Foreign Direct Investment in Vietnam: An Overview

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Abstract:
Vietnam has been remarkably successful over the last decade or so in attracting substantial foreign direct investment (FDI) inflows. The foreign-invested sector is now an important element of the corporate community in Vietnam, and an equally important engine of economic growth for the country. The paper reviews Vietnam's experience with FDI activity since first opening up to foreign capital in the late 1980s. Weaknesses in the policy framework pertaining to foreign investment may explain in part why FDI inflows have not reinvigorated since the Asian financial crisis. The paper identifies some policy options that might assist Vietnam in attracting greater FDI activity in the future, and thereby sustain its track record as a major recipient of foreign investment in East Asia.

Introduction.

Since first promulgating a (relatively liberal) foreign investment law in 1987, Vietnam has been very successful in attracting FDI inflows into this developing, transitional economy. Indeed, FDI has been an important part of the economic transition, business liberalisation and macro-economic growth story in Vietnam over the last decade or so. It is hard to envisage 'doi moi' without the presence of FDI activity; an imported 'private sector' for a country that only had a fledgling private sector of its own at the beginning of the 1990s. By the end of the 1990s, although foreign-invested companies employed less than 1% of the total workforce in Vietnam, they cumulatively accounted for around 27% of the country's (non-oil) exports, 35% of the country's total industrial output, they constituted almost 13% of Vietnam's GDP, and contributed around 25% of total tax revenues.[2] Little wonder that the country's success in attracting FDI is regarded one of the most prominent elements of the economic transition process that Vietnam is undergoing. But Vietnam's recent experience with FDI inflows – since the Asian financial crisis of 1997-98 -- has been more mixed, with new inflow pledges somewhat disappointing. This is despite some

[1] The comments and opinions expressed in this paper are those of the author, and do not necessarily reflect those of Mekong Capital Ltd. or the Mekong Enterprise Fund.
[2] See *Vietnam Investment Review*, 16-21 January 2001, p. 9. It was estimated that the foreign investor community employed 349,000 people in 2000, generated revenues of US$6.5 billion, and

fairly notable improvements to the FDI legal regime, and a pick-up in general foreign investor sentiment towards the country, but which is seemingly not being fully 'translated' into tangible new FDI activity. This might suggest that Vietnam needs to re-think some elements of its policy approach towards foreign investment.

The paper is broadly divided into two main parts. The first part reviews Vietnam's recent experience in attracting FDI activity since the late 1980s, and the main factors that lay behind its promising start in the first half of the 1990s. It also reviews the factors behind the contraction in FDI inflows during the latter half of the 1990s. The various factors behind this rise and fall phenomenon in FDI inflows stem from both host country developments in Vietnam, and external developments. The second part of the paper identifies areas where Vietnam's policy-makers might seek to improve its attractiveness to foreign investment. These policies relate to improving the host country environment for FDI, and better positioning Vietnam to take advantage of external developments in the international business environment.

FDI in Vietnam: the story so far.

A number of factors lie behind the impressive rise in FDI inflows to Vietnam during the first half of the 1990s. Within Vietnam, foreign investor appetite was stimulated by the potential of this transitional economy and its (largely untapped) market of over 70 million people. A number of positive attributes were discerned in Vietnam, including the strong work ethos, the high levels of education, yet relatively low labour rates, plentiful resources, and so on. Sectoral waves of foreign investors entered Vietnam, seeking to harness different areas of business potential. Initially, greater emphasis seemed to be placed on servicing the domestic market, but over time more FDI activity relating to production for export became apparent. In addition to sectoral waves, there was also 'home country waves', as companies from different countries and regions entered Vietnam, and the various restrictions on conducting business in the country (such as the US investment embargo) were gradually lifted during the late 1980s and early 1990s. Opening to foreign capital for the first time, it is perhaps not surprising that a degree of euphoria surrounded this exciting development and foreign investors' expectations were lofty.

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contributed US$280 million in taxes. If one includes crude oil exports, Vietnam's FDI community

In addition to the host country merits that 'pulled' FDI activity to Vietnam, there were also a number of factors that 'pushed' foreign investment into the country. The opening up of the country to foreign investment was propitiously timed, as Vietnam stood at the nexus of a number of conducive forces. The first of these was a 'bull market' flood of foreign capital (FDI, portfolio investment and commercial bank credit) into the emerging markets during the late 1980s and early 1990s. And within the emerging markets universe, Southeast Asia was a major beneficiary of this capital flow. In 1990, for example, Southeast Asia attracted 36% of all FDI flows to developing countries, and the region exceeded China's FDI inflows by more than three-fold.[3] The second force was a flow of foreign capital into the transitional economies of the former socialist bloc, where whole new business opportunities (and profits) were thought to exist. The third force was the beginning of substantial intra-regional FDI flows within Southeast Asia during the first half of the 1990s, as countries like Malaysia, Thailand and Singapore in particular began to export capital. As a transitional economy, located in Southeast Asia, Vietnam was very well positioned to ride these three forces. Investor appetite for Vietnam exposure was extremely high in the first half of the 1990s, and at their zenith in 1996, Vietnam's FDI inflows -- as a percentage of GNP -- were the second highest in the world.

