

An aerial photograph of a city skyline, likely Ho Chi Minh City, Vietnam. The image shows a dense cluster of buildings, including several tall skyscrapers. The most prominent one is a modern, glass-clad tower with a unique, slightly twisted design. The city extends to the horizon under a clear blue sky. In the foreground, a river or canal flows through the city, with some smaller buildings and greenery along the banks.

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INVESTMENT IN VIETNAM

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I. WHY VIETNAM

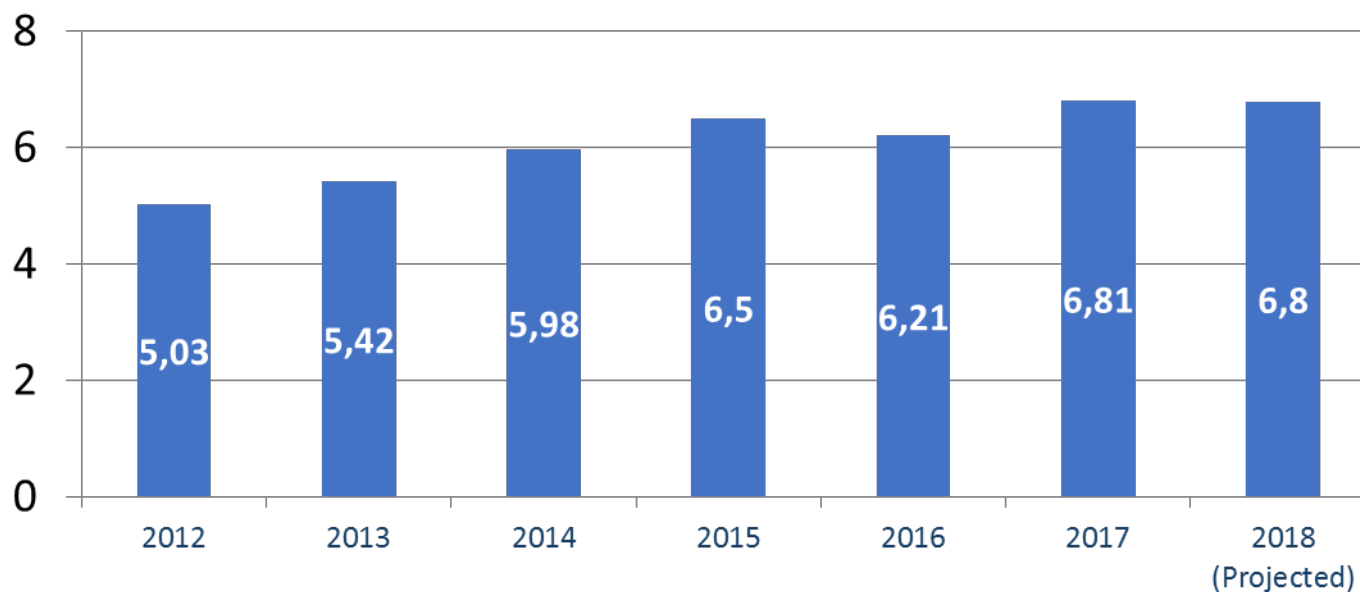


1. **Stable** Politics – Open Society
2. Strongly **improved** infrastructure
3. High and Stable Economic **Growth**
4. Competitive Production **Cost**
5. Abundant **Human** Resource - Golden Population
6. Potential **Market**
7. Global Economic **Integration**
8. Strategic **Location**

VIETNAM MACRO ECONOMIC & GDP GROWTH

- GDP 2017 increased by **6.81%**, highest rate in the last 5 years
GDP: **220 billion** USD, GDP per capital: nearly **2,400** USD
Trade volume: **440 billion** USD
- GDP growth first 6 months 2018: **7.08%**
- GDP growth 2018 estimated at **6.8%**

Vietnam GDP Growth 2012 – 2018 (%)

