

**MINISTRY OF EDUCATION AND TRAINING
THE UNIVERSITY OF DA NANG**

DANG VINH

**PROMOTING FOREIGN DIRECT INVESTMENT
IN DANANG CITY**

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DISSERTATION SUMMARY ECONOMIC

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**Instructor: 1. Assoc. Prof. Dr. Nguyen Thi Nhu Liem
2. Prof. Dr. Le The Gioi**

Objection 1: Prof. Dr. Le Du Phong

Objection 2: Assoc. Prof. Dr. Nguyen Van Phat

Objection 3: Dr. Nguyen Phu Thái

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INTRODUCTION

1. THE NECESSITY OF THE RESEARCH

In the context of a low starting point economically along with the fact that the economic growth rate is not high and unstable, our country must not only mobilize the domestic capital and consider it as a crucial part but also make the most use out of the world capital and consider it as an important part. Among the external sources, FDI is an indispensable part. Of the total social investment capital, depending on the socio-economic situation and development condition of each country, FDI plays an important part respectively. For our country in general and Danang City in particular, FDI is an indispensable part in the total socio-economic development investment. It is an important condition to exploit and develop domestic resources. However, in recent years, the investment environment in our country in general and Da Nang city, in particular, has shown decline in attractiveness, the total registered investment capital in the city by 2016 is quite modest despite the city's potentials, with about \$ 3.2 billion, capital performance is over 27.7% and ranked 20th overall in the country. Therefore, the researcher has decided to choose **“Promoting foreign direct investment in Danang City”** as the topic for the PhD thesis.

2. OBJECTIVES OF THE RESEARCH

+ Overall objective: The thesis assesses the current state of the policies of attracting investments in the recent period, assesses the current state of FDI capital in Danang city.

+ Specific objectives:

i) To systematize and clarify scientific theoretical issues for attracting FDI; ii) To analyse and assess the role of FDI in the

development of every country, especially the underdeveloped and developing countries, which are on the national industrialisation and modernisation process;iii) To build the system of assessing and examining some FDI enterprises in Danang city;iv) To examine the experience of some cities, countries in Asia in this section;v) To suggest specific solutions to increase FDI attraction in Da Nang city in the next 10 years.

3. SUBJECTS AND SCOPE OF THE STUDY

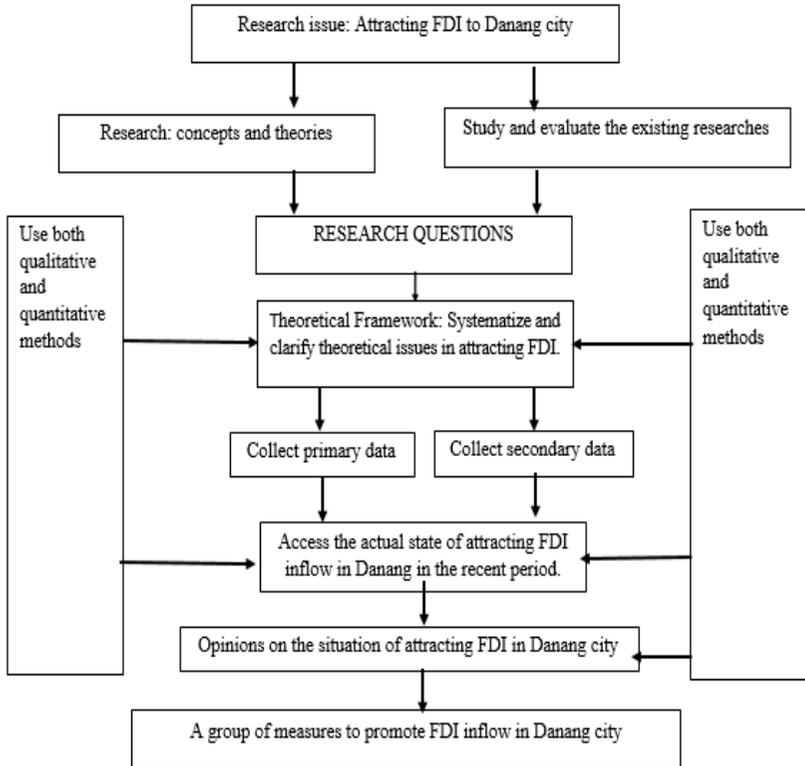
The main subject of the thesis is to study the issues of mechanism, policies, the process of perfecting mechanism and policies, the theory and practice in attracting FDI that affects FDI inflow in Danang city. The scope of the study will be mainly in the period of 2010 - 2016 and the orientation towards 2020 and vision to 2030. The scope of the research focuses on suggesting groups of measures and solutions to increase the attraction of foreign investment to Danang city in the next 10 years. Having studied experience of other countries in Asia and the situation of Danang city in recent years, the researcher then proposes some solutions in order to promote FDI inflow in the next 10 years.