Therefore, Vietnam's 'debut' on the international investment stage was fortuitously timed, and explains in part why fairly considerable FDI flows were registered, as foreign investors sought to capture new business opportunities in the relatively under-developed country. Push factors, as well as pull factors, were involved in this process. For example, for major corporates in those home countries that had missed out on Southeast Asia's earlier economic rise, Vietnam's opening presented an opportunity to 'get in on the ground floor' of what they hoped would be a similar high-growth story.[4] And although we are focusing on just FDI, relatively substantial commercial bank lending and equity portfolio flows supported this FDI inflow trend. For example, between 1991 and 1995, roughly eight investment funds pertaining

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produced 48% of the country's total exports in 2000. See *India Times*, 16 January 2001.

[3] This relative position was steadily diluted during the 1990s, and by 2000 Southeast Asia's FDI inflows were less than 6% of global flows to developing countries and were just a third of China's inflows.

[4] This was arguably true of some Australian and French companies in particular.

exclusively to Vietnam were launched, raising in excess of US$400m of portfolio money – arguably with insufficient thought given to exactly how all this money could be sensibly invested.[5] Clearly, investor appetite for exposure to Indochina was high in the first half of the 1990s.

But 1996 was the inflection point for Vietnam's FDI inflows, when they began to contract for the first time. With the various business embargoes now lifted, all those elements of the international business community that wanted to be in Vietnam were now present; no one was being restrained from entering. And although the potential host country merits of Vietnam were largely proved to be correct (with the possible exception of resources), some of the more lofty forecasts for domestic market demand – often based on rather euphoric straight-line growth projections – were proved to exaggerated. And as the international business community's perspective of Vietnam became more sober, the hurdles to business also became more apparent. There was also some concern that economic reform momentum was lost in the run-up to the Eighth Party Congress in mid-1996. Assessments of the risk-adjusted returns of doing business in Vietnam were revised, downwards.[6] External factors also played their part, including the Asian financial crisis and regional economic downturn of 1997-98, along with downward revisions by investors and bankers of their asset allocations for emerging markets and transitional economies.[7]

Beyond FDI *inflow* patterns, what has been the pattern of FDI *stock* in Vietnam ? Not surprisingly perhaps, FDI activity has tended to cluster around a relatively few geographical locations and business sectors, and policy makers have had only limited success in their attempts to better disburse this FDI activity, partially through the use of incentive schemes and industrial zones. Roughly 60% of Vietnam's FDI stock is located in Ho Chi Minh City, Hanoi and Dong Nai province. Although it is not surprising that some of the more distant rural provinces have missed out on Vietnam's

[5] And despite holding a large proportion of cash assets, avid portfolio investor appetite for exposure to Vietnam in particular meant that the listed funds traded at a substantial premia to their net asset values (NAVs), prior to 1996. In general, the shares of listed closed-end funds tend to trade at slight discounts to their NAVs.

[6] As an indicator of how low investor sentiment dropped after 1996, by 1998 the listed Vietnam country funds were trading at the steepest discounts to NAV in the entire emerging markets universe for closed-end funds.

[7] For a more detailed depiction of this 'rise and fall' of FDI activity in Vietnam during the 1990s, see Freeman (2001).

FDI inflow phenomenon, even cities like Haiphong and Danang have seen less FDI activity than one might expect for such major urban centres. The success of numerous export processing zones and industrial zones has been decidedly mixed.

In terms of sectoral distribution, Vietnam's FDI stock is relatively widely distributed (at least compared to the other transitional economies of Southeast Asia), with fairly substantial foreign investment activity recorded in such diverse areas as: oil and gas, construction, tourism, garments and footwear. The same is broadly true of the home country sources of FDI stock, with no single home country accounting for more than 19% of Vietnam's total foreign investment stock. The level of equity-based relationships (eg. joint ventures) and other business relations between foreign investors and private sector companies has also been fairly disappointing. In the early 1990s, foreign investors were actively encouraged by the central FDI regulatory body[8] to establish joint ventures, but primarily with state enterprises, and not private firms.[9] More recently, foreign investors have generally been opting for wholly foreign-owned investment projects, having encountered considerable problems with the joint venture format.

