as ODA, commercial loans creating a foreign debt burden. In the coming time, attracting high-quality FDI in high-tech industries, supporting industries, high-tech agriculture and high-quality service industries... is Vietnam's top priority in the coming time. This is the content affirmed in Resolution No. 50-NQ/TW dated August 20, 2019 of the Viet Nam on orientations to perfect institutions and policies, and improve the quality and efficiency of foreign investment cooperation to 2030. The change of the global economy such as the industrial revolution 4.0 or the trend of sustainable development will directly affect the trend of attracting FDI in the world as well as in Vietnam. Some trends to attract FDI in the coming time may affect FDI attraction in Vietnam such as: (i) Trends of investment in high technology, which factors are concerned with quality, innovation and creativity. create and focus on investment efficiency without putting profit first as before; (ii) In order to develop an effective FDI attraction strategy, Vietnam needs to consider global trends that will affect the situation of FDI attraction in Vietnam. On that basis, it is necessary to perform a number of synchronous solutions as follows:

Firstly, improve the legal system and administrative procedures on FDI in the direction of synchronous, consistent, easy to understand and easy to implement. Investment incentive policies need to ensure the consistency of regulations on criteria and standards for the evaluation and selection of investment projects that are licensed in economic zones, high-tech zones or are entitled to incentives for investment taxes and land rent.

Secondly, promote reform of administrative procedures in the state management of FDI in the direction of perfecting regulations, building standard procedures and operating principles.

Thirdly, do not attract FDI at all costs, it is necessary to be selective in attracting FDI; taking quality, efficiency, technology and environmental protection, closely associated with the requirements of ensuring national defense and security as the main evaluation criteria; give priority to attracting FDI projects with high added value, advanced technology, source technology; environmental protection, modern governance, spillover effects, connecting global production and supply chains.

Fourthly, promote FDI enterprises to strengthen connections with domestic enterprises, especially supporting enterprises through the development and implementation of appropriate priority policies. At the same time, the orientation of supporting industry development closely follows the regional and global production networks and value chains; develop and implement support policies on expert advice, technology solutions, support for human resource training, including corporate governance team.

Fifthly, perfecting the legal framework on anti-transfer pricing, amending a number of regulations on tax administration with enterprises having associated transactions; increase fines and penalties for transfer pricing acts to ensure the strictness of the law; building and completing the system of large data database (big data) of national information on investment projects and FDI enterprises. Sixthly, attracting FDI must be suitable to Vietnam's socio-economic situation and catch up with global trends, which is very important to attract FDI in the coming time.

CONCLUSIONS

After nearly 35 years of attracting FDI, Vietnam has proven the attractiveness of an emerging economy to foreign investors. The growth rate of the FDI sector is increasing, making many important contributions to the development of the national economy. The success in attracting and using FDI is the foundation and also a lesson for Vietnam to continue to attract FDI with policies and FDI orientations suitable to the region and the world.

In the new context of the 4.0 industrial revolution, together with the participation in the CPTPP, FTAs and the effects of COVID-19. More specifically, the CPTPP and new generation FTAs can help Vietnam reduce its trade dependence international trade (mainly exports) to a few traditional partners, whose dependence can lead to dependence in other areas. The new context will also put great pressure on reforming mechanisms and policies, creating momentum for Vietnam's FDI attraction. Implementing some of the above basic solutions will be a premise for attracting FDI with new constraints and conditions, helping Vietnam to overcome the consequences and negative impacts of FDI.

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