4. RESEARCH METHODOLOGY

4.1. Research Plan

The Research Plan is carried out carefully according to the research methodology presented in figure 2.1 below.

- Based on the theoretical framework in promoting FDI, the thesis assesses the current state of attracting investments in the city in the recent period, focusing on analysing and evaluating the following issues: Evaluating the factors that affect investment attraction in Danang city as presented in the map below:

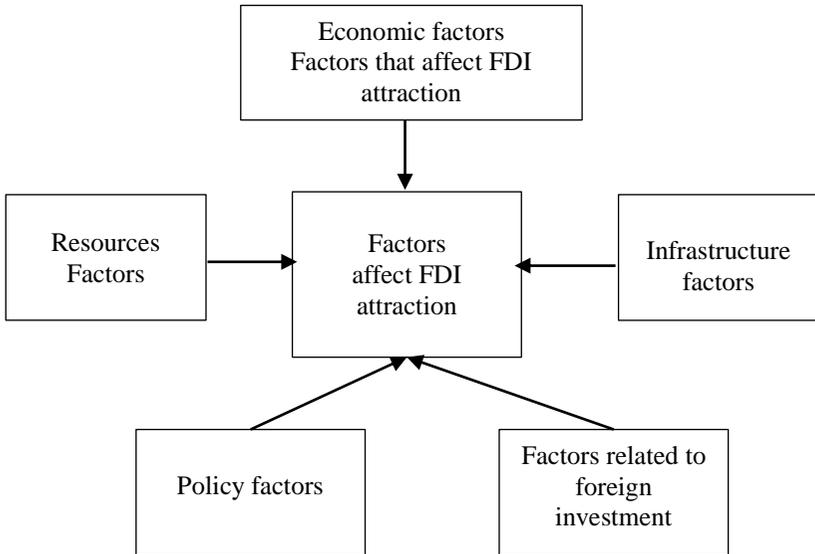


Research Plan

(Source: The study of the researcher)

(i) Assessing the actual state of attracting FDI in Danang city in the recent period according to the system of criteria built in the theoretical framework section.

(ii) By evaluating the actual state, the thesis examines and points out the achievements as well as the limitations, remaining problems, and the causes of the problems in the process of attracting FDI in Danang city.



Factors affect FDI attraction

Source: The study of the researcher

4.2. Research Methodology

The thesis is carried out, using a combination of methods, with both quantitative and qualitative approaches. SWOT analysis method.

4.3. Research Data

Secondary data; primary data.

5. CONTRIBUTION OF THE STUDY.

New contributions in term of theory and academy.

The thesis discusses policies to attract FDI inflow to the locality. The study clarifies the characteristics of FDI with its positive and negative impacts, the opinions on attracting FDI and the factors that affect FDI attraction. In addition, the study also outlines the theories of location determinants of FDI, different approaches to location advantage theory explaining the factors that help a place attract more

FDI and synthesizes the factors influencing the FDI attraction of an economic zones from the empirical studies.

In term of practice: Based on the updated and selective data sources, the thesis outlines the characteristics of FDI, its role in socio-economic development. In addition, through a survey from researchers, FDI enterprises in Da Nang City, the thesis identifies and measures the impact of factors affecting the intention of foreign investors to Danang city.