Finally in this section of the paper, a quick comment should probably be made about the FDI data itself. Although great strides have been made in improving the foreign investment data in Vietnam, it remains quite difficult to get an accurate and up-to-date profile of FDI activity in the country.[10] The disparity between the more lofty approved / pledged FDI inflow figures – typically recorded by the relevant licensing body in the host country -- on the one hand, and the more humble disbursed / committed FDI inflow figures – often captured in the balance of payments data -- on the other, are quite considerable, and yet this important distinction is not always made clear. Just capturing and collating 'normal' FDI data can be tricky, if multiple

[8] Initially, this was the State Committee for Cooperation & Investment (SCCI), but this organisation was subsequently merged with the State Planning Committee, to form the Ministry for Planning and Investment (MPI).

[9] The percentage of total FDI projects that were joint ventures with local private companies was less than 2% in the 1990s. Indeed, the joint ventures established between foreign investors and state enterprises may explain why the state sector actually grew slightly during the 1990s, despite economic reform process in general, and the equitisation programme in particular.

[10] This section of the paper draws in large part on work conducted by Curt Nestor's analysis of Vietnam's FDI statistics, to be published in a forthcoming book chapter. See Freeman and Nestor.

agencies are given the authority to issue FDI licences, as is the case in Vietnam.[11] But things get even more blurred when one considers: FDI activity that is funded through re-invested earnings; joint venture projects (where the local equity contribution – commonly in the form of land use rights -- is often included); funding assistance through local bank loans or inter-company loan components; stalled FDI projects that have their licences revoked; exaggerated equity contributions by investors; and in particular, the informal, small-scale investment activity enacted by overseas nationals that often goes unlicensed. These sorts of data limitations are by no means unique to Vietnam, but they make it quite difficult to get anything more than a broad impression of FDI patterns in the country.[12]

FDI in Vietnam: looking ahead.

The impressive economic growth trajectory of Southeast Asia over the last twenty years or so has been due in part to significant FDI activity. It therefore comes as no surprise that Vietnam has sought to emulate this, and harness the considerable inputs that FDI can bring, as part of its own economic development drive. Such FDI inputs go well beyond just funding, and can (potentially at least) span a range of other non-financial attributes: new technology, skills and design, organizational and management techniques, overseas market information and access, and so on.[13] It could even be argued – as Yasheng (2001) has done for China – that FDI activity can play the role of an ersatz private sector for a transitional economy, when the domestic private sector is not yet sufficiently robust to make much macroeconomic impact, and the state sector remains lethargic.[14] In such a context, welcoming FDI is rather like importing a ready-made private sector, capable of having a fairly immediate and positive impact on a transitional country's macro-economy. In Vietnam, it is hard to envisage the recent economic reform process without the presence of a growing community of foreign investors, as evidenced by their role in the country's industrial

[11] In Vietnam, some major cities, provinces, and some export processing zones and industrial zones, now have the authority to license certain FDI projects located within their territory, and within certain limits. Nestor estimates that by end-2000, around 50 different agencies in Vietnam had issued investment licences of one kind or another to foreign investors.

[12] It should be recognized that the difficulties of collecting, collating and interpreting FDI data are a perennial problem for most countries, including advanced ones. For example, see 'Hong Kong's $64bn question', *The Financial Times*, 29 March 2001.

[13] See Campos and Kinoshita for an interesting discussion of the impact that FDI has had on the economic growth of transitional countries in Eastern Europe and the former Soviet Union.

production growth and corporate tax receipts. The presence of foreign-invested projects is particularly visible in various export-oriented business sectors, where they now account for a considerable proportion of total foreign currency earnings and export volumes.

Over roughly the last two years, foreign investor *sentiment* towards Vietnam has improved. Although hard to gauge, this up-turn in sentiment seems attributable to a number of developments since early 2000: a general sense that economic reform and business liberalization momentum has been regained, as exemplified by changes to the foreign investment law and the introduction of the epochal new enterprise law; increased recognition of the role of the private sector; the signing and ratification of the bilateral trade agreement with the US; the cautious opening of a long-awaited stock market; and the resumption of IMF lending. These have all been seen as positive signals, and leading indicators that economic reform momentum has been regained.[15] However, the up-turn in foreign investor sentiment does not seem to have been translated into significantly higher FDI inflows.[16] There are likely to be many factors behind this apparent dichotomy of improved foreign investor sentiment and yet contracting FDI inflows, some of which will be external to Vietnam, and therefore partly beyond the influence of policy-makers. Some other factors, however, may be more domestically-oriented, and responsive to policy changes by Vietnam. Three of these are identified here.