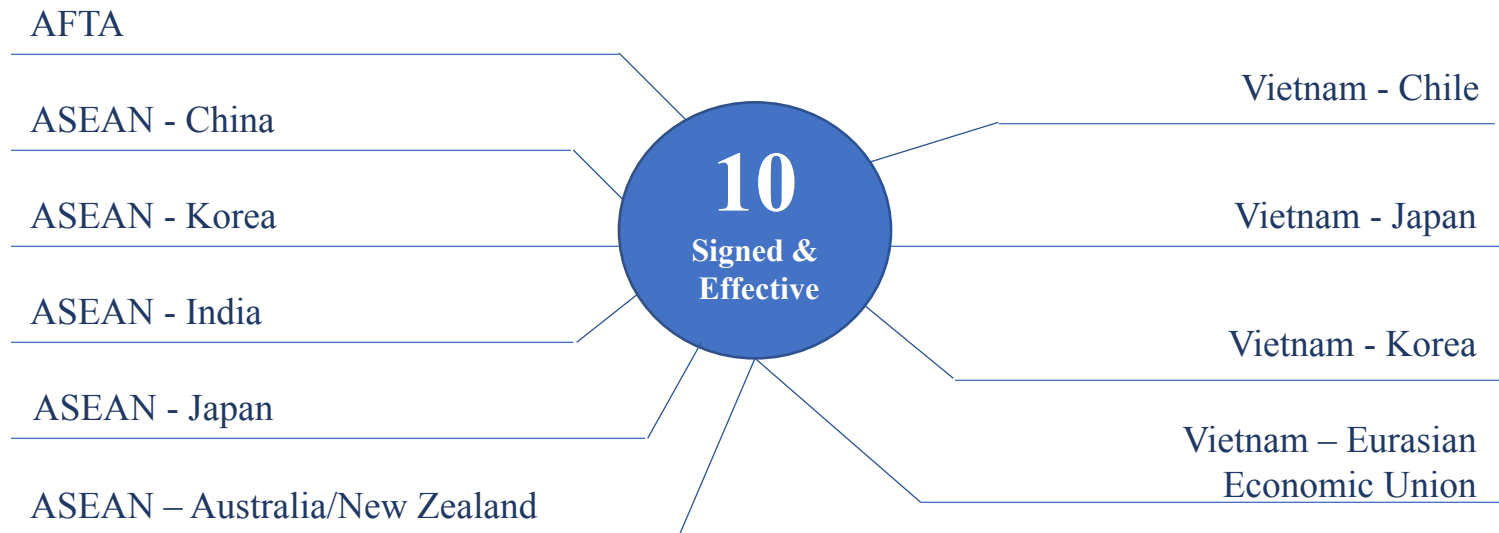


STRATEGIC LOCATION & GLOBAL PARTNER

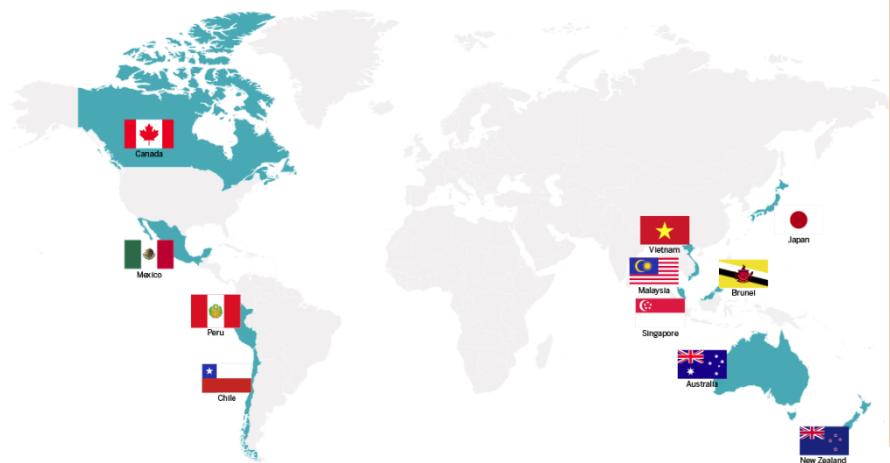


GLOBAL ECONOMIC INTEGRATION

By 2020, Vietnam will take an important role of economic connection network of 55 partners in which 15 are members of G-20



