



POLICIES FOR ATTRACTING FOREIGN INVESTMENT IN NEW CONTEXT



*Ms. Tran Thi Hue - Deputy Director
Investment Promotion Center - North Vietnam (IPCN)
Foreign Investment Agency (FIA), Ministry of Planning and Investment (MPI)
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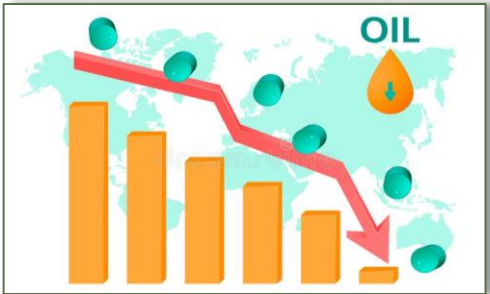
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1. CONTEXT IN THE WORLD AND VIETNAM

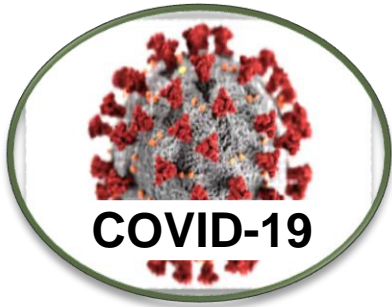
Context in the world



Oil prices strongly decreased



Pending socio-economic activities



Globally broken supply chains



Global economic crisis



Discontinued production chains

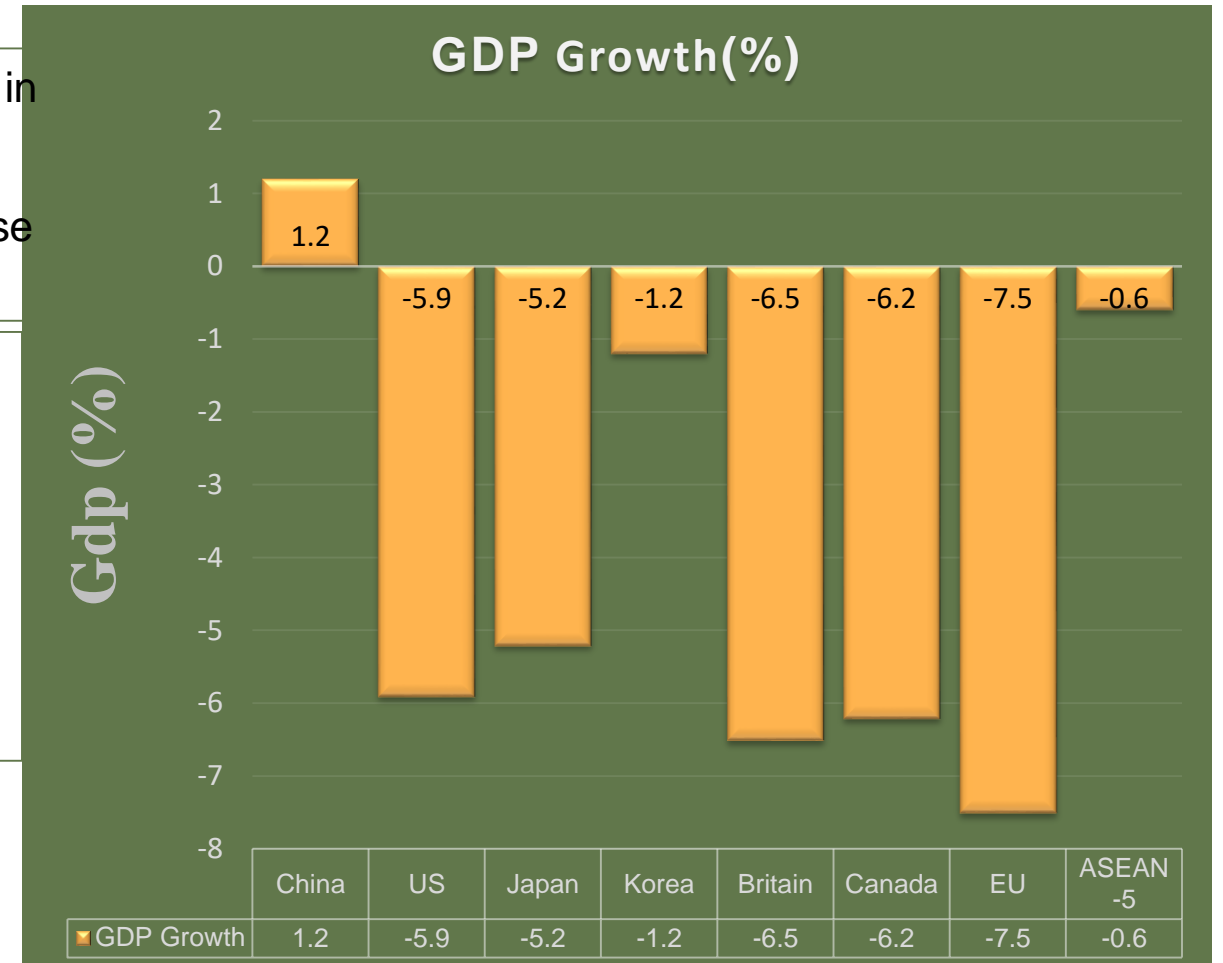
1. CONTEXT IN THE WORLD AND VIETNAM

World's economic context

- IMF forecast global economic recession, -3% growth in 2020
- UNCTAD predicted that the global FDI would decrease by 30-40% in 2020-2021