The first point to be made is that international business activity, including global patterns of foreign investment activity, has been undergoing fairly significant transformation. Forces of globalization and advances in technology are driving this transformation process, with vertically integrated production processes becoming increasingly 'internationalised' across borders. And as a result, companies and countries are becoming increasingly specialized in what they produce. This impacts

[14] Yasheng (2000) argues that "China's FDI is not a sign that its economy is strong and healthy. Rather, it underscores some fundamental distortions".

[15] For a list of the 'reform highlights' of recent years, as perceived by foreign investors, see Credit Suisse First Boston (2002), p. 3.

[16] For example, in the first half of 2002, Vietnam's FDI approvals were down over 55% on the previous year. *Saigon Times Daily*, 1 July 2002. By 20th August 2002, Vietnam had licensed 413 FDI projects in 2002, with cumulative capital of just over US$770m, well below the US$3 billion target set for the full year.

on the kind of FDI activity that occurs: where it comes from, where it goes to, in what form it is enacted, the size and pattern of flows, and so on. These changes have, perhaps, been partly obscured in Southeast Asia by the recent distractions of the Asian financial crisis and regional economic downturn, but are underway nonetheless. Indeed, the forces bringing about these changes were a contributory factor in the regional financial crisis. Conventional 'greenfield' FDI activity, where new production capacity is created, and with which Vietnam is perhaps most familiar, has not been vigorous in recent years, as global over-capacity across a range of products has ensured that companies have been reluctant to enact new projects. Instead, cross-border merger and acquisition (M&A) activity has been the main engine of FDI flows in recent years, as companies seek to grow through acquisition (of both assets and market share), thereby creating economies and synergies of scale that hopefully allow them to survive at a time of intense price competition. However, Vietnam's current business legislation is not particularly conducive to either the establishment of (equity-based) cross-border production networks and/or vigorous cross-border M&A activity. Foreign investors may only acquire up to 30% of total shares in a local company in Vietnam, if the company operates within one of 35 approved business sectors, and must – amongst other things – get the approval of the prime minister's office before doing so.[17]

Secondly, Vietnam's approach to foreign investment activity has sometimes appeared rather unfocused. When FDI inflows were robust, and foreign capital -- and the other non-financial inputs that tend to come with FDI (such as new technology, skills and design, organizational and management techniques, overseas market information and access) -- was welcome across large parts of the country's burgeoning corporate sector, this lack of focus was less of an issue. But as the presence of FDI activity in some sectors is now substantial, and foreign investment inflows have dissipated, there seems a need for Vietnam to become more clear in identifying the kinds of FDI it desires – and more importantly, is able – to attract. For example, issuing long lists of projects seeking foreign investment, drawn up as a wish list, may be of very limited

[17] The cap on the aggregate foreign shareholding in Vietnam's publicly listed companies is even less, at 20%, with no single institution able to hold more than 7% of total shares. See Mekong Capital.

utility.[18] One the one hand, a developing host country's FDI strategy should ideally be tailored to support, and dovetail with, wider industrial and economic development programmes. (And in the case of transitional economies, it should ideally be working to support the economic reform process.) And on the other hand, a developing host country should also ground its FDI strategy in an understanding of where its main comparative advantages lie, and then orient its policy measures to maximize these to best effect. A developing country can no longer hope to provide an attractive host country to investors across the business spectrum, but needs to find its optimal position(s) in the 'international food chain', and design policies that seek to develop its strengths in these niches. Michalet noted that "Multinationals, even in this age of globalization, are not seeking to invest in all countries in the world. Rather, they seek to establish a presence in a small number of countries, with world-competitive facilities that together strengthen their regional or world-wide competitive advantages."[19] So too must host countries focus on areas where they enjoy competitive advantages. But it is not clear to this author whether Vietnam has been able to identify its main comparative advantages, relative to China and the other Southeast Asian countries in particular, and sought to channel its energies into promoting FDI activity in these areas

Thirdly, conscious of the lacklustre state of FDI inflows, Vietnam has made a number of commendable changes to the legal and regulatory environment pertaining to foreign investment (albeit largely within the context of conventional FDI) in recent years. Various fiscal incentives have also been offered, as a short-term palliative intended to mitigate against various host country inadequacies. These will almost certainly have been of some utility, and thus broadly welcomed by the foreign business community in Vietnam. But with a liberal foreign investment law and implementing regulations (at least on paper) already in place -- in a world full of liberal host country investment regimes -- Vietnam may now be encountering diminishing returns for these sorts of legal and regulatory reforms. If so, this should not come as a surprise, as UNCTAD noted back in 1998 that: "diminishing returns has set in [for the liberalisation of FDI frameworks] and liberal FDI policy is