Through assessing the actual state of attracting FDI in Danang city, the thesis points out inadequacies that result in the limitations of FDI attraction and the fact that the amount of investment capital is still very small in comparison to the potential of the city, and efficiency of using FDI is low and the scale is small.

The thesis also claims that the FDI attraction is still low compared to the expectation which is proved by the contribution of FDI to the economy, job creation and environmental improvement. The thesis also points out the causes of the limitations, among which technical infrastructure, state management and promotion activities are emphasized.

The result of the research also states that promoting FDI inflow to Danang city needs considering in both scale and quality, the efficiency of using FDI, not focusing only on attracting FDI by all means. Based on the situation of the locality, the thesis suggests the solutions to promote FDI inflow in the city, including : (1) increase investment in technical infrastructure to attract foreign investors; (2) accelerate promotion activities; (3) improve the quality of planning activities; (4) develop supporting industries; (5) implement administrative procedure reform; (6) invest in human resource

development; (7) strengthen the implementation of examination and inspection on anti-transfer pricing; (8) implement measures to limit the impact of environmental pollution.

6. ORGANIZATION OF THE STUDY

Apart from the introduction and conclusion sections, the researcher focuses on studying the issues which were distributed in four chapters.

CHAPTER 1

LITERATURE REVIEW

1.1. RELATING RESEARCHES IN THE TOPIC.

Foreign investment plays an important part in the economic development, therefore it receives a lot of interest from scholars and researchers. Together with the development of international trade, there is a continuous increase in the inflow of FDI, which contributes significantly to the global economic development. To do the thesis, the researcher has consult more than 100 research works, research papers, national and international scientific articles, among which many important documents are used for reference, inheritance and developing a new approach to the topic.

1.2. A NEW APPROACH TO THE TOPIC

There is no research on the content to promote FDI attraction in Da Nang city fully and comprehensively. The researcher only focuses on researching on attracting FDI in Danang, the most dynamic city in Central Vietnam, including assessing the current state of the policies of attracting investments and assessing the current state of using FDI in the recent period. Especially, the research also assessed difficulties, problems of FDI enterprises in

Danang city.

The research focuses on the period when Vietnam has joined the WTO, the new generation of FTA, the Trans-Pacific Partnership (TTP) Agreement, in the context of globalization and international integration. Moreover, Vietnam is no longer an underdeveloped country but become a middle income country, which is deeply integrating into the world economy; the requirement for “sustainable development” and the 4th industrial revolution...The directions to attract FDI in the coming period should be exploited selectively with clear focus, especially the quality of the capital should be concerned. Attracting the investment capital promotes the process of building an independent and autonomous economy. The research aims to prevent and limit fraud in foreign direct investment enterprises, especially transnational and multinational companies, such as polluting environment; tax evasion; commercial fraud; taking advantage of investment to sell ... The study focuses on suggesting solutions to strengthen and create favorable conditions for the FDI enterprises to operate and develop.

CHAPTER 2

THEORETICAL FRAMEWORK

OF ATTRACTING FOREIGN DIRECT INVESTMENT

2.1. CONCEPTS AND TYPES OF FDI

2.1.1. The definition of foreign direct investment

FDI is a form of investment in which foreign investors invest fully or have the investment which is large enough to gain control or get involved in the process of controlling over the enterprises in the host country.

2.1.2. Types of FDI

100 percent foreign owned enterprises; Business Co-operation Contract; joint venture enterprises; Building Operate Transfer (BOT); Building Transfer Operate (BTO); Building Transfer (BT); Public - Private Partnership (PPP).

2.2. THE ROLE OF FDI

2.2.1. FDI and the home country

For the home countries, FDI brings them the following benefits:

Reducing manufacturing cost, reducing the product cost, increasing the efficiency of capital use as well as return on investment.

Through FDI, the capitalist countries have moved a part of their industrial products, mostly old machines, to less developed countries, to use in order to extend the life cycle of the products. FDI helps them build a stable supply of raw materials at an affordable price. FDI helps FDI home countries increase their economic strength and strengthen their political positions in the international market. Through the construction of manufacturing plants and consumer markets, these countries can expand their consumer market, avoid trade barriers in other countries.