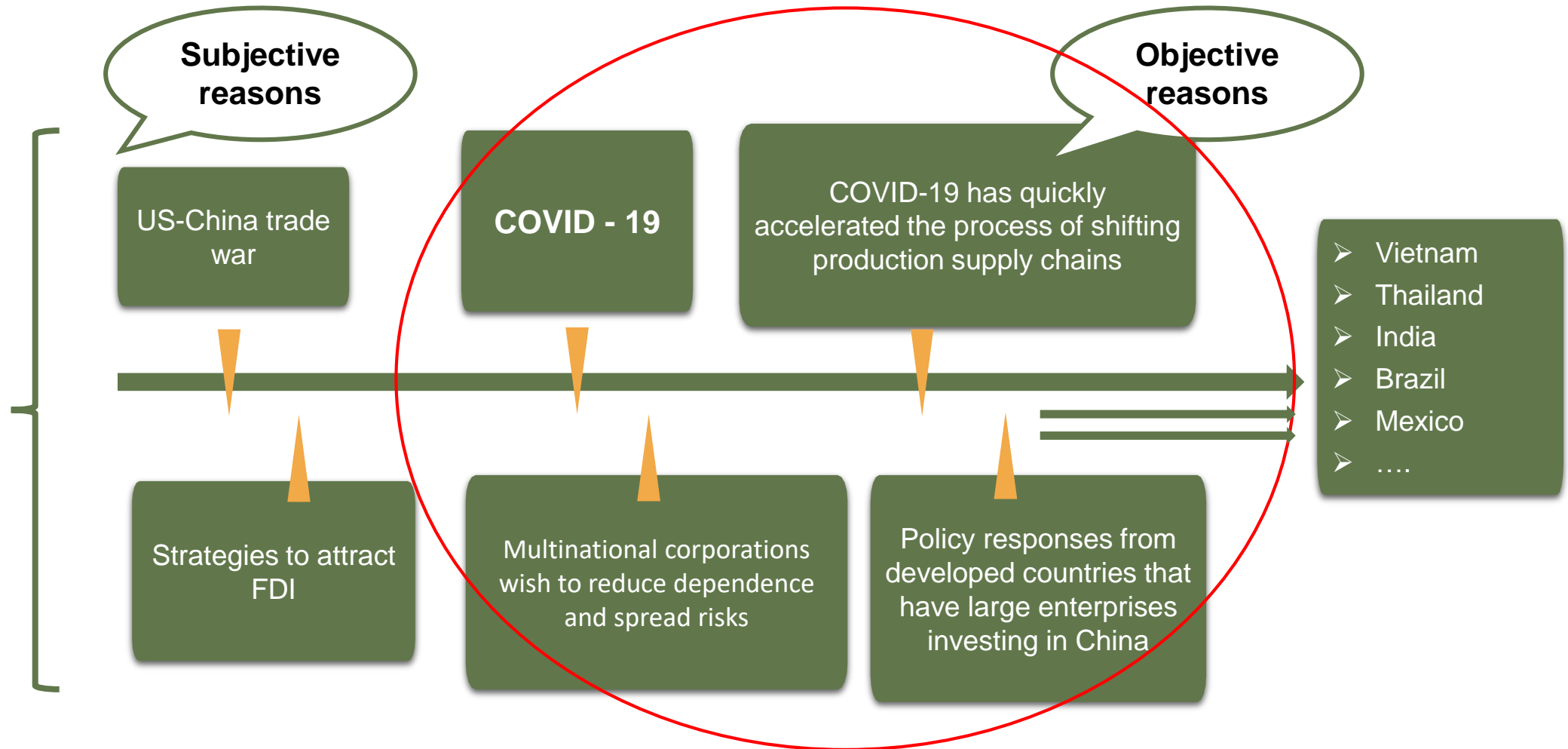
The growth scenario depends on 3 factors:

- + The ability of each country to control the Covid-19 pandemic
- + Effectiveness of support policies/packages
- + Effective international cooperation (in pandemic prevention)