[18] Vietnam's latest list of (228) projects seeking FDI input are contained in Decision 62-2002-QD-TTg, also known as 'Decision 62', dated 17 May 2002.
[19] Michalet (1997), pp. 31-32.

increasingly losing its effectiveness as a locational determinant of FDI", as "adequate core FDI policies are now simply taken for granted".[20]

Rather, focus has now shifted to the wider host country business environment, and the degree to which a country provides an attractive platform for foreign investors. As Lall has put it, multinational companies are continually moving their "portfolios of mobile assets across the globe to find the best match with the immobile assets of different locations. … The ability to provide the necessary immobile assets thus becomes a critical part of the FDI – and competitiveness – strategy for developing countries". Such immobile host country assets include: local skills, hard and soft infrastructure, services, supply networks and strong institutions, property rights, etc.[21] And in this respect, Vietnam's immobile asset wealth is not abundant, as foreign investors continue to cite such problems as: excessive regulation and red tape, inadequate legal infrastructure and weak enforceability, poor physical infrastructure, weak banking and financial markets, privileges still enjoyed by state-owned firms, inadequate service providers, poor and/or expensive communications, high land costs, corruption, high tax rates, poor protection of intellectual property rights, currency controls, etc.

Therefore, perhaps Vietnam's FDI policies should be oriented more towards these sorts of wider issues relating to the host country business environment, and where gains made would also be of benefit to local companies. In other words, take FDI reforms out of the specific sphere of foreign investment activity per se, and into the much wider realm of the host country business environment. The challenge here is that the strategies required extend well beyond the remit of just the FDI-related departments within the Ministry of Planning & Investment (MPI), to other elements of the MPI, and further still to other government agencies. For example, working with the State Securities Commission to find ways in which the stock market could assist in attracting foreign portfolio investment to support FDI inflows. Such an agenda seems much more attractive to this author than continuing to shower foreign investors with fiscal incentives, for example, which are of questionable utility, and

[20] UNCTAD's *World Investment Report 1998*, pp. xxvi-xxvii.
[21] Lall (2000), p. 3. Cheap labour, natural resource wealth and protected markets are immobile host country assets that appear to be gradually losing their allure to foreign investors.

sometimes give an unfair advantage to foreign multinationals over local companies.[22] And improvements made to the host country business environment in general can be expected to benefit local companies as well as foreign investors. Besides, as international business forms mutate, and cross-border production networks proliferate, making a clear distinction between the two (local and foreign firms) is becoming increasingly difficult. The following quote dates from 1994, but is still very valid:

> The ASEAN experience provides important lessons for other developing countries. Importantly, it is not necessary for countries to produce an elaborate set of investment incentives to lure welfare-enhancing [FDI]. Rather, providing a good business environment and competitively priced factors of productions, as well as removing bottlenecks and disincentives, are more essential.
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> Iboshi and Plummer (1994), p. 19.

Conclusion.

Some of the kinds of policy reforms proposed above are gradually occurring. In addition, various economic reform and business liberalization commitments that Vietnam has already made – such as those under the ASEAN Investment Area (primarily relating to national treatment issues), conditions set as part of the current IMF lending programme, and the US bilateral trade deal (which is much more than just a trade deal) – according to agreed timetables, will help promote the sorts of positive changes to the host country business environment that will be welcomed by foreign (and local) investors. So to some extent at least, the sort of FDI promotion policy agenda that has been proposed above is already in train. However, improved coordination and promotion of these various initiatives could be expected to improve their impact on FDI inflows. And this author believes there is also a role for creativity here. The Southeast Asian countries have tended to adopt a broadly similar template in their FDI strategies, and while it would undoubtedly be sensible to follow the 'best practice' of a country like Singapore, which has an enviable track record in

[22] Evidence to support the utility of incentives in attracting FDI inflows is less than wholly convincing, at best. For example, a recent study by Beyer (2002), of the transitional economies of Eastern Europe and the former Soviet Union, found no relationship between tax incentives offered and FDI levels. Although it is agreed that, all things being equal, incentives may work in attracting FDI inflows to one country ahead of another, rarely are things equal. Bergsman (1999) argues that despite their popularity, FDI incentives "in most countries are simply not effective. They attract very little additional investment. And they have costs: they are a drain on the Treasuries of the countries that grant them, they are sometimes counter-productive because they make investment procedures too complex, and they sometimes lead to significantly greater corruption". Bergsman, p. 1.

the field of FDI promotion, there is also merit in seeking to identify new and innovative ways of encouraging foreign investment. Policies that excite and stimulate the creative and entrepreneurial instincts of foreign investors may well be rewarded with greater FDI inflows, despite the presence of some obstacles. In short, Vietnam might be well-advised to consider 're-inventing' elements of its current strategy towards foreign investment and the host country business environment it offers foreign investors. This may be necessary if Vietnam is to achieve the US$12-16 billion target it has set itself for foreign private capital inflows between 2001 and 2005.