2.2.2. FDI and the host country

FDI helps the host countries solve their social and economic problems such as unemployment, inflation ...; save some businesses on the brink of bankruptcy; increase budget revenues in the form of taxes; create a competitive environment to promote economic and trade development; learn the advanced management experience from many countries around the world.

FDI helps underdeveloped and developing countries to absorb capital, advanced technology and learn the management experiences from foreign investors; contributes to the economic restructuring toward the direction of industrialization and modernization and bring the economy to participate in the international division of labor in the most profitable way, develop international trade. These impacts affect not only the host countries but also the home countries. These impacts include:

FDI creates the conditions to attract new demand; FDI enters the markets which can make profit; making the most profit by organizing the business properly; making use of the foreign elements in manufacturing, using materials of the foreign countries; using foreign technology, exploiting the advantages of monopoly and internalization. Diversifying on the international scale, preventing the value change of foreign currency. Responding to trade protectionism; exploiting the advantage of the political aspect.

2.3. CRITERIA FOR ASSESSING FDI ATTRACTION

Investment growth rate; actual ratio of FDI; Rate of FDI in hi-tech sector; ICOR; VA growth rate of FDI sector; Ratio of VA to GO; Labor productivity in the FDI sector; indicators for the contribution of FDI enterprises to economic development; export rate of FDI enterprises; Criteria for the contribution of FDI enterprises to social development; the number of employees working in the FDI sector; the labor rate in FDI enterprises; the average income of employees in FDI enterprises; working environment in FDI enterprises: land use efficiency to create a VA unit in the FDI sector; the level of offsetting capital deficits for development investment and

the improvement of the balance of payments; contribution of FDI to economic restructuring.

2.4. THE EFFECTS OF FDI ON THE ECONOMY

2.4.1. Positive effects: Promoting technology transfer and development, especially in developing countries; creating jobs and developing human resources for the locality; promoting integration and strengthening external relations; contributing to the spillover effects on other economic sectors of the economy, increasing the competitiveness of the economy.

2.4.2. Negative effects: The phenomenon of "transfer pricing" is quite popular in foreign direct investment; imbalance in investment; negative effects on labor and finance of the host country; importing outdated technologies in the world; loss of many traditional jobs and underestimating the importance of employee training; environmental pollution; the risk of money laundering.

2.5. POLICY TO ATTRACT FDI

Financial policy; policy in land use; labor policy; investment support policy; policy to attract investment capital.

2.6. FACTORS AFFECT FDI ATTRACTION

Economic factors; market factor; profit factor; cost factor; Resources factors; human resources; natural resources; geographical location; Infrastructure factors; technical infrastructure; social infrastructure; Mechanism and policy factors; factors related to foreign investors; world economic environment; the orientation of international FDI inflows; the investment strategy of foreign investors, the financial potential, the business capacity of foreign investors.

2.7. EXPERIENCE OF SOME COUNTRIES IN THE WORLD

2.7.1. Experience of some countries in the world

2.7.1.1. Experience of Singapore

The government of Singapore has created a stable and attractive business environment for foreign investors, publicly announcing that it does not nationalize foreign enterprises, focuses on developing infrastructure, serving the manufacturing activities. The licensing procedures is simple and convenient, which enables the projects to operate a few months after applying for a license and some projects even come into operation 49 days after applying for a license. Especially, Singapore has built a complete, accurate, fair and efficient legal system. In addition, the government of Singapore has issued policies to encourage foreign investment by applying special incentives.

2.7.1.2. Experience of Thailand

In order to attract foreign investors, the government of Thailand has issued policies to reduce the input cost such as fuel, materials, and international telecommunication tariffs, land rents, cost of good circulation, and loosening policy on income tax for foreigners. The government pays lots of attention to developing supporting industries...

2.7.2. Experience of provinces and cities in our country

2.7.2.1. Experience of Ho Chi Minh city

Selecting the investors; Innovation in investment promotion: Building infrastructure: Coordination in planning: Building relationships: Developing organizations, state agencies.

