

MINISTRY OF EDUCATION AND TRAINING
UNIVERSITY OF DANANG

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**ENHANCE THE ATTRACTION OF FOREIGN DIRECT
INVESTMENT IN INDUSTRIAL DEVELOPMENT OF
SOUTHERN PROVINCES IN LAO PEOPLE'S
DEMOCRATIC REPUBLIC**

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SUMMARY OF DOCTORATE THESIS IN ECONOMICS

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INTRODUCTION

1. The urgency of the thesis

Foreign direct investment (FDI Foreign Direct Investment) plays an important role for the economic development of the Lao PDR – which is located in the area of less developed countries - in recent decades. With the transfer from the transition economy to market economy, the Lao PDR has created strong attraction towards many international investors. As a relatively small country with a total area of 236.8 thousand km², not facing the sea and surrounded by hills (*2/3 are of this country is mountainous and mostly concentrated in the North*), these geographical characteristics have created barriers to agricultural development in both quality and quantity; and this is also the cause of major difficulties for Laos in commercial development, social infrastructure and connectivity of transport infrastructure and communications. However, as located in Southeast Asia, between the Indochina Peninsula -which is considered the dynamic and thriving heart with preferential strategic resource base and sharing borders with five neighboring countries namely China, Cambodia, Vietnam, Thailand and Myanmar, the Lao PDR has opportunities to cooperate with these countries and acts as a transit among bordering countries, facilitating the development of trade, investment and transnational tourism. After becoming an independent nation in 1975, Laos set up a control systems based on socialism and centralized fiscal government to 1985. During this period, the government realized that economic results would not achieve the preset goals. Economic management of this period was considered weak because of limitations in terms of labor force and externally skilled support. In 1986, the new economic reforms were initially established to shift from an centrally planned

economy to market-oriented economy under *New Economic Mechanisms (NEWS)*. This means that Laos would shift from a socialist economic management system to a market-oriented economy with two basic political objectives: (1) Open market policy and (2) Introduction of market economy principles. Pursuit of economic reforms and institutions with the aim to improve the economic life of the whole population and society through the construction of a market-oriented has helped Laos to quickly achieve social and economic results in terms of economic growth, privatization of state-owned enterprises and macroeconomic stability. Moreover, this country then witnessed the outstanding increase in public and private investment, and improvements in economic activities regionally and globally. All of them created annual average economic growth rate of at 6% /year Laos in the period 1990-2010 and 8%/year in the period 2011-2015. More importantly, Laos attracted many investors and received a lot of support from many countries and organizations around the world; all these factors contributed to direct impacts on the growth and economic development of Laos.

Laos is divided into 3 main regions including the North, Central and South. Among them, the Southern region includes 04 provinces of Champasak, Salavan, Attapeu and Xekong and this region has a mountainous terrain, adjacent to Vietnam, Thailand and Cambodia, which has generally increasing GDP growth rates but still lower compared to the Eastern provinces and the whole country. With the starting point as an economy based mainly on agriculture with 80% of the population engaged in agricultural activities, economic reforms towards promoting industrialization and modernization have contributed to significant changes to the economic structure of this

region. Along with the country's FDI attraction, the Southern provinces of Laos have made a significant contribution in creating favorable conditions for foreign investors to invest in this area, particularly in industrial sector. However, FDI in Laos in general and FDI in industrial sector of the Southern provinces of Laos in particular still reveals many shortcomings, difficulties and challenges; therefore, in order to have an overview and a foundation to propose viable solutions to remedy these limitations, the author has chosen the thesis entitled: *"Enhance the attraction of foreign direct investment in industrial development in Southern provinces of Lao People's Democratic Republic"*.