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Vietnam's FDI Stock, by Sector, as at end-2001 (active projects only).

	No. of projects	Investment (US$m)	% of projects	% of capital
Industry	1,985	20,878	65.2	55.1
- crude oil	28	3,176	0.9	8.4
- light industry	791	4,383	26.0	11.6
- heavy industry	789	7,804	25.9	20.6
- foodstuff	165	2,353	5.4	6.2
- construction	212	3,162	7.0	8.4
Agriculture	382	2,145	12.5	5.7
- agri and forestry	326	1,971	10.7	5.2
- aquatic	56	174	1.8	0.5
Services	679	14,838	22.3	39.2
- transport and telecomms.	95	2,786	3.1	7.4
- hotels and tourism	120	3,273	3.9	8.6
- finance and banking	48	543	1.6	1.4
- culture, health and educ.	105	561	3.4	1.5
- new cities	3	2,467	0.1	6.5
- offices and apartment bldgs.	112	3,694	3.7	9.8
- EPZs and Izs, infrastructure	15	795	0.5	2.1
- others	181	721	5.9	1.9
Total	3,046	37,861	100.0	100.0

Source: Le Dang Doanh (2002).

FDI Stock as Percentage of GDP Compared, 1990-1999.

	1990	*1995*	*1999*
China	7.0	19.6	30.9
Cambodia	13.4	17.0	19.4
Indonesia	34.0	25.0	46.2
Laos	1.4	11.9	42.8
Malaysia	24.1	32.9	65.3
Philippines	7.4	8.2	14.9
Thailand	9.6	10.4	17.5
Vietnam	**3.6**	**31.1**	**55.6**

Source: UNCTAD.

Top Ten Sources of FDI Inflows in Vietnam (as at 2 July 2002)

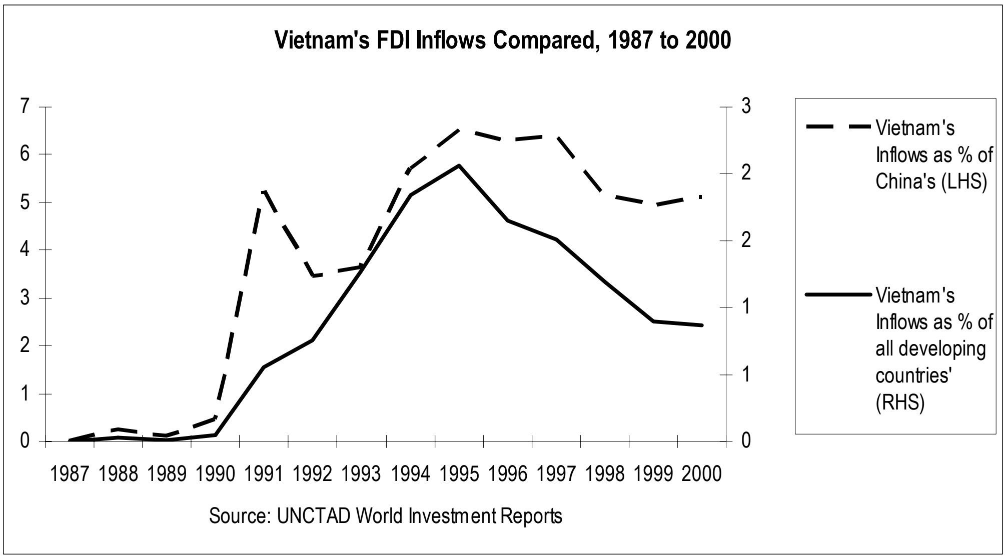
	No. of projects	Capital pledged (US$m)	% of total capital pledged
Singapore	254	6,908	17.9
Taiwan	832	5,298	13.7
Japan	339	4,119	10.7
South Korea	403	3,462	9.0
Hong Kong	234	2,819	7.3
France	117	2,040	5.3
British Virgin Islands	144	1,759	4.6
Netherlands	42	1,656	4.3
Russia	41	1,506	3.9
UK	40	1,172	3.0
Total:	*3,310*	*38,527*	100.0