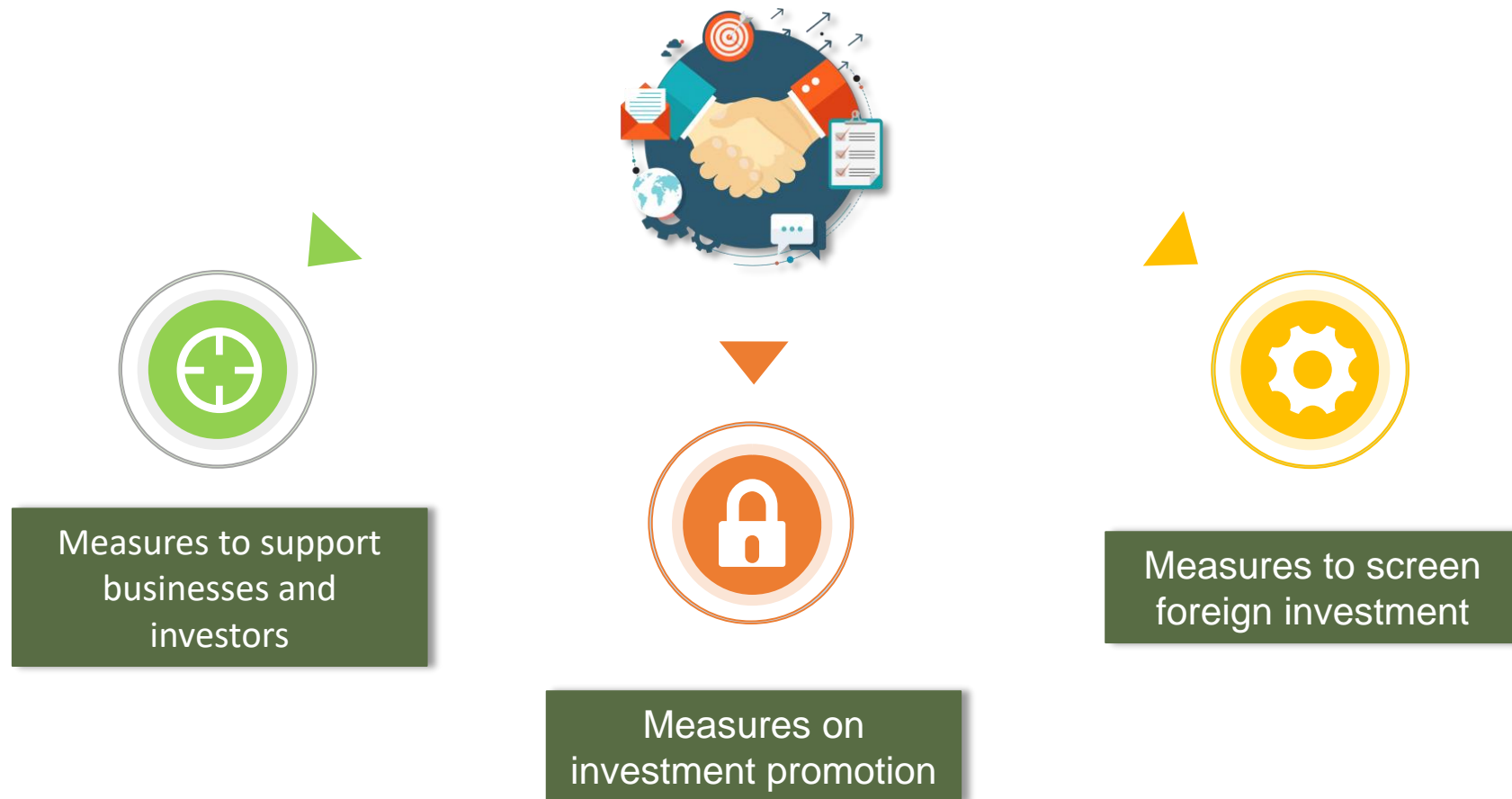
1. CONTEXT IN THE WORLD AND VIETNAM

Trends of shifting FDI flows in the world



1. CONTEXT IN THE WORLD AND VIETNAM

Countries' responses



1. CONTEXT IN THE WORLD AND VIETNAM

New investment incentives



India

- Propose tax exemption for 10 years for foreign investments from 500 million USD in the sectors of medical equipment, electronics, telecommunications equipment ...
- Propose the issuance of the IRC within 1 week, provided that the investor agrees to complete the application within 1 year



Indonesia

- Tax exemption from 5 to 10 years for industries: metallurgy, oil refining, basic chemicals, industrial machinery, renewable resources, telecommunications equipment



Thailand

- 50% reduction of corporate income tax for 3 years. (Conditions: Investor contributes at least 50% of domestic output in the period 2020-2021)
- Exemption of import tax for raw materials used in R&D activities.



Philippines

- 3-year tax incentives for projects to expand and increase actual production capacity.



Singapore

- Tax exemption from 5 to 10 years for industries: metallurgy, oil refining, basic chemicals, industrial machinery, renewable resources, telecom equipment



Malaysia

- 5-year tax exemption for the food industry; 10 years with new food industry; 10–15 years for space industry, biotechnology,...
- Cash flow support: tax installments from 3-9 months; tax deferral for 6 months for enterprises to train human resources; Link social donations to businesses with credit needs.

1. CONTEXT IN THE WORLD AND VIETNAM

Measures to screen foreign investment



Reasons

- Concerned that companies in key sectors will be acquired cheaply by foreign partners
- Risks of economic - financial security, national security of countries receiving FDI.

- On March 25th 2020, Europe is the first region to apply urgent measures related to FDI. Some members such as Italy, France, Germany, and Spain have even higher restrictions.
- The US, Japan, and India have also issued FDI screening mechanisms.

2. FDI IN VIETNAM

GDP Growth (%)



- GDP in Quarter II, 2021 grew by 5.64%.
- Trade turnover: 152.65 billion USD, up 24.1% over the same period last year