The layout of this thesis consists of 3 main parts. After giving the theoretical basis and practical overview of FDI, the role of FDI in economic development of a country and a locality and selected FDI experiences of some countries in the ASEAN region and a number of lessons learned which can be applied to the southern provinces of Laos will be presented in Chapter 1. Chapter 2 will focus on assessing FDI activities in Laos and in the Southern provinces of Laos in recent years. This will also be the basis for proposing a number of measures in Chapter 3 to enhance FDI in industrial sector of Southern Laos in particular and Laos in general.

2. Research objectives

On the basis of codified theoretical basis for attracting FDI, the thesis will analyze and clarify FDI attracting activities into industrial sectors in Southern Laos. Besides, the thesis will draw disadvantages, limitations and causes so that solutions and recommendations can be proposed to further enhance the attraction of FDI in industrial development in the Southern provinces of Laos People's Democratic

Republic in the near future.

3. Research tasks

To achieve the above research objectives, thesis with finish the following tasks:

- Research and systematize theoretical framework related to enhance the attraction of FDI. Review impacts and experiences to further attract FDI in the process of industrial development of a number of localities and ASEAN countries.

- Introduce, analyze and assess FDI attracting activities, successes and limitations in attracting FDI to enhance industrial development in Laos in general and Southern provinces in particular since 1988, causes of these successes and limitations. Based on these, draw lessons for enhancing FDI in industrial development in the new period.

- Propose recommendations and oriented perspectives to enhance FDI in industrial development by 2020.

4. Research object and scope

The thesis aims to research how to increase FDI in industrial development in southern provinces of Laos, and mainly focuses on mechanisms and policies to attract FDI.

Scope of the study: The thesis research is limited only to attract FDI in industrial development in the Southern provinces of Laos, without ongoing research to attract FDI in different sectors. The thesis also researches on enhancing FDI after innovations (after 1990), especially after the **Law on Foreign Investment Promotion** was established. The historical development to attract FDI of the Lao PDR is not covered in this research thesis.

5. Methodology

The thesis is deployed on an aggregate of research methods: dialectical, systematic and comparative analysis and synthesis, modeling. At the same time, the thesis inherits deliberately and critically, and objectively analyzes results of other studies by domestic and foreign authors.

6. Thesis' contributions

- Assess the attraction of FDI and institutional environment for industrial development in the innovation process of mechanisms and state management of economic policy through surveys in localities across the country.

- Propose new perspectives and orientations towards attracting FDI, and strengthening FDI through research into theoretical issues of industrial development. Draw lessons of some localities and ASEAN countries from the review of experience in enhancing FDI in industrial development.

- Propose some solutions to further enhance industrial development incentives in the process of economic management innovation until 2020.

7. Thesis layout

Chapter 1: Theoretical and practical basis on attraction of foreign direct investment in industrial development in the world

Chapter 2: The attraction of foreign direct investment in industrial development in Southern provinces of Laos over the period 1988-2015

Chapter 3: Enhance the attraction of foreign direct investment in industrial development in Southern provinces of Laos.

CHAPTER 1

THEORETICAL AND PRACTICAL BASIS ON ATTRACTION OF FOREIGN DIRECT INVESTMENT IN INDUSTRIAL DEVELOPMENT IN THE WORLD

1.1. CHARACTERISTICS OF FOREIGN DIRECT INVESTMENT (FDI)

1.1.1. Overview of FDI

1.1.1.1. Definition of FDI

Internationally, there are many interpretations of FDI definition, depending on each economist's approach. Foreign Direct Investment (FDI) occurs when an investor from a country (investing countries) possesses assets in another country (investment attracting countries) and has the management right of these assets.

From the above concepts, the author can understand and draw an overview of foreign direct investment as follows:

Foreign direct investment is the type of business of the foreign investors who invest in cash or in any assets to set up production facilities for business activities in the host country, so that they have the direct ownership and participate in the management and administration of the object that they have invested their capital in order to gain a profit from investment activities.

1.1.1.2. Definition of FDI attraction

Attracting investment is activities and policies of the government, business community and residents to promote, enhance, support and encourage investors to implement capital investment for development purposes .