CPTPP AGREEMENT

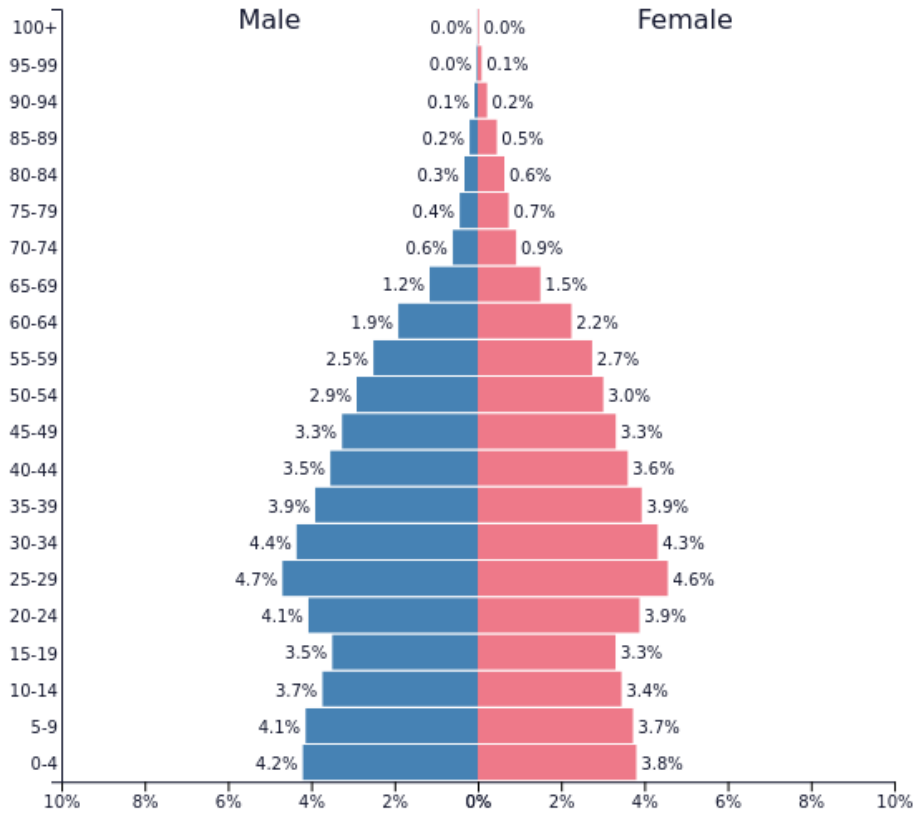


- 14% of GDP (USD 13 trillion)
- 8% of the population (500 million people)
- 15% of global trade
- 98% tax rate abolished
- Commitment to non-traditional sectors
- Numbers of countries consider joining

- Vietnam is regard as the most benefited country from CPTPP
- Driving force for institutional reform and investment environment
- Collaborate, build supply chain to access markets of member countries
- Come into force **by 2019**