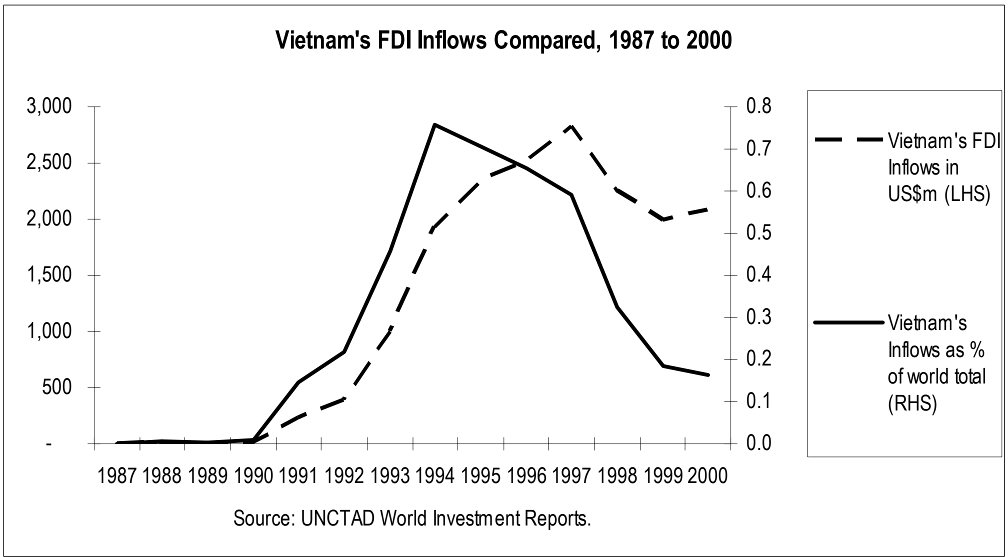
Source: UNCTAD.

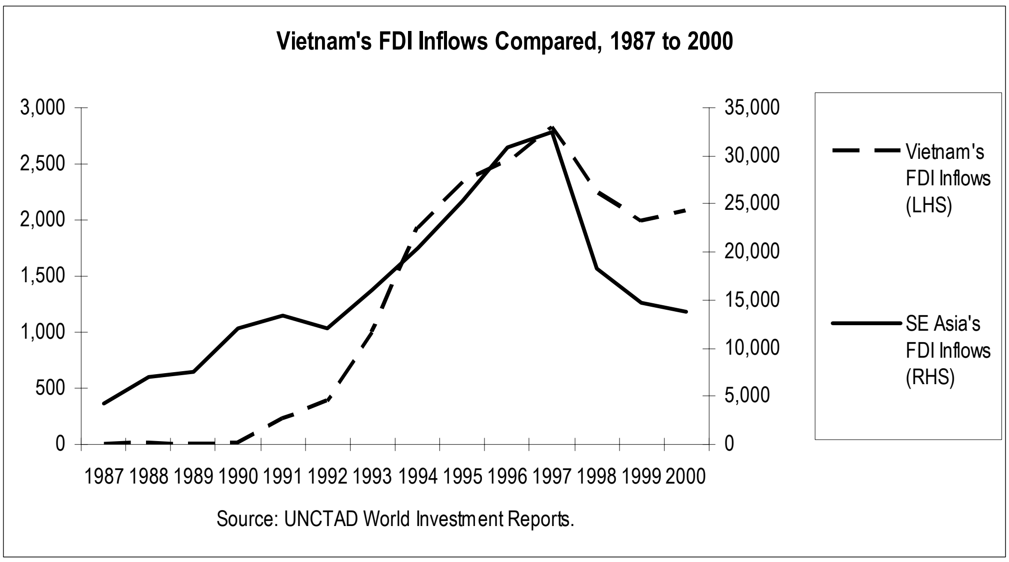
Breakdown of FDI Formats in Vietnam, as at end-2001 (active projects only).