1.1.1.3. Definition of FDI attraction into industrial development

FDI attraction in industrial development comprises activities which encourage foreign investors to pour their capital into the development of local economy, specifically industry.

1.1.2. Main features of FDI

Based on the concepts of foreign direct investment, it can be summarised some of the basic characteristics of FDI as follows:

First, capital: Foreign Direct Investment (FDI) has basic characteristics which are different from foreign capital (FC) in the sense that receiving these funds do not generate debt for investment-receiving countries .

Second, equity: foreign investors must contribute a minimum amount of capital according to regulations of each host country to gain their right to be directly involved in managing the object in which they invest.

Third, management right: management right of enterprises with foreign investment depends on the level of contributing capital.

Fourth, ownership and the right to use the capital: The investor is the owner as well as the user of investment capital.

Fifth, FDI is a form of long-term investment activity associated with the construction of facilities, branches for production and business activities in the host countries.

1.1.3. Classified forms of FDI

1.1.3.1. Business Co-operation by Contract (BCC)

1.1.3.2. Joint Ventures Company (JVC)

1.1.3.3. 100% Foreign-Owned Enterprises (FOE)

1.1.3.4. BOT, BTO, BT

1.1.3.5. Merging and acquisition (M&A)

1.2. IMPACTS OF FDI

1.2.1. Positive impacts of FDI on receiving countries

First, FDI adds capital into the economy.

Second, FDI stimulates technology transfer of developing countries.

Third, FDI helps train and develop human resources and creates jobs.

Fourth, FDI accelerates the process of economic restructuring.

Fifth, FDI helps expand markets and promote exports.

Friday, FDI helps expand international relations.

1.2.2. Negative impacts of FDI on receiving countries

First, FDI causes loss for investment-receiving countries because investment activities take place in the competitive market economy.

Second, the majority of foreign investors prefer to transfer technology which is not advanced, because they are afraid of information leakage, loss of license and technology...

Third, FDI creates uneven development across industries, sectors, and between urban areas and rural areas.

Fourth, FDI causes environmental pollution problems.

Regarding investing countries, foreign investment brings them the following benefits and drawbacks:

First, overseas investment helps expand product markets, strengthening economic power and enhance their influential role in the world.

Second, foreign investment activities are more profitable than those in the country, which is considered the most important factor for foreign investment.

Third, overseas investment creates opportunities for investors looking for supply sources of raw materials.

Fourth, excessive overseas investment (Outward FDI) can reduce the capital investment required for development in the home country.

1.3. THEORETICAL FRAMEWORK ON FDI

1.3.1. Macroeconomics theories

HO theory (Heckscher and Ohlin (1933), Richard S. Eckaus (1987).

Macdougall – Kemp theoretical model.

1.3.2. Microeconomics theories

First: The theory of eclectic paradigm

Second: The theory of market size

Third: The theory of marginal differences in value of capital

Fourth: The theory of comparative advantages

1.3.3. Attracting FDI into industrial development

1.4. FACTORS AFFECTING FDI ATTRACTION

1.4.1. The model of factors affecting FDI

1.4.1.1. Economic factors

a. Market

b. Return

c. Cost

1.4.1.2. Resource factors

a. Human resources

b. Natural resources

c. Geographical location

1.4.1.3. Infrastructure factors

a. Technical infrastructure

b. Social infrastructure

1.4.1.4. Policy and mechanism

1.4.2. Factors belonging to receiving countries

1.4.2.1. International economic relationships of receiving countries

1.4.2.2. Political, economic and social stability

1.4.2.3. Legal and policy framework

1.4.2.4. Infrastructure development

1.4.2.5. Human resources quality

1.4.2.6. Administrative procedure perfection

1.4.2.7. Investment promotion

1.4.3. External factors

1.4.3.1. Worldwide economic platform

1.4.3.2. International competition and collaboration

1.4.3.3. Free trade and international investment

1.4.3.4. Science and technology revolution promotes international investment

1.4.3.5. Roles of trans-national enterprises

1.4.3.6. Factors belonging to investors

▶ **Financial capability of investors**

▶ **Business competency of investors**

1.5. THE MOVEMENT OF FDI INFLOWS IN THE WORLD AND EXPERIENCES OF SOME ASEAN COUNTRIES AND PROVINCES AND CITIES IN LAOS PDR