HUMAN RESOURCE

Population Pyramid

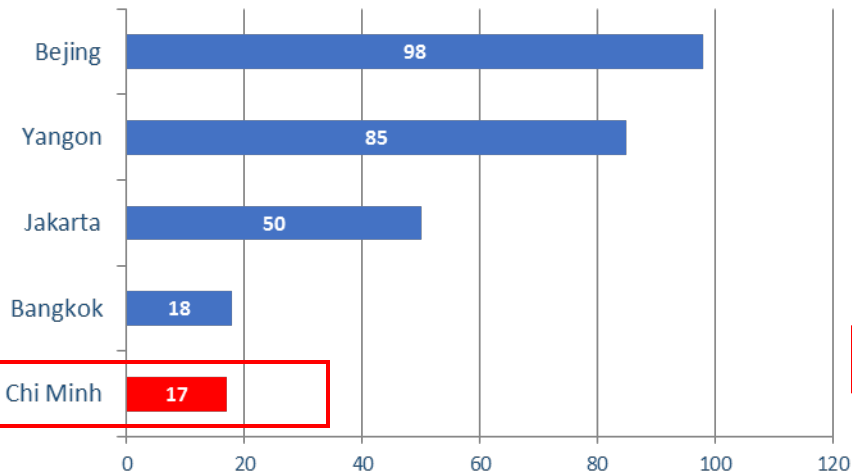


Viet Nam - 2018
Population: **96,356,744**

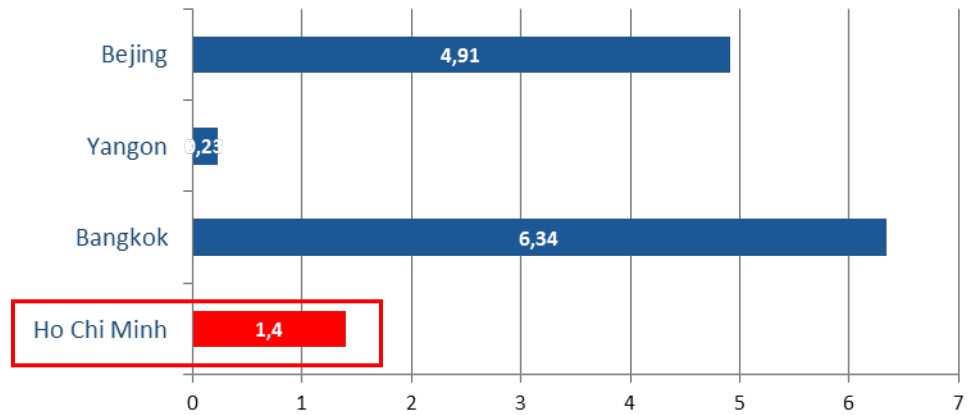


INVESTMENT COST COMPARISON

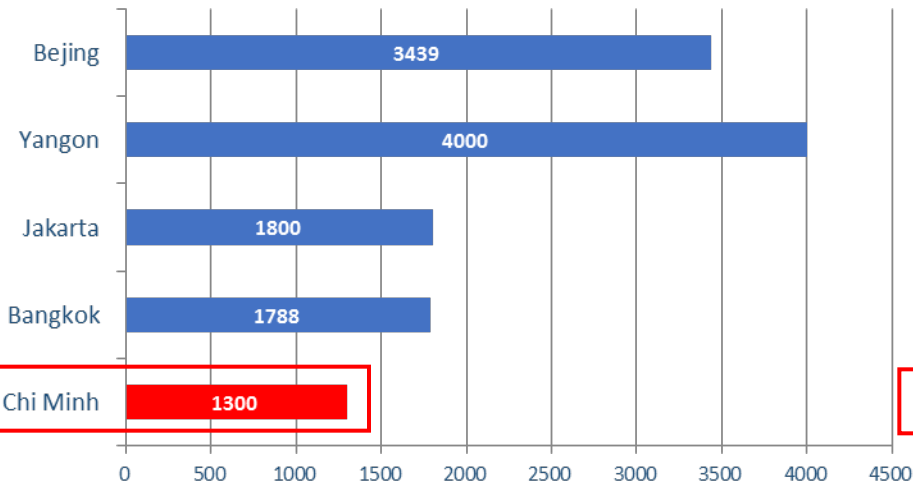
Grade A Office rental (USD/m2/month)



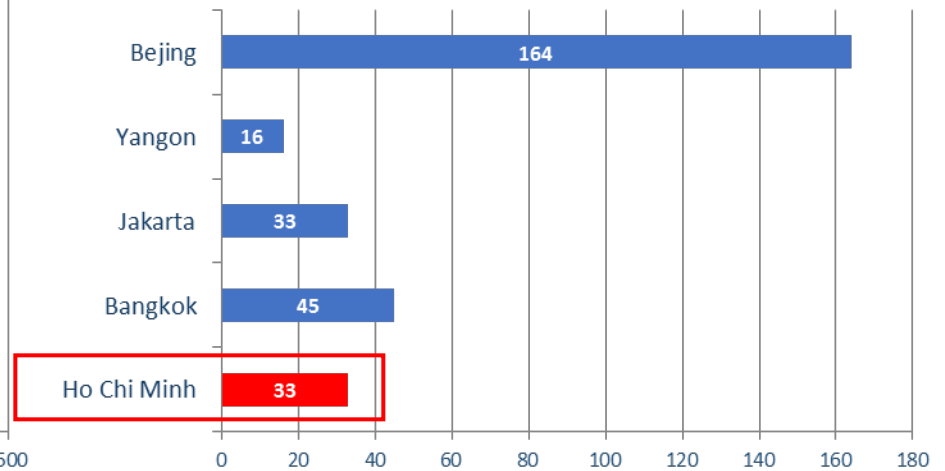
IZ rental fee (USD/m2/month)



Apartment rental (USD/apt/month)



Retail Space Rental (USD/m2/month)

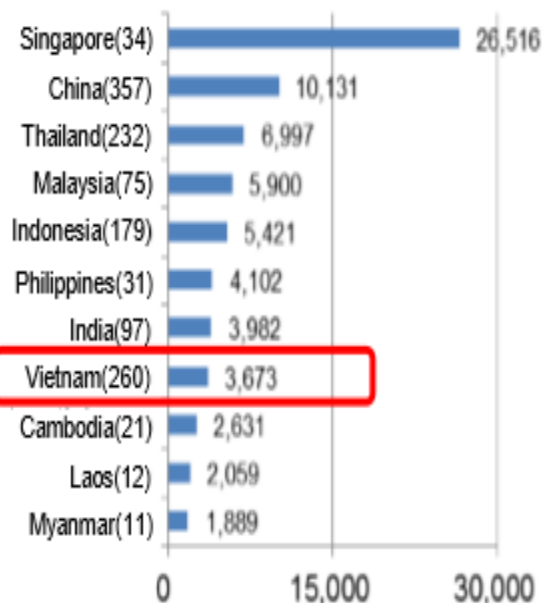


INVESTMENT COST COMPARISON

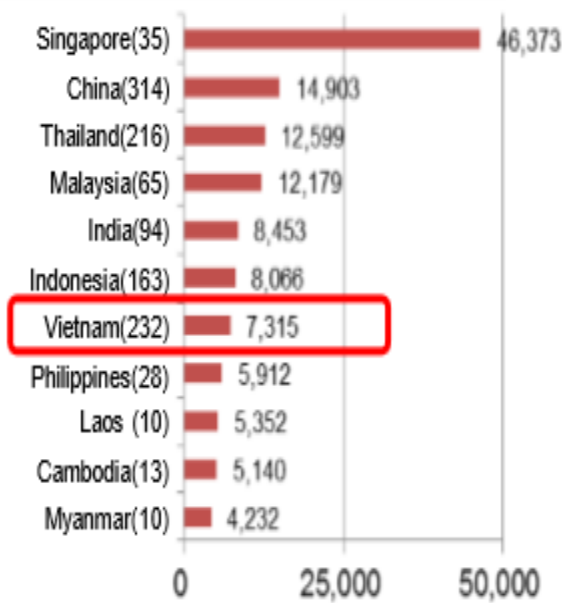
Standard Salary (USD)

