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**PROMOTING DIRECT INVESTMENT OF
VIETNAMESE BUSINESSES IN COUNTRIES IN THE
ASEAN ECONOMIC COMMUNITY**

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SUMMARY OF DOCTORAL THESIS IN ECONOMICS

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INTRODUCTION

1. The necessity of the thesis

After Vietnam joined ASEAN, Vietnamese enterprises have invested to ASEAN countries. However, investment activities are modest, the efficiency of investment abroad is low. Investment of Vietnamese enterprises only focuses on two countries, Laos and Cambodia. Up to now, the potential of Vietnamese enterprises has been stronger than before, especially the formation of the ASEAN Economic Community - AEC with great degrees of freedom, openness and investment incentives have opened up great opportunities for Vietnamese enterprises invest in the ASEAN region, but investment activities are not commensurate with the opportunities that Vietnam has, businesses still have not had many opportunities to approach this fertile land. There are still many potential risks and challenges in the investment environment, management capacity and finance. Therefore, it is important to find solutions to take advantage of the positive impact brought by the AEC to promote Vietnam's investment in the ASEAN region, which will bring great benefits to the country and businesses. To achieve this, it is necessary to have systematic solutions both on the macro level and from the business side. From aforementioned reasoning, I chose the topic: "Promoting direct investment of Vietnamese businesses in countries in the ASEAN economic community "

2. Research objectives

The research objective of the thesis is to propose solutions and recommendations to promote OFDI capital flows of Vietnamese enterprises into the AEC countries in the coming time.

3. Research subject

Theory and practice of outward direct investment activities in countries in the AEC of Vietnamese enterprises on the perspective of the country's macro management.

4. Research scope

- *Regarding time:* the thesis uses data to analyze the data on assessing the OFDI status of Vietnamese enterprises entering AEC countries in the period 2006 – 2019 with solutions to promote OFDI of Vietnamese enterprises to countries in the AEC in line with the Government's economic development strategy to 2030.
- *Regarding space:* the thesis focuses on the projects of Vietnamese enterprises that invest in the countries of AEC.
- *Regarding content:* The thesis focuses on issues related to the foreign direct investment on the macro management perspective of the investing country, with the basic theoretical contents of direct investment factors affecting overseas investment promotion, the system of criteria for evaluating outward investment activities.

5. Research method

On the basis of the methodology of dialectical materialism and historical materialism, in order to have scientific-based analysis, assessment and arguments on the research topic, the thesis used the following research methods:

- Statistical method
- Interview method
- Survey and questionnaire method
- Experimental method
- Methods of comparing, analyzing and summarizing
- Logical method

6. Main achievements

- **Scientific significances:**

Systematize the theory of outward direct investment OFDI: concepts, characteristics, content and factors affecting OFDI, building a system of criteria for evaluating the results of direct investment abroad. into an economic sector.

- **Practical significances**

Based on the assessment of the current investment environment in the AEC countries, the Government policy system, the situation and results of Vietnamese enterprises' outward direct investment in the AEC countries, the thesis has shown positive results in OFDI activities as well as its limitations and causes. These will help researchers and managers have an overall and complete view of the OFDI situation of Vietnamese enterprises entering AEC countries. The solutions are built on the theoretical foundation, practical experience and the actual situation of Vietnam, the ability to invest in AEC countries in the new context, ensuring compliance with the guidelines, policies and regulations. socio-economic development direction of Vietnam in the roadmap to 2030, vision 2045.

7. The structure of the thesis

In addition to the introduction, conclusion, the thesis is divided into four

Chapters:

Chapter 1: Literature review on Foreign direct investment

Chapter 2: Theoretical background and practical experience of foreign direct investment

Chapter 3: Current situation of outward direct investment of Vietnamese enterprises into countries in the ASEAN economic community.

Chapter 4: Solutions to promote outward direct investment of Vietnamese enterprises to countries in the ASEAN economic community

CHAPTER 1: LITERATURE REVIEW ON OUTWARD DIRECT INVESTMENT

1.1. Literature Review

1.1.1. International Literature Review

- Carmen Stoian's study with the article "Extending Dunning's Investment Development Path: The role of home country institutional determinants in explaining outward foreign direct investment" used Dunning's IDP investment development path theory as the basis for progress. The practice expands with new elements.