1.5.1. The movement of FDI inflows in the world

1.5.2. FDI attracting experiences of some Asean countries

1.5.2.1. Thailand

1.5.2.2. Vietnam

1.5.2.3. Provinces and cities in Laos

1.5.2.3. Lessons learnt for Southern provinces

First, the economic and political stability is a basis for enhancing FDI. Political stability and sustainable economic growth with high speed will make the investment-receiving countries have attractive investment environment to foreign investors.

Second, unified legal framework between domestic and foreign investment policies will build legal basis for domestic enterprises and FDI enterprises as well as match international regulations.

Third, focus on building, renovating and improving infrastructure system.

Fourth, improve the quality of human resources.

Fifth, strengthen the state's role in governance and management of attracting FDI.

Sixth, continue to improve the environment in attracting investment, to further expand the investment scope, focusing on simplifying procedures for granting investment licenses.

CHAPTER 2: THE ATTRACTION OF FDI IN INDUSTRIAL DEVELOPMENT IN SOUTHERN PROVINCES OF LAOS OVER THE PERIOD 1988-2015

2.1. OVERVIEW ON NATURAL, ECONOMIC AND SOCIAL CONDITIONS OF SOUTHERN PROVINCES OF LAOS TO INFLUENCE FDI ATTRACTION

2.1.1. Natural conditions

2.1.2. Economic - social conditions

2.1.3. Advantages and disadvantages

2.1.3.1. Advantages and potential opportunities

- In terms of geography: the southern region of Laos has advantages in location to connect with neighboring countries such as Vietnam, Thailand and Cambodia.
- Southern region is an area with spectacular natural scenery, warm climate, a diversity of cultural; people there have a tradition of being brave and industrious.
- This region also has political stability which ensures order and safety, public solidarity. Under the leadership of the Lao People's Revolutionary Party, people achieve the consensus on developing country towards economic sustainability.

2.1.3.2. Difficulties

- In term of geography: 36% of its territorial consists of mountains, especially the eastern region, which significantly affects the development of infrastructure.
- This region also owns a sparsely scattered population which significantly affects investment in building infrastructure.
- The economic basis is not strong enough, and this region is slowly-developed in terms of science and technology and education and even undeveloped in terms of healthcare networks, together with a lack of investment capital.

2.2 THE LEGAL FRAMEWORK AND POLICIES TO ATTRACT FDI IN INDUSTRIAL DEVELOPMENT IN SOUTHERN PROVINCES OF LAOS

2.2.1 The legal framework for FDI in Southern provinces of Laos

On 19th April 1988, National Congress issued the Law on Foreign Investment which allows organizations, enterprises and individuals to invest into Laos. Since the Law enforcement in 1988 till now, it was modified and amended two times in 1994 and in 2004.

Besides, there are guidelines and concretized implementation of the Law on Foreign Investment and other relevant documents such as tax regulations, labor recruitment regime and foreign exchange management.

Although Laos' legal system on foreign investment entails some weaknesses, it is still considered as a flexible platform to attract foreign investors. The Government has constantly improved the investment law system to attract FDI.

2.2.2. FDI policies in Southern provinces of Laos

There are a number of specific regulations for investors, which expresses the encouragement and protection of Laos' Government to foreign investors:

- Foreign investors are guaranteed the right to do their business over the period from 10 to 15 years, in special cases this duration will be extended.
- Foreign investors receive the capital protection from local government, and if required by the national economy that their business must be nationalized, Laos will redeem at reasonable prices, by the two parties.
- Foreign investors are allowed to transfer capital and profits to their home countries, encouraging investment back to Laos (reinvestment).
- Foreign investors can enjoy tax incentives (tax exemption or reduction of one or more times, for a long or short time, payable taxes) depending on the field of investment.
- Foreign investors are allowed to hire Laotian workers.