(Unit: USD)

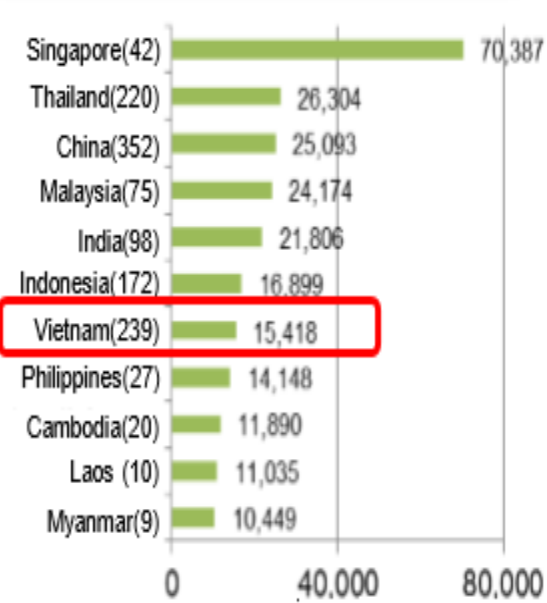
Manufacturing - Workers



Manufacturing - Engineers



Manufacturing - Managers



CIT & VAT COMPARISON

	Corporate Income Tax (CIT)	Value Added Tax (VAT)
Cambodia	20%	10%
Indonesia	22%	10%
Laos	24%	10%
Malaysia	24%	Sales tax 10%
Myanmar	25%	
Philippines	30%	12%
Singapore	17%	7%
Thailand	20%	7%
Vietnam	20%	10%