- In a research paper on multinational companies based in 26 transitional economies, Wladimir Andreff, Madeleine Andreff pointed out that the OFDI line of companies in these countries has boomed from 2000 to 2007 but then was "buried" in the financial crisis and major economic recession. Using data from 2000 - 2015 from 15 transition countries, most countries are gradually transitioning from the second stage to the third of the five stages of the Development Path (IDP) that Dunning pointed out and multinational companies mainly applying OFDI strategy to search for markets. By empirical research, the paper also shows that OFDI is determined by the level of the country's economic development, the size of the investment country market, and growth rates and public variables.

1.1.2. Vietnam Literature Review

1.1.2.1. Studies related to foreign direct investment of countries

- The research of Can Thi Thu Huong in the study of the impact of China's foreign direct investment on some Southeast Asian countries: the author has built a general theory on the impact of Chinese FDI on three angles: Impact on economic growth; impact on the environment and social issues, impact on security and national sovereignty.

- Dao Phuong Nam has researched experiences in promoting foreign direct investment from China and Korea. In his research, the author affirms, OFDI is an important activity to help Vietnamese businesses penetrate deeper into the world

market, seek investment opportunities and accelerate economic integration. international.

1.1.2.2. Researches related to Vietnam's outward direct investment

In the doctoral thesis with the topic "Outward direct investment of Vietnamese enterprises in the context of international economic integration", researcher Ho Van Bup focused on clarifying a number of main contents: (i) Interpret the main contents of such as positive impacts, negative impacts, inevitable trends, essential needs and factors affecting OFDI of developing countries in the process of international economic integration. (ii) Analyze the current situation, conduct surveys and actual surveys in Vietnamese enterprises with OFDI activities in the 2006-2016 period to assess the impact of the legal framework, achievements and limitations and effects to be overcome in OFDI. (iii) The thesis provides the requirements and orientations for OFDI of Vietnamese enterprises in the new context, from which proposing solutions from enterprises and recommendations to promote activities. OFDI of Vietnamese enterprises in the context of international economic integration.

Nguyen Thi Nhung (2017), "The role of the state in Vietnam's outward direct investment in the integration period", Doctoral Thesis, National Economics University. The thesis has achieved a number of results in both theoretical, empirical and practical perspectives.

Meanwhile, Nguyen Thi Ngoc Mai (2015) has done a doctoral thesis with the topic: "Vietnam's outward direct investment: Impact factors and policy implications", the thesis focuses on analyzing factors that promote foreign direct investment and has made some policy implications to promote foreign direct investment activities for the Government of Vietnam.

Phung Thanh Quang (2014) focused on assessing direct investment of Vietnamese businesses in Laos associated with the new international integration context of Vietnam.

1.2. Research Gap

- The thesis theoretically focuses on clarifying specific OFDI issues:

- Clarify issues of OFDI, the relationship between OFDI and IFDI, the difference between OFDI of developing countries, emerging countries and developed countries;
- Research on factors influencing OFDI decisions of developing countries;
- Analyze experiences of OFDI implementation of some other countries (focus on countries with similarities with Vietnam) to draw valuable lessons for Vietnam.

- The thesis practically analyzes and evaluates the current status of OFDI implementation from Vietnam to AEC countries on the basis of collecting and using data from enterprises with OFDI activities, thereby analyzing the achieved results as well as Limitations in OFDI implementation. In particular, the thesis will approach from the perspective of registration data and implementation data to see the real activities of OFDI of the business.

- The thesis researching the determinants of OFDI will be considered more comprehensively by the author in 2 angles: (i) Consider both macro and micro factors; (ii) consider factors belonging to the host country and the host country (in other words based on the advantage of ownership theory and the destination theory).

- The thesis has built a system of views and proposed appropriate solutions to promote Vietnam's OFDI to AEC countries.

CONCLUSION OF CHAPTER 1

Through the study and systematization of research projects related to foreign direct investment, this chapter has evaluated the successes in the previous research, identified the research gaps.

CHAPTER 2

THEORETICAL BACKGROUND AND PRACTICAL EXPERIENCE ON FOREIGN DIRECT INVESTMENT

2.1. Theory of outward direct investment

2.1.1. The concept of outward direct investment

Based on the nature of capital use, international investment includes two forms: foreign direct investment and foreign indirect investment. In the scope of this thesis, the thesis only mentions the outward direct investment but specifically the outward direct investment activities of Vietnamese enterprises in the AEC countries.