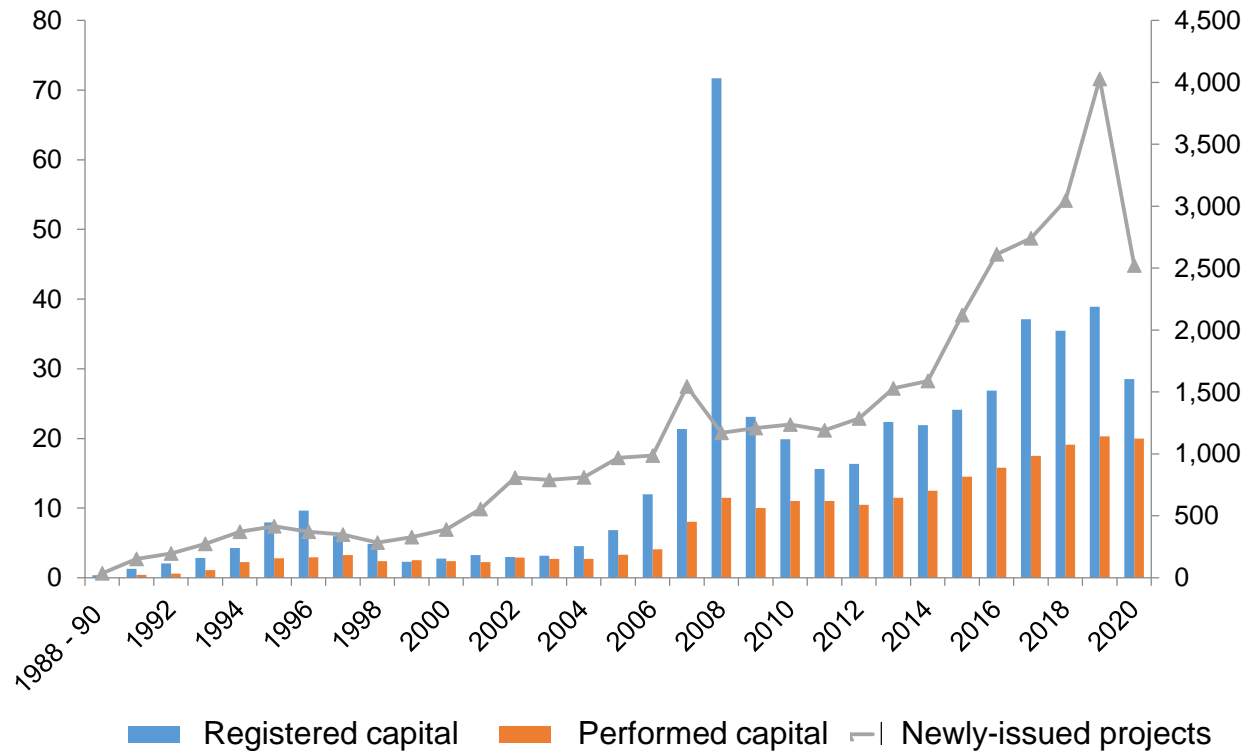
2. FDI IN VIETNAM

Billions \$USD

Year	2014	2015	2016	2017	2018	2019	2020	8/2021
Registered capital	21.9	24.1	26.8	37.1	35.4	38.9	28.53	19.12
Performed capital	12.5	14.5	15.8	17.5	19.1	20.3	19.98	11.58

141 countries and territories have invested in Vietnam with a total of 34,072 projects. Cumulative registered capital is over US\$ 400.6 billion. Korea, Japan, Singapore, Taiwan and Hong Kong are the biggest investors in Vietnam.

2. FDI IN VIETNAM



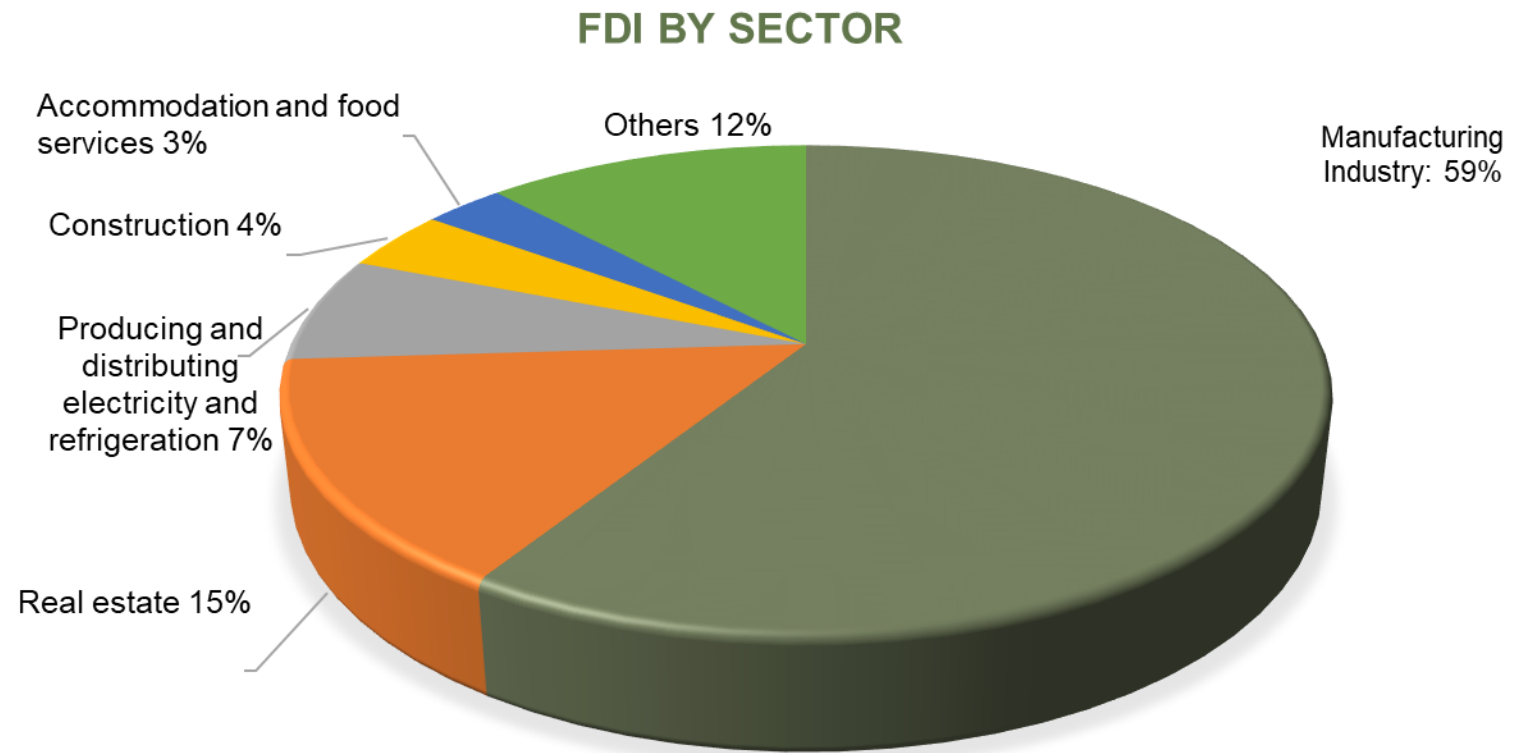
In the first 8 months of 2021:

- Performed capital: US\$ 11.58 billion (+2% increase).
- Total newly registered capital, adjusted capital, share purchase capital: 19.12 billion USD.

Positive points:

- Newly registered capital: increased by 6.3% (\$11.325 billion USD).
- Adjusted capital: up 2.3% (US\$4.985 billion).
- The trade surplus of the foreign investment sector offsets the trade deficit of the domestic sector.