2.7.2.2. Experience of Binh Duong province

Investment promotion activities, updated publication and

marketing activities to attract big projects, advanced technology, competitive products, developing supporting industries, taking advantage of local materials to develop the industry toward the direction of modernization, adjusting and integrating into the world economy.

2.7.3. Lessons learned for Danang city

Paying attention to planning and investment promotion activities, simplifying the administrative procedures, increasing the supporting services to attract FDI, developing high-qualified workers in the locality, making recommendation to the government to improve the legal framework which is not only in accordance with the law of Vietnam but still open as well.

CHAPTER 3

THE CURRENT STATE OF ATTRACTING FOREIGN DIRECT INVESTMENT TO DANANG

3.1. OVERVIEW OF DANANG CITY

3.1.1. Natural conditions

Geographical location; topographic characteristics; climate; natural resources; land resources; forest resources; mineral resources; water sources; marine and coastal resources; scenic spots; population; education and training.

3.1.2. The economy of Danang city in recent years

Danang city is making efforts to become one of the leading localities in the industrialization and modernization of the country and become an industrial city before 2020.

3.1.3. Infrastructure of Danang city

Danang city is one of the biggest city in the country, therefore,

the local authority has paid a lot of attention to the infrastructure investment and improvement activities. Transportation networks, electricity and water systems, communication systems are those which have been and will be improved in both quality and efficiency to be more and more modern and on larger scale.

3.2. POLICIES TO ATTRACT FOREIGN DIRECT INVESTMENT TO DANANG CITY OVER THE YEARS

3.2.1. General policies to attract investment of Danang City over the years

The city authorities have been trying to carry out administrative reform, improve the performance of the officials, public servants, enhance the infrastructure as well as conduct researches and introduce new favorable policies to further attract FDI.

3.2.2. Policies to attract new special projects, hi-tech parks

Land and infrastructure; Land lease; Preferential tax policies; Land transfer, lease formalities; Supportive policies for investment. Offering one-stop administrative services; Support in exit, entry and immigration procedures. Providing the hi-tech workforce; loan support.

3.3. THE ACTUAL STATUS OF ATTRACTING FDI TO VIETNAM OVER THE YEARS

The attraction of FDI to Vietnam started in 1987, since the introduction of Law on foreign investment. In the first 3 years, it received 1.603 billion USD of investment (1988-1990). From 1991 to 1995, FDI was brought into play, this period witnessed 17 billion USD of investment. From 1996 to 2000, the result was extraordinary, especially in 2006, there was 10 billion USD of FDI in Vietnam. The amount of investment gradually declined in the later years due to the

financial crisis in 1987. The period from 2006 to 2010 marked the blooming era of FDI projects. During this period, Vietnam's accession to WTO drew a new wave of FDI into the country. In 2008, Vietnam attracted 1,171 FDI projects with the total registered capital of 71.7 billion USD to the economy. Since 2011, the amount of FDI into Vietnam has been flourishing. Currently, Vietnam is ranked among the top countries with the highest potential to attract FDI in the world. Especially, since Vietnam joined the World Trade Organization (WTO), the amount and the efficiency in using FDI both increased.

3.4. THE STATE OF FDI ATTRACTION TO DANANG CITY OVER THE YEARS

3.4.1. The number of projects categorized by nations and territories

Since 1987, Danang city has attracted FDI from 34 nations around the world, mostly Asian. Japan accounts for 25.80%; Korea accounts for 13.48% of the number of projects in Danang. Korea accounts for 20.99% of the total capital invested. Especially, Chinese – speaking states such as China, Taiwan, and Hong Kong account for 7.04% of the total invested capital. This rate is rather modest in consideration of the current potential. European nations such as the United Kingdom, France, the Netherlands account for 43 projects or 18.59, 8% of the total registered capital. The low proportion of European nations in FDI is a disadvantage for Danang city as it hinders the city from taking advantage of modern technology and lowers the potential to acquire new technology as well as managerial expertise from Western nations – the most important partners of our nation.