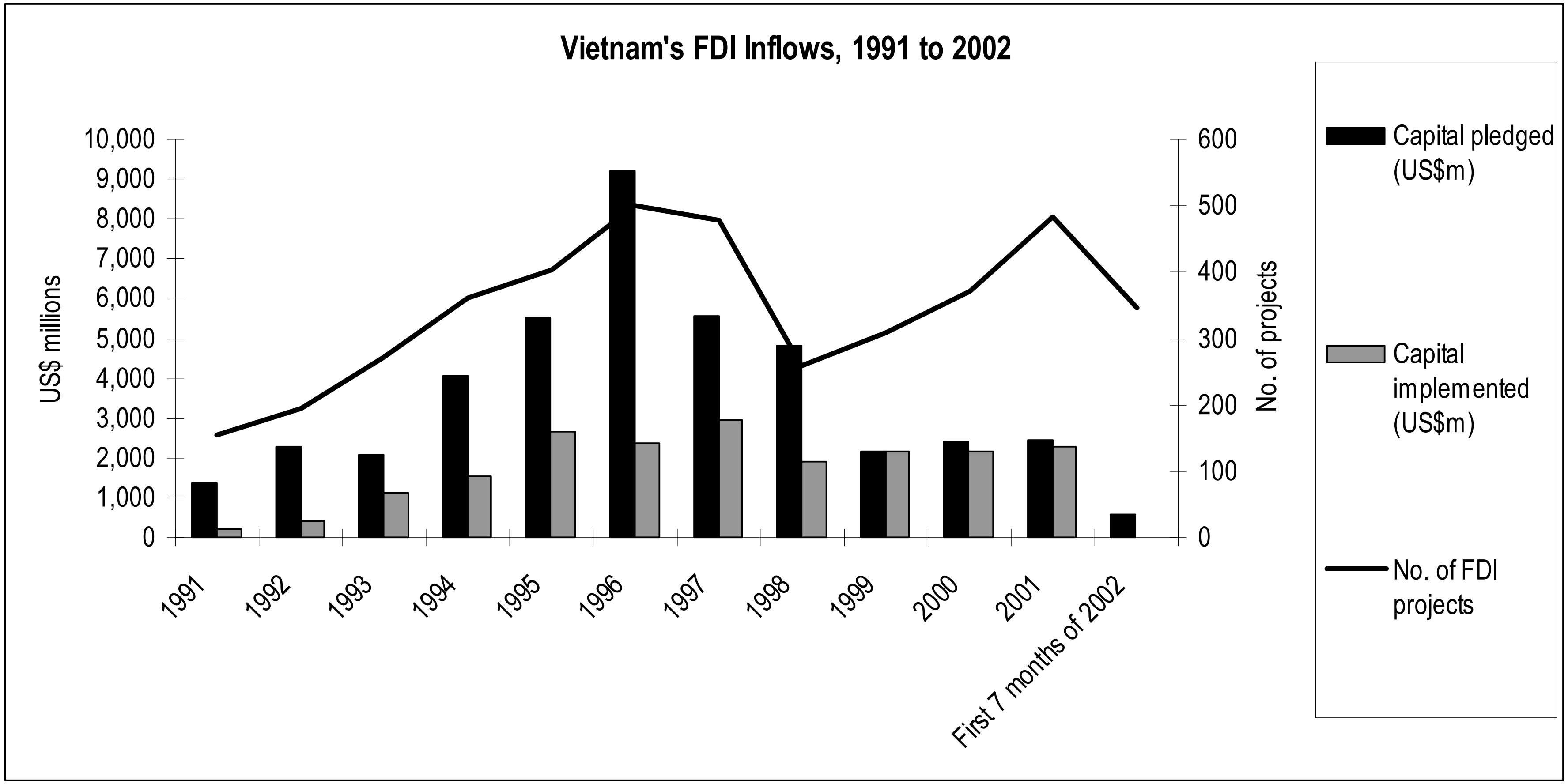
	No. of Projects	Total Investment (US$m)	% of projects	% of capital pledged
BOT	6	1,228	0.2	3.2
BCC	139	4,052	4.6	10.7
100% foreign	1,858	12,414	61.0	32.8
JV	1,043	20,167	34.2	53.3
Total	3,046	37,861	100.0	100.0

Source: Le Dang Doanh (2002).


Vietnam's FDI Inflows Compared, 1987 to 2000
7
6
5
4
3
2
1
0
3
2
2
1
1
0
1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000
Vietnam's Inflows as % of China's (LHS)
Vietnam's Inflows as % of all developing countries' (RHS)
Source: UNCTAD World Investment Reports


Vietnam's FDI Inflows Compared, 1987 to 2000
3,000
2,500
2,000
1,500
1,000
500
-
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0.0
1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000
Vietnam's FDI Inflows in US$m (LHS)
Vietnam's Inflows as % of world total (RHS)
Source: UNCTAD World Investment Reports.


Vietnam's FDI Inflows Compared, 1987 to 2000
3,000
2,500
2,000
1,500
1,000
500
0
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000
Vietnam's FDI Inflows (LHS)
SE Asia's FDI Inflows (RHS)
Source: UNCTAD World Investment Reports.


Vietnam's FDI Inflows, 1991 to 2002
US$ millions
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
600
500
400
300
200
100
0
No. of projects
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
First 7 months of 2002
Capital pledged (US$m)
Capital implemented (US$m)
No. of FDI projects