2.2.3. Investment promotion activities of southern provinces of Laos

- + The agency in charge of investment promotion

The agency in charge of investment promotion is divided into two different departments:

(1) The Ministry of Planning and Investment: take responsibility for developing investment policy and planning of strategic plans as well as investment promotion strategies. Currently, there is no department of the Ministry of Planning and Investment to assume fully investment promotion.

(2) Department of Planning and Investment of province and the State: take responsibility for implementing investment policies by the Ministry of Planning and Investment and managing FDI activities within these provinces.

At the present time, Laos does not have any investment promotion strategies on national level. There is no investment promotion agencies established separately from the central to local level.

2.3 The attraction of FDI in industrial development in Southern provinces of Laos over the period 1988-2015

2.3.1 Overview

The Southern region attracts the second highest level of FDI in the country with 109 projects (accounting for 7%), total investment reaches 3,906 million US\$ (accounting for 32%)

In 1988-1990: Southern provinces of Laos attracted 1.6 million with 2 projects

In 1991-1995: Southern provinces of Laos attracted 15 projects with a total investment of 299.3 million US\$

In 1996-2000: FDI inflows into the southern provinces declined

In 2001- 2005: capital level and the number of FDI projects increased again, with 167 million US\$ for 113 projects

In 2006-2010: the southern provinces attracted 3.3 billion US\$ with 372 projects

In 2011-2015: the FDI inflows into the southern provinces have fallen slightly to 2.9 billion US\$ (Table 2.4)

2.3.2 The forms of FDI in southern provinces of Laos

In 1988-1990: the number of investing projects in the form of joint venture was equal to that in the form of 100% foreign capital investment

In 1991-1995: The proportion of investment in the form of 100% foreign investment increased rapidly from 50% to 60%.

In 1996-2000: The 100% foreign investment accounted for a high percentage of capital level and the number of projects.

In 2001- 2005: the percentage of joint-venture investment increased sharply in terms of capital level and the number of projects compared to the previous period.

In 2006-2010: Same as the previous period, the figures for 100% foreign investment dropped sharply both in number of projects and capital level.

In 2011-2015: The percentage of capital level in terms of 100% foreign investment began to increase again, accounting for 67.66% of the total attracted FDI (see Chart 2.1)

2.3.3 Sector-based FDI in the southern provinces of Laos

Industrial sector: the mining industry attracted the highest level of investment with US\$2.95 billion corresponding to 46 projects, followed by electricity (US\$ 1.45 billion (accounting for 21.64%) with 13 projects) and then, craft industry holds the third position with 157 projects making up US\$343.62 million.

In terms of the average size of the project, the electricity sector reached the highest capital level of US\$ 111.43 million per project, followed by the mining industry with US\$64.16 million; meanwhile, craft industry accounted for the lowest capital level of US\$2.19 million.

Trade and service sector: the hotel industry attracted the largest amount of FDI capital (accounting for 5.38% of the total investment corresponding to 360.01million/41projects), followed by the commercial sector with 32 projects and US\$86.93 million.

In terms of investment scale, the hotel industry achieved the highest capital level of FDI with the average of US\$ 8.78 million for each project, followed by the trade sector with US\$2.72 million/project. (see table 2.5)

2.3.4 FDI distributed by structures of the region

In the period 1988-2015, Champasak province attracted the highest level of FDI within the southern region with 387 projects (accounting for 59.45% of the whole region) corresponding to US\$ 4,74 billion (accounting for 70.73% of the whole region), followed by Attapeu (See the table 2.6)

2.3.5 FDI distributed by nationalities in southern provinces of Laos

Up to now, there are 21 countries and territories which invest in the southern region of Laos including Asia, Europe, Australia, North America and so on.