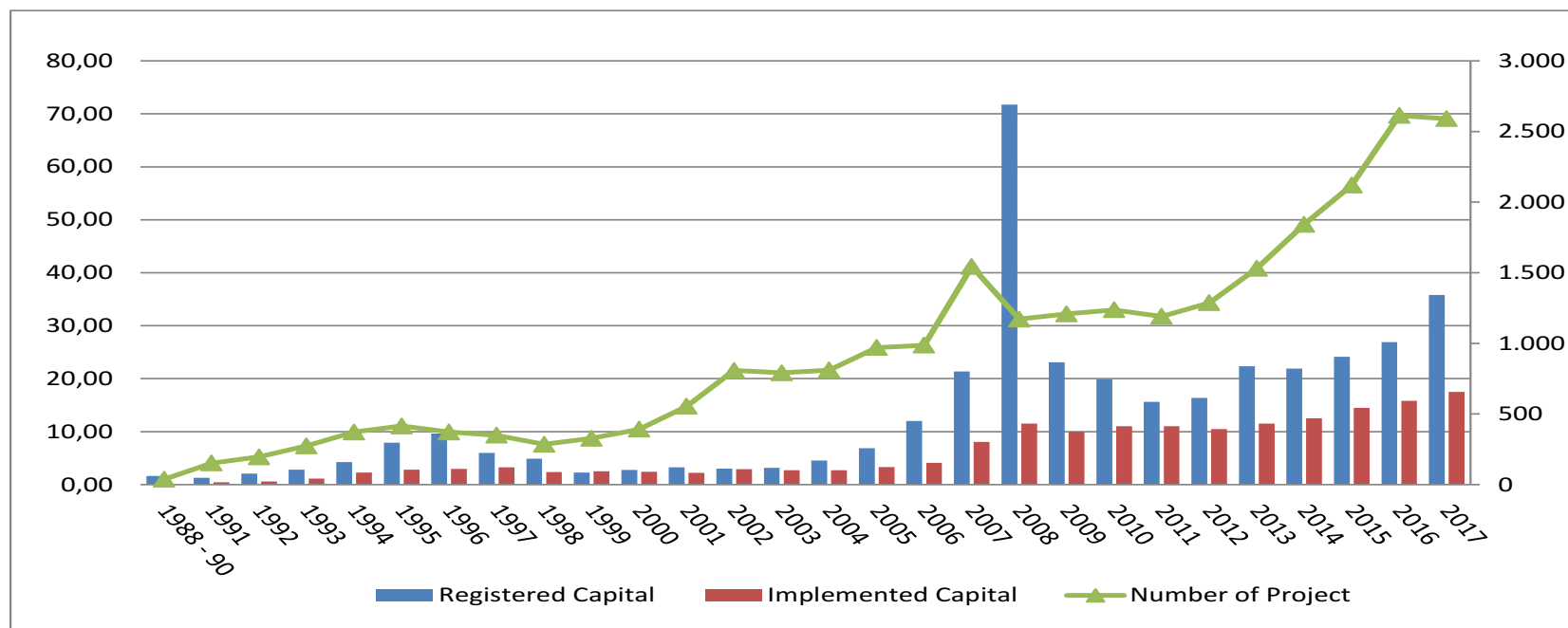
Source: World Bank and KPMG

II. FDI IN VIETNAM

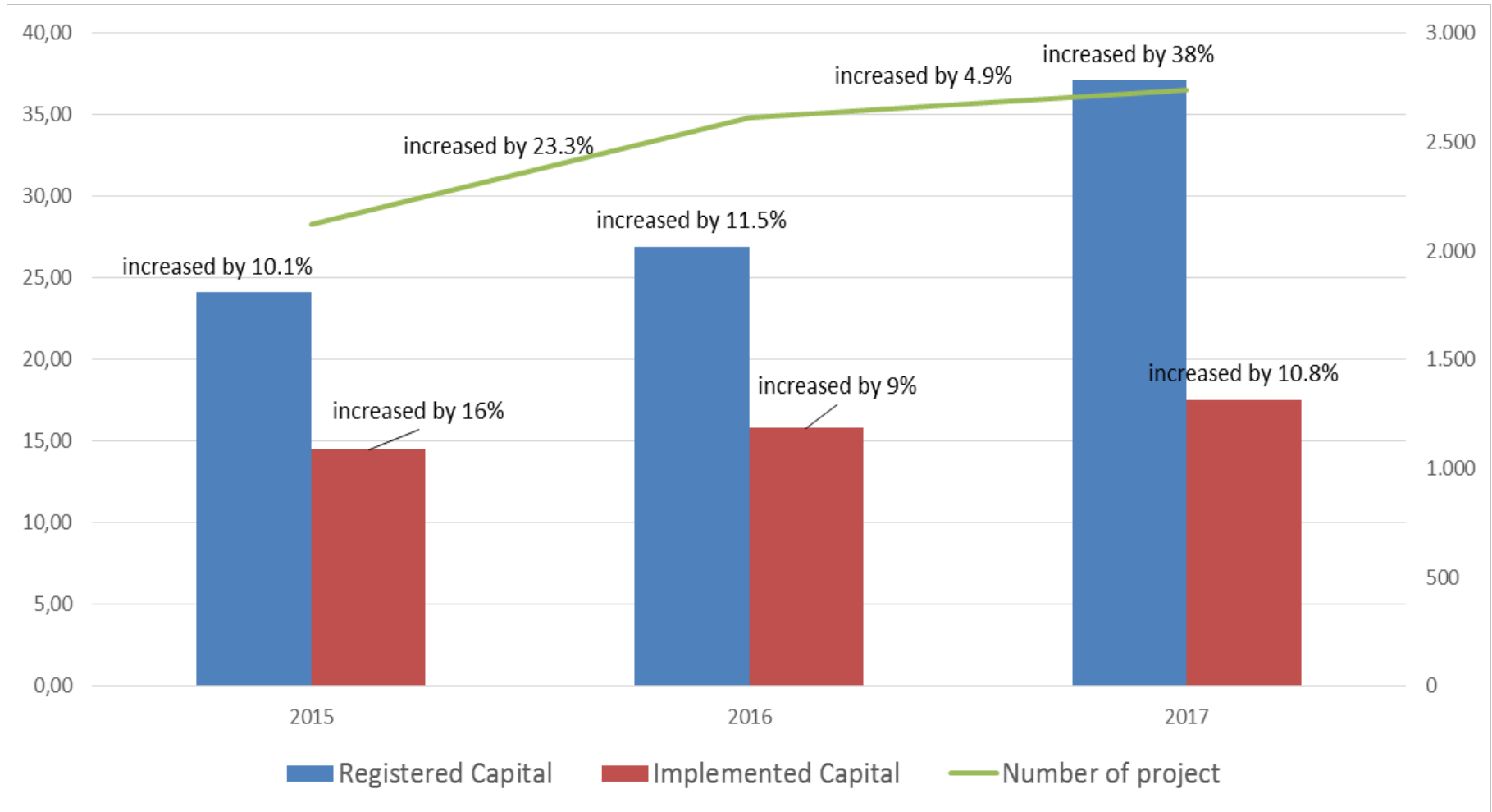
	2015	2016	2017	August 2018
Registered capital	24.11	26.89	37.1	24.3
Implemented capital	14.5	15.8	17.5	11.25
Number of projects	2,120	2,613	2,741	1,656

Unit: bil USD

- Total registered capital accumulated to **334 billion USD**
- Implemented capital accumulated to nearly **183.62 billion USD**