The WTO has defined the following definition: “Foreign direct investment occurs when an investor from one country acquires an asset in another country along with the right to manage that property ”. The management aspect is what distinguishes OFDI from other forms of investment. In most cases, investors and the assets they manage abroad are businesses. In this case, the investor is often referred to as the "parent company" and the assets are referred to as "subsidiary" or "subsidiary company".

2.1.2. Features of foreign direct investment

Firstly, OFDI is tied to the movement of money and assets between countries.

Secondly, OFDI is implemented by private capital: investors make their own investment decisions, make business decisions with the basic goal of earning profits.

Thirdly, OFDI is conducted in a variety of forms

Fourthly, OFDI is often accompanied by the training, transfer of use and management of modern technology, techniques, and advanced management practices.

Fifthly, OFDI is operated mainly by transnational companies (TNCs).

2.1.3. Forms of direct investment abroad

2.1.3.1. According to the way of penetration

- Greenfield investment (GI: investment)
- Mergers and acquisitions

2.1.3.2. According to the industry or field relationship between the investor and the recipient of investment

- Vertical FDI
- Horizontal FDI

2.1.3.3. According to the orientation criteria of the host country

- OFDI replaces import
- OFDI increases exports
- OFDI follows other government guidelines

2.1.3.4. In the form of OFDI projects implementation

According to this criterion, OFDI has the following common forms:

- Business cooperation contract (BCC)
- Form of joint venture (JV)
- Enterprises with 100% foreign capital (FDI Enterprise)
- Other forms: are the main forms applied to the construction of technical infrastructure as follows:
 - Build - Operate - Transfer (BOT Contract)
 - Build-Transfer - Operate Contract (BTO Contract)
 - Build - Transfer Contract (BT Contract)

2.1.4. The role of foreign direct investment for the host country

Outward direct investment plays an important role in the economy of countries in general and developing countries in particular.

Firstly, foreign direct investment helps developing country enterprises to access new resources, and to access abundant and cheap input markets.

Second, avoid the protective barrier.

Third, foreign direct investment helps to expand export markets.

Fourth, foreign direct investment contributes to domestic economic development.

Fifth, contribute to restructuring the domestic economy in the direction of "green - clean - beautiful", friendly with the environment.

Sixth, direct investment abroad helps businesses improve the quality of human resources.

2.2. Factors affecting foreign direct investment of enterprises

2.2.1. Factors come from host countries

To analyze the factors coming from the receiving country, the thesis uses PEST analysis, one of the popular models used in the study of macroeconomic environment by Michael Porter and developed by Tanya S.B. PEST model refers to factors including: P - Political factors, institutional - political factors; E - Economic factors, economic factors; S - Social factors, cultural and social factors and T - Technological factors, technological factors .

2.2.2. Factors affecting from the country of investment

2.2.2.1. Factors from the Government of the host country

Firstly, financial policy, monetary policy, import-export and foreign exchange management.

Secondly, the Government's support activities to promote foreign direct investment also play an important role.

Thirdly, the Government can encourage foreign direct investment through tax policies or tax incentives, capital support,....

Fourthly, the Government can support OFDI activities of businesses through the construction of direct or concessional loans to form cross-border traffic routes, railway systems, seaports ... connecting with countries in the region and the world.

To evaluate with data and quantify the macro factors coming from the receiving country, the thesis uses the model of the theory “The development path of investment (Investment Development Path, IDP, 1988,1999,2002) by Dunning.

2.2.2.2 Factors from the business side to conduct investment activities

In addition to macro factors, foreign direct investment activities are also influenced by factors stemming from the investment enterprises themselves. The main factors are: the investor's strategic motive, the capacity of the investor, the competitiveness of businesses and human resources.

2.2.2.3. Other factors

Other factors such as market and trade conditions, production cost; business conditions (UNCTAD, 2010) can be considered.

2.2.3. Regional economic linkage influences foreign direct investment

2.2.3.1. Concept of international economic integration

According to the textbook of International Economy, 2002, Do Duc Binh: International economic integration is the process of linking the economy and market of a country with the economy and the regional / world market through measures to liberalize and open markets at the unilateral, bilateral and multilateral levels.