3.4.2. The number of enterprises operating in Danang city by size

In general, enterprises with the capital of less than 10 billion dongs account for 32% of the total number of registered foreign enterprises and 10% of the total number of enterprises across the city. Enterprises with the capital from 50 billion dongs to 200 billion dongs account for 17% of the FDI enterprises and only 1.48% of the total number of enterprises across the city. Especially, Enterprises with the capital from 200 billion to 500 billion account for only 5.6% of the FDI enterprises and only 1% of the total number of enterprises across the city. Which suggests, over the years, the attraction of FDI to Danang city has encountered great difficulties and the number of big projects is still rather low.

3.4.3. Implemented capital of FDI enterprises across Danang city over the years

The registered and implemented FDI capital to Danang city accounts for only a small proportion of the total capital of the nation. Therefore, the investment attraction is still limited and the disbursed amount is still small with low effectiveness and does not match the potential of the city. Additionally, most of the recent projects across the city in recent years are in the consulting and financial sectors, hence the low implemented capital.

3.4.4. The growth rate of FDI

In general, the FDI flows surged in 2011 and dramatically declined later in 2012 and 2013 due to the global financial crisis resulting in the drop of FDI around the world. Furthermore, the low-cost workforce was no longer an advantage of Vietnam since other nations stopped valuing this potential. Inflation also greatly affected

FDI. However, in 2014, FDI started to rise again, which is a sign of economic recovery and the weakening of the crisis. Meanwhile, the public sector witnessed a huge drop with no sign of recovery.

3.4.5. Fixed assets of FDI enterprises over the years

The amount of capital contributed to fixed assets of foreign direct investment enterprises is extremely low in comparison to the general capital structure of the city.

3.4.6. VA growth rate of the FDI sector

In general, the VA growth rate of the FDI sector is extremely low in comparison to GO's, which suggests that foreign direct investment attraction has been facing many difficulties and hi-tech products still have many limitations. Additionally, enterprises mostly focus on executing outsourcing contract and horizontal growth. Intermediary costs are still high, the investment environment needs improving.

3.4.7. The state of job creation by FDI enterprises in Danang city

Jobs created by the FDI sector account for a modest proportion of the total number of jobs in the city.

3.4.8. Business performance of FDI enterprises over the years

Despite having contributed to the budget of Danang city, the decreasing trend in the contribution of the FDI sector is not a positive sign for the city's economy.

The ratio of contribution to the state budget to the actual invested capital of the FDI sector is extremely low in comparison to other sectors.

3.4.9. Assessment of environment pollution by enterprises in Danang city

The level of pollution in rivers or industrial landfills is massive. The amount of suspended solids (SS) is 15-50 times, or even a hundred at some points, as high as the permitted amount. Additionally, the BOD5 of waste water in industrial zones exceeds the permitted amount multiple times.

3.4.10. Assessment of the state of fraud of FDI enterprises in Danang through tax evasion and transfer pricing

It is estimated that in Vietnam, 50 percent of FDI enterprises announce losses. Many of them have announced losses for 3 consecutive years. Tax inspector concluded that despite the loss announcement in many years, their rate of increasing turnover is still high; their production and business activities are also continually expanded. It can be claimed that transfer pricing of FDI enterprises in Danang in particular and in Vietnam in general is more and more popular. The fight against this problem is more complex and difficult. Relevant authorities, especially tax authorities should introduce new measures to prevent transfer pricing.

3.4.11. Assessment of the potential of enterprise expansion

While 65.8% of the Japanese enterprises want to maintain the current size, the Korea ones are planning on investing more capital (71.4%) followed by American (50%) and Chinese enterprises (50%)

3.4.12. Assessment of supporting industries

Enterprises in supporting industries across the nation in general and Danang in particular have low production capacities, limited finance and operate in small scale and with little cooperation and low product variety. Most of the products have small added value and are

not sufficient to the demand of FDI enterprises. FDI enterprises have to obtain hi-tech equipment from their own countries (Korea, Japan, United States, China) or a third country (Taiwan, Thailand)

3.4.13. Consumer market

Most of the products are exported to the country of the investors (65.3%) or sold in the domestic market to individuals, private enterprises or foreign-owned enterprises (36.7%). The excess of annual scrutiny and inspection, along with overcomplicated formalities and high fees, is daunting to investors.