2. FDI IN VIETNAM

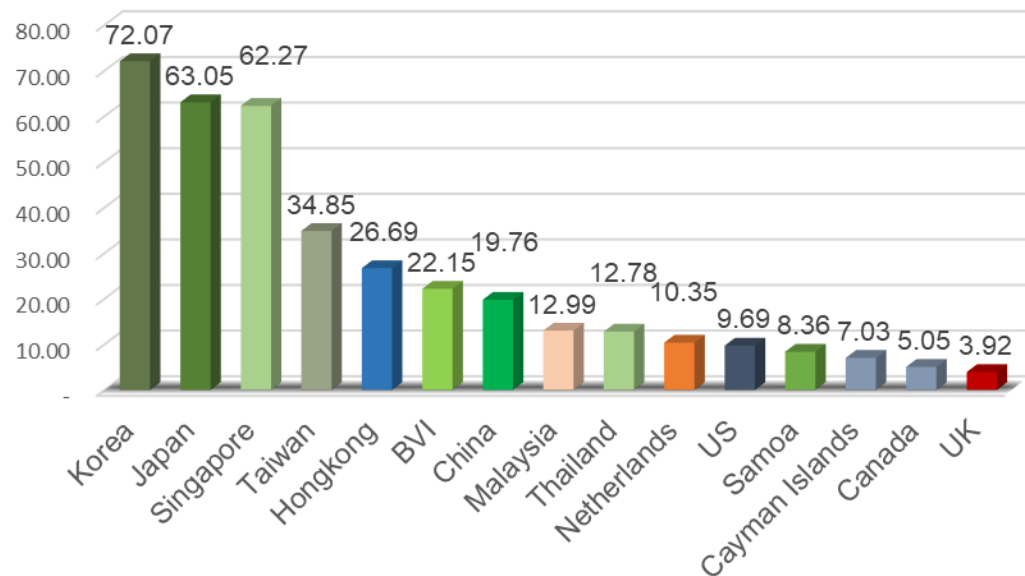


Source: MPI

3. THAI INVESTMENT IN VIETNAM

FDI BY PARTNER

Million USD



- **Thailand: top 9 out of 140 countries and territories investing in Vietnam**
- Total registered capital: over **12.783.91** million USD with **626** projects

No.	Countries/ Territories	No. of Project	Registered Capital (Million USD)
1	Korea	9,111	72,076.37
2	Japan	4,716	63,059.01
3	Singapore	2,735	62,271.12
4	Taiwan	2,821	34,858.25
5	Hongkong	1,988	26,690.39
6	British Virgin Islands	867	22,154.46
7	China	3,224	19,768.27
8	Malaysia	657	12,995.31
9	Thailand	626	12,783.91
10	Netherlands	379	10,353.53
11	US	1,100	9,697.98
12	Samoa	393	8,369.87
13	Cayman Islands	120	7,030.15
14	Canada	227	5,057.06
15	UK	424	3,920.52
16	France	628	3,612.04
17	Germany	394	2,244.28
18	Luxembourg	56	2,106.71
19	Australia	526	1,923.22
20	Switzerland	177	1,921.50
	Other	2,903	17,719
	Total	34,072	400,612.68

Source: MPI

4. ADVANTAGES OF INVESTING IN VIETNAM

1

Stable politics – Open society

2

High and stable economic growth (excluding pandemic time)