Thailand, Vietnam and China are countries leading in the number of investment projects and capital level; in which, Thailand was the king nation in both the number projects and capital level, followed by Vietnam, and then China holds the third position.

Other countries such as Japan, Malaysia, Hong Kong, India and European countries like France, England, Italy, Germany, Holland, Russia and so on invest in the southern provinces of Laos with limited numbers of projects and capital levels. (See the table 2.2)

2.4 A REVIEW ON ATTRACTING FDI IN INDUSTRIAL DEVELOPMENT IN SOUTHERN PROVINCES OF LAOS

2.4.1 Achieved results

2.4.1.1 FDI comprises the important source of capital for investment development

2.4.1.2 FDI promotes economic growth and restructuring of Laos

2.4.1.3 FDI contributes to improving exports, international market expansion, increasing foreign currency revenues and creating state revenue

2.4.1.4 FDI has increased jobs, increased income and developed human resources for local provinces

2.4.2 Weaknesses

2.4.2.1 Imbalances among the sectors in the region

2.4.2.2 Causing negative impacts in the labor structure

2.4.2.3 Causing environmental pollutions

2.4.3 Limitations

- Have not yet attracted investors with strong financial capacity.
- Have not yet attracted projects from developed countries such as European countries, North America and other Asian countries.
- Almost attracted the projects into the mining and hydropower industry.
- A lack of complete policy framework for attracting and managing FDI

- Limited quality of local labors, FDI enterprises mostly have to use their own labor force to carry out investment, exploitation and management of their projects in the southern provinces of Laos.

2.4.4 Reasons of limitations in attracting FDI into the southern provinces of Laos

- The investment environment in Laos and in particular, in the Southern provinces is not open and attractive enough to induce FDI
- A lack of local policy planning as well as incentives to attract FDI
- Promotion activities to attract FDI have not received enough attention of provincial government leaders.

CHAPTER 3

STRENGTHENING ATTRACTION OF FOREIGN DIRECT INVESTMENT IN INDUSTRIAL DEVELOPMENT IN THE SOUTHERN PROVINCES OF LAOS

3.1. POINT OF VIEW AND ORIENTATION IN ATTRACTING FDI INDUSTRIAL DEVELOPMENT IN SOUTHERN PROVINCES OF LAOS IN THE NEW PERIOD

3.1.1. The international and domestic development context

3.1.1.1. International Context

3.1.1.2. Domestic context

3.1.2. Industrial development objectives of the southern provinces of Laos by 2030

Based on targets to 2020, GDP growth rate reaches 12.13% / year, in which industrial growth rate rise average of 14.07%, accounting for 33.73% of GDP by 2020.

Goals for attracting FDI in industry of southern Laos is to attract large investment projects which have a strong impact on the economic

development of the country. Beside, the purpose of FDI attraction to develop new urban areas, special economic zones or railway systems.

3.1.3. Capital demand for industrial development of the southern provinces of Laos

To ensure economic growth per year period (2016-2020). According to calculations by Statistics Center of Laos, the southern Laos need investment capital source of about 223 thousand billion kip (about 27 billion US dollars), accounting for 30% of GDP in the Southern provinces of Laos in which the private investment funds and FDI proportion are up to 54-57%.

3.1.4. Perspective of FDI attraction to industrial development in the southern provinces of Laos

First, awareness consistency to understand that FDI is an important component of the economy of Laos, consistent, long-term stable policy to attract external resources, especially FDI.

Secondly, state management policy for FDI enterprises in the process of expansion of international economic integration must focus on the objective taking Laos out of poor countries, developing towards industrialization, modernization and increasingly integrated into the world economy; mounting between sustainable economic growth with social security and minimizing the negative impact of FDI.