3.5. ASSESSMENT OF THE POLICIES TO ATTRACT FDI BY THE CITY OVER THE YEARS

3.5.1. Market and product consumption policy

In terms of export promotion, the fact that products are underwritten by foreign investors, therefore, Vietnam authorities are unaware of foreign buyers, prices and profit from exported goods is unfavorable to Vietnam. Which is an urgent matter at the moment. The proportion of exported goods are rather small.

3.5.2. Technology policy

The absorption of modern technology is poor and insufficient to meet the demands in terms of both quantity and scale. There is disparities among sectors of the economy, especially in key sectors whose function is to create new technology for other industries such as mechanics, energy, chemical engineering, transportation, etc.

3.5.3. Infrastructure

Transport infrastructure, quality of the Internet service and communication are the major barriers affecting business efficiency. High logistics costs, few route options and longer transit time.

3.6. ASSESSMENT OF BUSINESS ENVIRONMENT OF DANANG CITY

3.6.1. Costs of market entry

In general, surveys show that complicated administrative formalities cost enterprises more time and money. The incompetence of officials also discourages investors.

3.6.2. Unofficial costs

High unofficial costs suggest the negative effect of bribery and corruption on the city.

3.6.3. Communication network and statutory compliance

It is fair to say that the availability of information of Danang city is quite good. However, the communication with the enterprise community is still limited.

The results from the assessment of law prediction ability and statutory compliance conducted by government in Danang city are alarming. Attitude and behavior of the city administration towards FDI enterprises: Over 70% of the asked enterprises expressed that talks with government agencies are necessary.

3.7. ACHIEVEMENTS AND LIMITATIONS

3.7.1. Achievements

Since 1987 the FDI sector has been proving its importance in the economic and social development of Vietnam in general and Danang in particular, positively contributing to economic growth improving balance of payment, directly and indirectly creating millions of jobs and has been a factor facilitating the process of technology reform, improvement of business management method, inspiring more competition within each sector, etc.

Over the years, Danang has introduced more and more

favorable policies to attract investment.

3.7.2. Limitations

The policies only focus on a number of special projects, projects inside industrial zones and hi-tech park. Investment promotion policies are monotonous, fragmented, and local and has not matched the potential and not fulfilled the function as a bridge between the local administration and enterprises. There are still many limitations in term of land transfer and lease. Investment attraction is suboptimal due to the lack of “clean” land. It is hard for enterprises to get access to capital loans. Favorable tax and investment policies have not fully complied with the principles and agreements between Vietnam and international organizations. Policies have been overcomplicated, lacked in focus and have not displayed the synchronization and unity of favorable policies towards areas with the similar potential for economic and social development. Which has been posing many difficulties for enterprises. The lack of trained workforce have also been hindering FDI to Danang. Infrastructure is poor and disorganized. Logistics costs are high. Materials are hard to obtain within the city. Tax evasion, transfer pricing, environmental pollution by FDI enterprises are also great challenges to the city administration.

CHAPTER 4

MEASURES TO FURTHER ATTRACT FOREIGN DIRECT INVESTMENT TO DANANG CITY

4.1. GROWTH OBJECTIVES

In 2020, the city will account for 2.8% of the national GDP. From 2011 to 2020, the average growth rate of export turnover will range from 19 to 20% per year. GDP per capita will reach 4,500 -

5,000 USD. The ratio of contribution to the city budget to GDP will be maintained at 35 - 36%. Annual technology innovation rate will reach 25%. Environmental protection.

4.2. ORIENTATIONS OF ATTRACTION OF FOREIGN DIRECT INVESTMENT TO DANANG

4.2.1. Orientation of key sectors

Industries: Products from modern technology are prioritized. The attraction of investment will focus on supporting industries and export-oriented industries. Special projects will prioritize attracting FDI to industries such as information technology, electronics, and pharmaceutical chemistry.