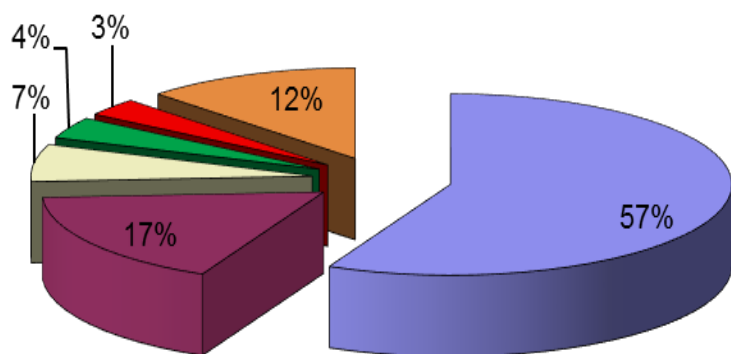


FDI IN VIET NAM 2015 - 2017



FDI IN VIETNAM BY SECTORS

(Accumulated as of August 2018)

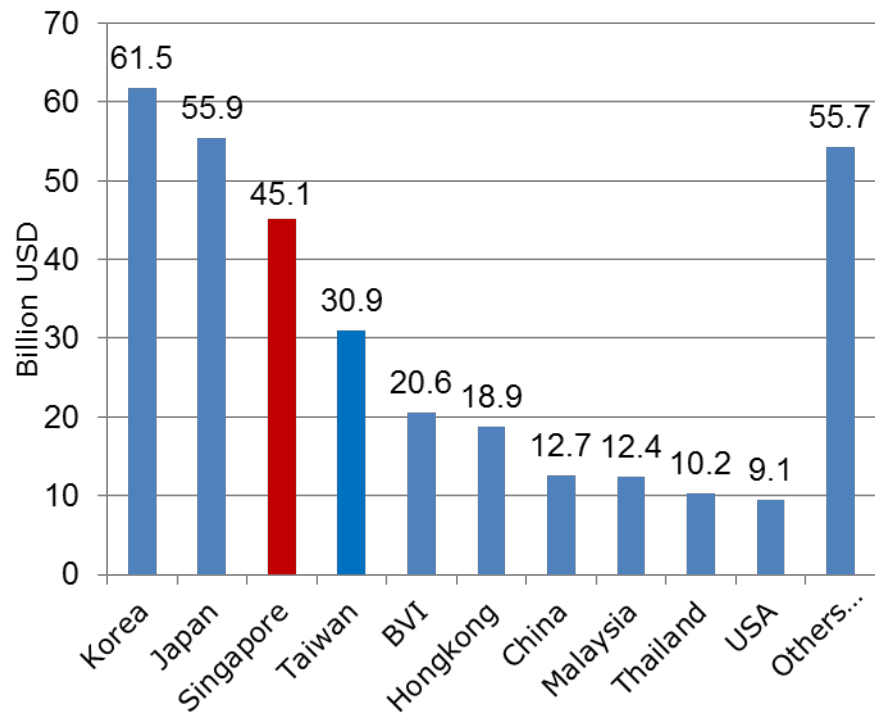


- Manufacturing and processing industry
- Real estate business
- Production and distribution of electricity, gas, water, air
- Logging and restaurant
- Construction
- Other

Source: Foreign Investment Agency

No.	Sector	Project	Registered Capital (bil USD)
1	Manufacturing and processing industry	12,967	190.7
2	Real estate business	713	56.8
3	Production and distribution of electricity, gas, water, air	115	22.8
4	Lodging and restaurant	709	12
5	Construction	1,560	10.6
6	Wholesale, retail, repairing services for automobile, motorcycle and other motor vehicles	3,217	6.8
7	Mining	108	4.9
8	Logistic and warehouse	714	4.8
9	Education and training	431	4.3
10	Arts, entertainment	132	3.4
	Other (9 sectors)	5,772	17
Total (19)		26,438	333

FDI IN VIETNAM BY PARTNERS (Accumulated as of August 2018)



Source: Foreign Investment Agency

No.	Partner	Number of projects	Registered capital (bil USD)
1	Korea	7,161	61.1
2	Japan	3,865	55.8
3	Singapore	2,120	45.9
4	Taiwan	2,559	31
5	BVI	781	20.8
6	Hongkong	1,355	18.9
7	China	2,006	12.7
8	Malaysia	580	12.4
9	Thailand	509	10.4
10	Holland	318	9.1
	Other (119 countries and territories)	4,960	55,9
Total (129 countries and territories)		26,214	334

INDUSTRIAL PARKS, ECONOMIC ZONES

- **324** Industrial parks (220 existing Industrial Parks; 43 FDI Industrial Parks)
 - * *VSIP has 8 IZ in Vietnam, attracted 7 bil USD of FDI from 22 nations*
- **17** Coastal Economic zones
- **03** High Tech Park (06 High Tech Parks by 2030)
- **03** Special Administrative Economic zones (*Van Don, Cam Ranh, Phu Quoc*)