Third, synchronize solutions, facilitate and maximize equality and meet the highest requirements of pledged integration, creating incentives in all aspects

Fourth, to build an uniform, unified, tight, clear and feasible system of policies and laws.

Fifth, to diversify FDI form.

Sixth, should create a stable, healthy and growing environment of economic, political and legal.

Seventh, to concentrate all forces, all economic sectors , promote the high level of initiative, creativity, dare to think, dare to do, dare to be responsible; develop strong multi-sector economy operating under the market mechanism with the administration of the State.

3.1.5. FDI attraction Orientation to industrial development in the southern provinces of Laos by 2020

In order to achieve the requirements of the development and ensuring effective move the country gradually became industrialized society, taking agriculture and forestry as the basis for the development of industry and services.

Priority in developing hydropower industry, agriculture, forestry processing industry, mining industry and material manufacturing. Particularly in sectors such as education, science - technology, transportation industry and market, taking as a key to promote the development of production improving the productivity and contributing to the development towards modernization and being the foundation for stable sustainable economy, politics and gradually bringing the country out of backwardness and moving forward to the socialism.

3.2. MEASURES TO PROMOTE IN ATTRACTING FDI IN THE INDUSTRIAL DEVELOPMENT OF THE SOUTHERN PROVINCES OF LAOS

3.2.1. Continue to improve FDI attracting policies

Including: Policies on land, tax, monetary and credit; Labor and salaries; Market and consumption; Technology; and supporting industries.

3.2.2. Completeness of the legal system on FDI

Foreign Investment Law should create favorable conditions for investors based on principles of independence, sovereignty, equality and mutual benefit.

Foreign Investment Law is always a satisfactory manner the relationship benefits for both sides: the foreign investors and Laos.

3.2.3. To increase investment of infrastructure systems

Development of infrastructure in the southern provinces of Laos to ensure belongings to the planning of infrastructure of the country and the region, while reflecting the pioneering, to be the driving force of economic development - social each province as well as the whole region. At the same time, the infrastructure system of each province should ensure consistency, completeness and interrelated links in regional development sustainably. Including: infrastructure system of transportation, telecommunications, power supply, water and drainage.

3.2.4. Continue to strengthen and stabilise the socio – politics.

To enhance leadership capacity of Lao People's Revolutionary Party in the innovation, consider this factor is decisive.

While expanding democracy and promote people's rights, to expand and improve the effectiveness of State management in the fields of economy - society.

3.2.5. Improving the quality of public servants and labors for industries with foreign investment

Stepping up the training of human resources towards the training of skilled workers, high-level technical workers; training and re-training

for managers and staff working in the joint venture enterprises; developing labor market.

Focusing on professional training with humanity (moral, industrial style, sense of discipline, ...).

To encourage FDI enterprises investing in the field of education and training.

3.2.6. Improving the efficiency of State management for FDI

Continuing reform of administrative procedures relating to FDI towards creating the most favourable conditions for foreign investors in the implementation of administrative procedures, legal.

Include the following contents:

- i) To settle administrative procedures under the "one-stop" mechanism
- ii) To make regulations for guiding coordination between sectors and localities in the implementation of procedures related to FDI activity
- iii) Legalize clear responsibility and authority of the agencies and decentralize power to appropriate functional units.
- iv) Regularly review the reform of administrative procedures related to attracting FDI.

3.2.7. Enhance after-care service for licensed and deployed projects

Focus on supporting projects which have been granted investment certificates. Regularly review, classify FDI projects to have appropriate measures.

Strengthening effective and efficient coordination mechanisms between all levels of management, monitoring, inspection FDI projects to prevent the status of projects have been granted investment

licenses but not implemented, prevent and promptly handle violations of: the progress of project implementation, the compliance with the provisions of labor law, the environment, taxes and financial obligation and security at the project site.