3

Competitive production cost

4

Abundant human resources – Golden population



Potential market

5

International intergration

6

Open policy with lots of competitive incentives

7

Strategically geographical location

8

5. VIETNAM PREPARATIONS FOR NEW WAVE OF FDI



Manufacturing industries



Medical and pharmaceutical fields



Information technology and software



Infrastructure & PPP



M&A Startup

POTENTIAL SECTORS FOR INVESTMENT ATTRACTION

Agriculture and processing

Biotechnology



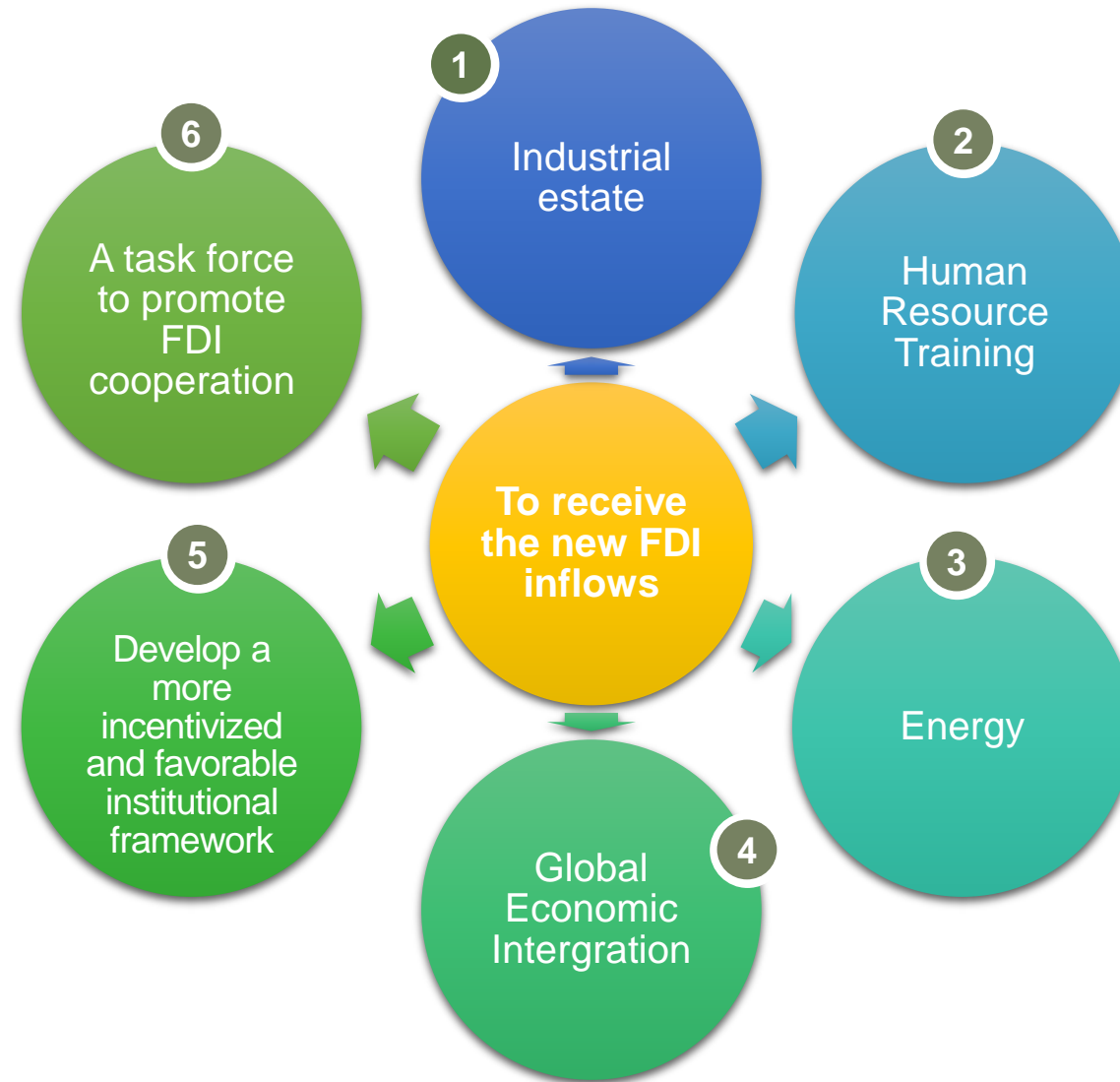
Real Estate



Banking & Insurance



5. VIETNAM PREPARATIONS FOR NEW WAVE OF FDI



1 Industrial Land

80,900 ha INDUSTRIAL LAND

562 IPs
121,900 hectares

Planning

394 IPs
80,900 hectares

Issues

284 IPs
56,800 hectares

Operated

72,3% OCCUPATION RATE OF INDUSTRIAL ZONES AND ECONOMIC ZONES

110 IPs
24,100 hectares

Under construction

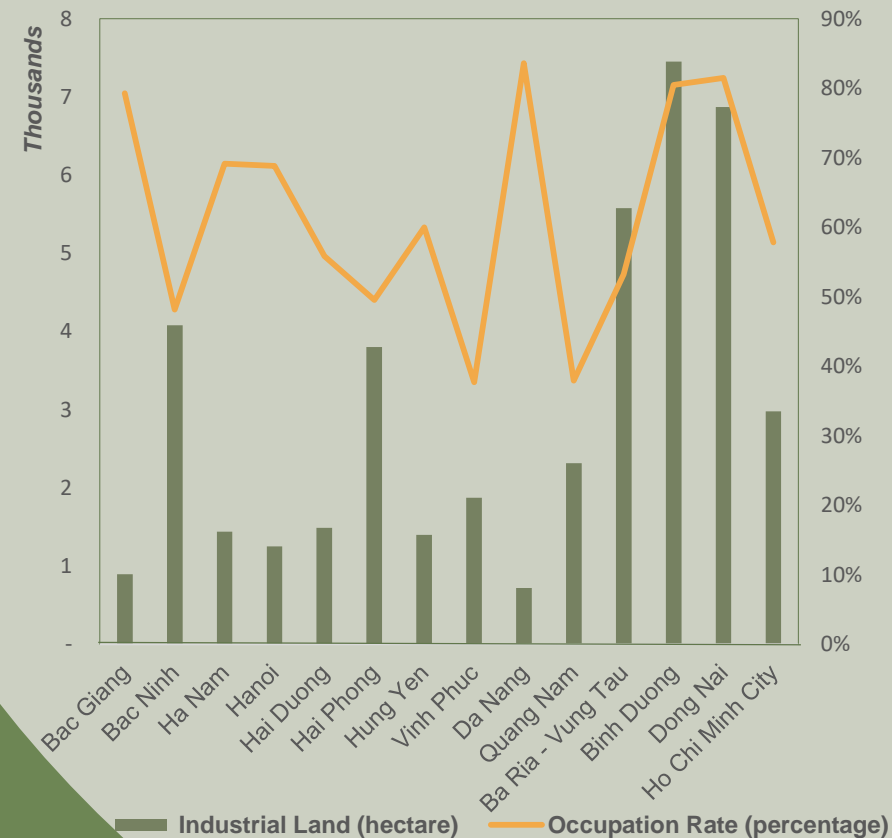
18 EZs
857,600 hectares

Established

01 EZs
13,950 hectares

Planning

OVERVIEW OF INDUSTRIAL LAND IN MAJOR CITIES



2 Human Resource Training



Cooperate between universities, colleges, vocational training centers and corporations, enterprises to train according to “Orders”.



Develop a database of trained labor force in foreign countries to meet the demands of FDI enterprises and Korean enterprises.

3 Energy

PLANNED CAPACITY

YEAR 2020	60,000 MW
YEAR 2025	96,500 MW
YEAR 2030	129,500 MW

OPERATIONAL CAPACITY

2016-2020	21,651 MW
2021-2025	36,192 MW
2026-2030	38,010 MW

Ministry of Industry and Trade (MOIT) has been finalizing the Power Development Master Plan 8 and promulgating the National Energy Master Plan to submit to the Government for approval.