Services: Tourism will be the key economic sector of the city and the foundation to develop other services. Danang will be developed into a high quality coastal tourist destination.

Furthermore, Danang need to attract more FDI projects to develop port services, finance, banking, insurance, posts and communication, consultancy and technology transfer. In services, the prioritized projects are international schools, international hospitals, 5-star resorts, public transportation, and the construction of Lien Chieu Harbor in form of BOT, BTO or BT contract.

4.2.2. Orientation of source of capital and nationality of investors

FDI from Japan, United States and Northeast Asian countries and territories such as Korea, Taiwan, Hong Kong (China) to Danang will be favored for the upcoming years. Additionally, investments from ASEAN and EU members are also important.

4.3. MEASURES TO FURTHER ATTRACT FOREIGN DIRECT INVESTMENT TO DANANG CITY

4.3.1. Measures to further attract FDI to Danang in terms of administration

Expand the market; stabilize the stock market; To improve economic and social development planning; To introduce more favorable investment policies; To stimulate administrative reform to meet the reasonable demands of investors; To innovate and increase the effectiveness of investment promotion; In terms of business cooperation, In terms of infrastructure; Measures to improve the quality of the workforce; To further scrutinise and inspections and take measures to prevent transfer pricing, tax cheating.

4.3.2. Measures in terms of environment

To perfect policies, laws on environmental protection; To further and restructure the scrutinises, inspections, penalties and prevention of environmental pollution; To strengthen the administrative capability and to raise funds for environmental protection; To further the use of science and technology in tackling environmental pollution; To perfect the structure of the environmental management systems in industrial zones

4.3.3. Measures in terms of domestic enterprises and organizations

To innovate the structure of Boards of Management of industrial and export processing zones and Investment Promotion Centers; To improve the administrative capability and brand reliability of domestic enterprises to cooperate with foreign business; To expand business development services and supporting industries for other industries and services

4.4. CONCLUSION AND PROPOSALS

4.4.1. Conclusion

Over the years, thanks to social and economic development investment capital, there are positive changes in Danang city. Among this development investment capital, FDI made up a large part. With characteristics and the current state of attracting FDI in Danang city, promoting attracting this investment is essential and important for the development of the city. The thesis brought some below benefits:

- + The thesis explained forms of foreign investment into the locality. Each form has its pros and cons. The locality decides the form depending on its advantages, objective and development orientations; The thesis assessed and analysed the impact of the policies of attracting, the current state of attracting FDI of the locality over the years; To summarize experience of attracting FDI in successful provinces, cities in Viet Nam, successful countries in Asia; to build lessons learned for Danang city.

- + To assess the current state of attracting FDI and the efficiency of FDI in Danang city. The primary success are to contribute to increase government budget, job creation, to promote exporting and to restructure economic structure in the trend of modernization. The thesis also pointed out the outstanding restrictions on attracting FDI. Some of them are the low registered and implemented capital, the imbalance of the attraction, the disability to exploit the available benefits and the inactiveness in attracting FDI. These restrictions coming from different reasons have decreased the interest of foreign investors.

- + Based on the world economic trends and the view, the orientation, the demand, the pros and cons of attracting FDI into

Danang city and Viet Nam, the thesis gives 8 solutions to promote attracting FDI into Danang city in the next years.

4.4.2. Proposal

To propose that the Government focus on the development planning of the Central Vietnam key economic region and Danang city in particular; To propose that the Government prioritize capital allocations and accelerate investments in major projects; To enable favorable financial structure for the city; To propose that the Government pass macro-level policies, continue to improve the environment and investment attractiveness; To propose that the Government to reassess, adjust and amend the regulations on tax, budget, investment to ensure unity and synchronization; To propose that the Government adjust, amend specific provisions of Law on environmental protection and tackle the existing limitations; To propose that the Ministry of Planning and Investment issue Circulars to clarify the regulations in Decrees, especially ones related to constructional projects, the reporting of financial capability of investors, the formalities of business registration for first-time foreign investors in Vietnam and other related matters.

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