3.2.8. Strengthening investment promotion activities

- Research and develop long-term strategies and short-term action plans.
- Regularly, periodically organize conferences and seminars on investment promotion, participate in conferences hosted by ministries and localities in the region.
- Combine investment promotion activities in foreign business trip of the provincial leaders or appoint a person to join promotion, mobilization mission of Government to attract and mobilize foreign investment.
- Diversify investment promotion activities in many different forms.
- Enhance the effectiveness and improve the effectiveness of counselling, support for foreign investors
- Develop a specific policy for large-scale project with spreadable and positive impact on economic development - local society
- Issue and spread documentation of the potential and investment opportunities
- Combined investment promotion activities to promote trade and tourism in potential countries.

CONCLUSION

In order to implement the objectives of industrialization - modernization of the Nation, attracting FDI for industrial Laos became an important problem in the current conditions. Firstly, because FDI has been continuously playing a very important role in the development of the Lao economy in general and four southern provinces of Laos in particular. Second, in recent years, the results of FDI attraction in the industrial sector of Laos in general and southern provinces of Laos in particular are better than the previous period. So, for the southern provinces , FDI really has become a very important source for economic growth and development; contributing to the economic restructuring, creating jobs, increasing exports, receiving advanced techniques and experience for economic development. However, in the current context of domestic and international opening up many prospects beside challenges, difficulties, Laos and southern provinces of Laos have to try their best to improve investment environment to attract more FDI in coming years.

To further FDI attraction in Laos in general and the 4 provinces in southern Laos in particular, for the coming years, they want to execute mentioned solutions synchronously and systematically such as Continuing to consolidate and keep political – social situation stable; To perfect the legal system of FDI; Continue to improve policies to attract FDI; Improving the efficiency of State management for FDI; Improving the quality of cadres and workers for industries with foreign investment; Support project for help after being licensed and deployed; To increase investment in building infrastructure systems; Strengthening investment promotion activities.

The thesis has made an important contribution that provides a complete theoretical basis for attracting FDI, analysed the complete picture of FDI in the southern province of Laos 1988-2015 period from which to draw out the drawbacks, exists to take measures to enhance their ability to attract FDI in the southern Lao province in the coming time. However thesis also some limitations, such as only using secondary data sources to analyse making judgments about attracting FDI but not qualified to conduct the survey for FDI is active as well as potential investors for the southern Lao province from which can offer suitable solutions and more accurate. Based on these limitations, the study should consider the next may have to perform the investigations, field surveys for businesses active in order to draw the assessment as well as review the more reasonable solutions.

REQUEST

*** For the government and the authorities of the government**

Having a consistent policy on attracting FDI in industries in particular and in economic sectors of Laos and the southern provinces of Laos in general.

Constantly commit to maintaining the stability of the macro environment and create favorable conditions for investment and business activities as well as the first condition for attracting FDI investors in Laos and the southern provinces of Laos .

Build and complete policies in investment encourage, including policies on land, tax, monetary, credit, labor and wages, markets and product consumption and technologies to facilitate most favourable condition to attract and enhance the contribution of FDI to the regional economy.

Develop and promulgate policies to supporting industry development.
Boost investment, especially in infrastructure for the southern provinces of Laos.

Increase funds for the implementation of investment promotion activities, enabling provincial governments to participate regularly on investment promotion delegation of the Government and the relevant authorities of the Government.

*** For provincial governments of southern Laos**

To accelerate the implementation of the reform of administrative procedures to FDI selective attraction, serving for sustainable development goals of the locality. Continuing reform of administrative procedures relating to FDI towards creating the most favorable conditions for foreign investors in the implementation of administrative procedures, legal.

Each locality should regularly provide updated information on the new legislation on FDI issued by the State and the Province.

Provincial leaders need to allocate time to accompany the investor, directly listen to and solve the difficulties of investors.

In addition, the localities should actively implement the linkage in the process of implementation of the promotion programs in order to save costs, increase efficiency as well as make it focused.

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