4 Global Economic Intergration

Global

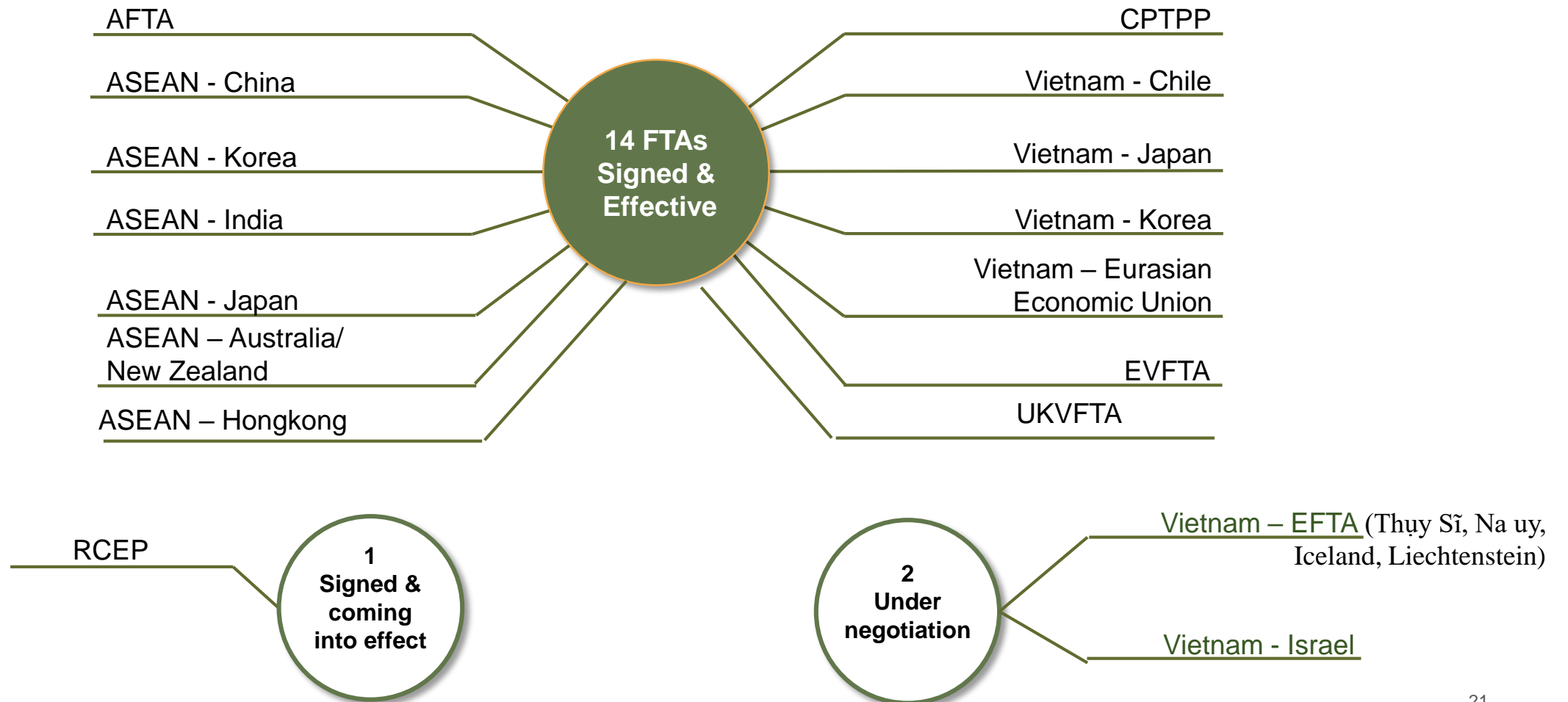
- CPTPP, EVFTA came into force
- CHINA US Trade war
- “New Southern Policy” of Korea and Taiwan
- China + 1, Thailand + 1

Vietnam

- Administration reform
- Macro economic stabilization
- Investment environment improvement
- New FDI mobilization strategy

4 Global Economic Intergration

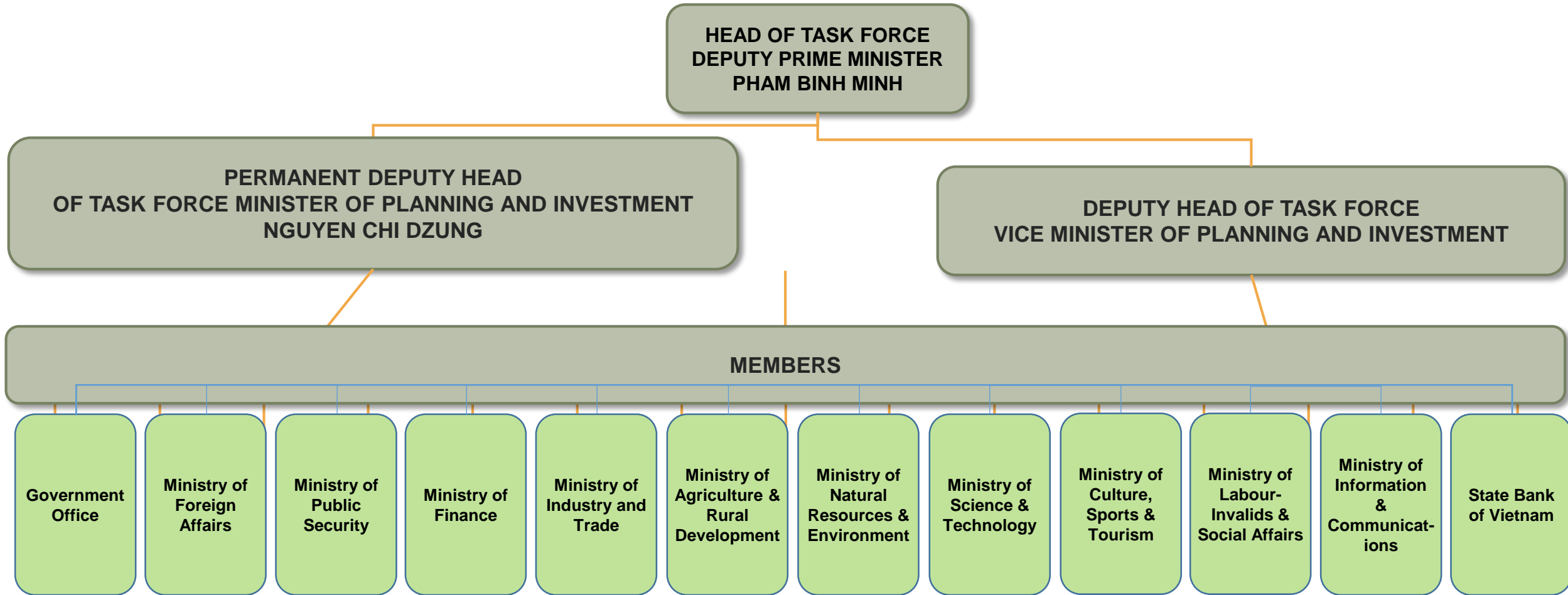
By 2021, Vietnam has taken an important role of economic connection network of 55 partners in which 15 are members of G-20