III. ORIENTATION OF FDI ATTRACTION

- Projects with high added value, using modern technology, environmental friendly
- Large-scale projects with highly competitive products, adding to the global value chain
- Industrial projects shifting from outsourcing to production
- Infrastructure development projects (PPP), training of high quality human resource, R&D, modern services projects
- Projects of Information technology and biotechnology supporting agriculture and modern agriculture

The World Bank Group's report on a new approach in attracting FDI based on Vietnam's strategic assets, rather than simply its resources, market-growth and low costs



Market-seeking

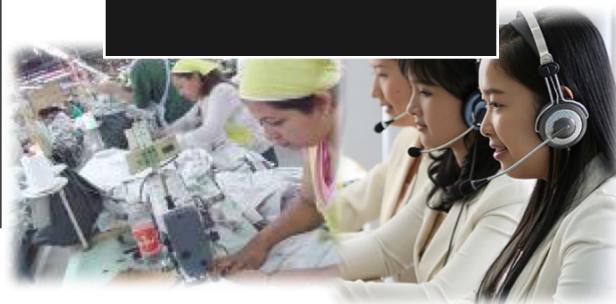
These investors will come anyway, without the need for promotion or incentives, if the country has attractive resources and a large market

Natural resource-seeking



Vietnam has done an excellent job in attracting these investors, with low labour and energy costs and generous incentives

Efficiency-seeking



Vietnam needs a new approach to attract investment based on its skills, innovation, business and natural environment

Strategic asset-seeking

SCIENCE, TECHNOLOGY AND INNOVATION IN VIET NAM



To avoid the “middle income trap” and achieve high-income status, it is clear that Vietnam needs a next-generation FDI strategy

- The XI Party Congress adopted the Socio-Economic Development Strategy 2011-2020, with a view to reforming the country’s growth model and ensuring sustainable and green economic development and achievement of target economic growth rates.
- **The new direction and priorities for FDI are:**
 - Promoting FDI in accordance with the master plan of industries, focusing on high-tech, environment-friendly and less energy-consuming sectors.
 - Developing FDI in a sustainable manner with an emphasis on quality and socio-economic impact, ensuring national defense and security, strengthening linkages to domestic enterprises

Specifically this implies that Vietnam needs to focus on attracting FDI in businesses which:

- Generate higher wages (through creating higher-value output per worker)
- Lead to increased local skills development, technology transfer and R&D
- Stimulate more efficient use of resources (not just energy, but also land, water, raw materials, etc.)
- Create opportunities for local entrepreneurs and investors to work with international companies as part of global value chains, and do not displace local investors and SMEs
- Increase the competitiveness of all businesses in Vietnam (e.g. by improving supply chains, logistics, etc.)

World Bank Report 's recommendation on top priority sectors for proactive promotion to attract *higher-value* FDI

Top priority sectors for proactive promotion - to attract *higher-value* FDI

Immediate Priorities – critical to local value-addition and competitiveness

Manufacturing

1. High-grade metals/minerals/chemicals/ plastics & high-tech components
2. Industrial machinery & equipment

Services

1. Logistics & MRO

Agriculture

1. High-value innovative agricultural products (specialty rice, arabica, marine farming, hydroponics, etc.)

Tourism

1. High-value niche tourism services

Short-term Priorities

– narrow window to beat competition

Manufacturing

1. Automotive & Transport Equipment OEMs and suppliers
2. Environmental technologies (equipment for wind, solar, water-conservation, etc.)

Medium-term Priorities – in parallel with sector liberalisation and skill-development

Manufacturing

1. Pharmaceuticals & medical devices

Services

1. IT services and Knowledge services (KPO – accounting, design, etc.)
2. Financial services / Fintech
3. Education & Healthcare services

30 YEARS ANNIVERSARY OF FDI IN VIETNAM

30

1988 - 2018

- Implement concrete legal framework, enhance transparency, policy implementation
- Develop skills supply and productivity
- Improve infrastructure, energy and logistics systems
- Facilitate supporting industry (part and materials)
- Modernize investment promotion

USEFUL WEBSITES

No	Website	Agency
1	http://www.chinhphu.vn	Portal of the Government
2	http://www.mpi.gov.vn	Ministry of Planning and Investment
3	http://www.mof.gov.vn	Ministry of Finance
4	http://www.moit.gov.vn	Ministry of Industry and Trade
5	http://fia.mpi.gov.vn	Foreign Investment Agency
6	https://dautunuocngoai.gov.vn	National portal on FDI
7	https://dangkykinhdoanh.gov.vn	Business Registration Management Agency
8	http://www.gso.gov.vn	General Statistics Office
9	http://www.khucongnghip.com.vn	Vietnam Industrial Zone
10	http://muasamcong.mpi.gov.vn	E-Procurement system

VIET NAM, connecting to SUCCESS



THANK YOU!