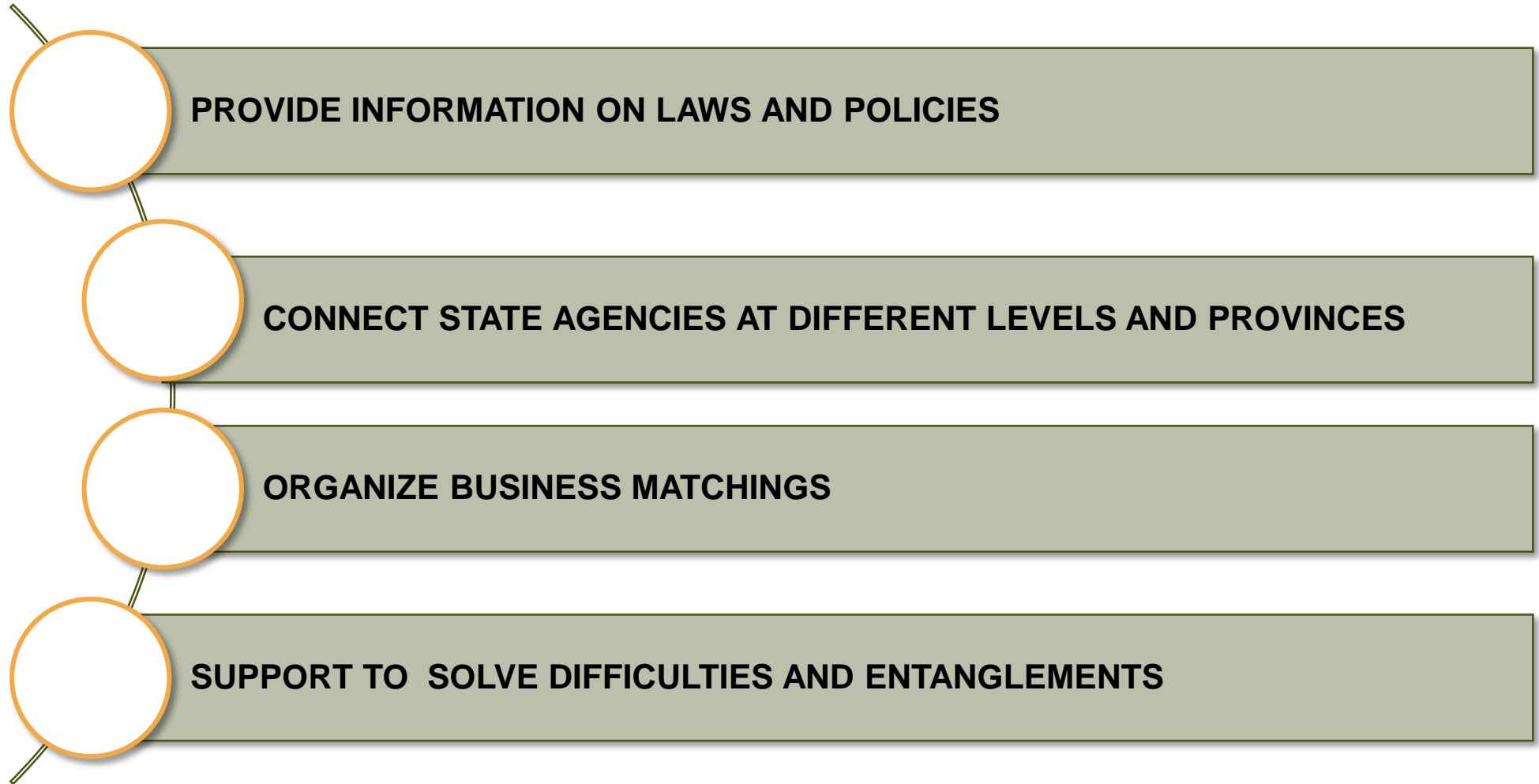
5 Incentive Legal Framework

Tax Incentives	Incentives for Corporate Income Tax is regulated by current laws (Investment Laws 2014, Corporate Income Tax 2013, and Decree 218/2013/NĐ-CP)	Special incentives in accordance with Investment Law No. 61/2020/QH14
(1) Durations for tax incentives	10% tax rate in 30 years	Tax rate of 5% for a maximum period of 37.5 years
(2) Tax exemption	Tax exemption for 4 years, then 50% tax for 9 years	Maximum tax exemption period of 6 years, and a maximum reduction of 50% for a maximum of 13 years
(3) Requirements	<ol style="list-style-type: none"> 1) By prioritized investment industries 2) By prioritized investment locations 3) By project scope of at least 6.000 billion VND, and disbursing a minimum of 6.000 billion VND in 03 years 	<ol style="list-style-type: none"> 1) Investment projects that have huge impacts on economic and social development 2) Projects with investment of over 30.000 billion VND 3) Innovation center, R&D center... 4) Additional requirements on advanced technologies, the percentage of Vietnamese businesses participating in the supply chain, the percentage of production by Vietnamese businesses.
(4) Legal Basis	Article 15, 16 Investment Law 2014, Corporate Income Tax Law and related Decrees	Claus 4 Article 75 Investment Law no. 61/2020/QH14

6 Task Force on Foreign Investment Promotion



SUPPORT FROM GOVERNMENT & INVESTMENT PROMOTION AGENCIES





VIET NAM
Destination of success and safety

THANKS FOR YOUR ATTENTION!