2.2.3.2. The impact of international economic integration on foreign direct investment of countries

Firstly, the scope and depth of agreements within a regional economic community.

Secondly, the reliability of the economic community at the regional level.

Thirdly, trade and investment relations of countries before the establishment of regional economic Community

Fourthly, the unique advantage of a country when it is a member of a Regional Economic Community

2.3. The system of indicators to evaluate the results of direct outward investment

a. Group of indicators on capital size and number of OFDI projects

- (1) Total OFDI capital to countries in ASEAN economic community
- (2) Total number of OFDI projects to countries in ASEAN economic community
- (3) The proportion of OFDI capital in ASEAN countries in the ASEAN economic community compared to the country's total OFDI capital.
- (4) Continuous growth rate of OFDI capital in AEC countries
- (5) Average number of OFDI projects entering AEC countries per year (N)
- (6) Average amount of OFDI capital of country entering AEC countries per year (K1)
- (7) Average amount of OFDI in AEC countries per project (K2)

b. Group of indicators on OFDI capital structure

- (8) Share of OFDI capital by investment sector over total OFDI capital in AEC countries (T1)
- (9) Proportion of OFDI capital by investment partner countries (investment) in ASEAN Technical Community (T2)
- (10) Share of OFDI forms in AEC countries (T3)
- (11) Share of OFDI capital in AEC countries compared to total OFDI capital in countries around the world (T4)

2.4. Experience of some countries in promoting foreign direct investment.

In this content, the thesis deals with the experiences of China, Korea, Thailand and draws lessons of reference for for businesses investing abroad in Vietnam and for the Vietnamese government in encouraging outward investment

CONCLUSION OF CHAPTER 2

Chapter 2 has codified the theoretical basis of the outward direct investment capital from the perspective of macro management of the capital investment country such as: concept, content, characteristics. At the same time, this chapter has analyzed the factors affecting foreign direct investment, along with studying the practical experiences of some countries that promote foreign direct investment such as China, Korea, and Thailand to draw lessons for Vietnam to encourage and promote enterprises in outward direct investment.

CHAPTER 3

CURRENT SITUATION OF OUTWARD DIRECT INVESTMENT OF VIETNAMESE ENTERPRISES INTO COUNTRIES IN THE ASEAN ECONOMIC COMMUNITY.

3.1. Overview of the investment environment in countries in the ASEAN Economic Community

3.1.1. An overview of the ASEAN economic community

In this content, the thesis has described the roadmap for formation of the asean economic community

3.1.2. Situation of the investment environment in the ASEAN economic community in the current period

Favorable or unfavorable investment environment depends on many factors such as: nature, economy, politics, science and technology, ... Therefore, the thesis will focus on assessing the factors of AEC countries follow the PEST model by conducting the survey with a questionnaire on factors affecting the investment decisions of enterprises in AEC countries with five levels: (1) - Strongly disagree; (2) - Disagree; (3) - No comments; (4) - Agree; (5) - Strongly agree; The survey questionnaires were sent to 200 enterprises investing in ASEAN countries as well as surveying and interviewing experts, the thesis obtained 173 valid questionnaires. Through the current situation of the investment environment in the AEC member countries, some points can be drawn as follows:

- Firstly, concerning the political situation. Basically, AEC countries have a relatively stable political situation.
- Secondly, economically, the AEC countries are mostly developing countries
- Thirdly, concerning the labor situation and society, the population situation is stable, the labor force is in the period of golden population structure, the level of labor as well as human development in all countries has been improved, some countries such as Singapore, Malaysia have achieved high labor skills

3.2. Policies on management of offshore investment activities of the Government of Vietnam

3.2.1. Legal documents on offshore investment activities for Vietnamese enterprises

Table 3.20. Legal documents related to Vietnam's direct investment abroad

No.	Name of Document	Year issued
1	Decree No. 63/1998 / ND-CP; regulations on foreign exchange management	1998
2	Decree No. 22/1999 / ND-CP on outward investment of Vietnamese enterprises	1999
3	Circular No. 01/2001 / TT-NHNN on foreign exchange management applicable to foreign direct investment of Vietnamese enterprises	2001
4	Circular No. 97/2002 / TT-BTC guiding the implementation of tax obligations for Vietnamese enterprises investing abroad	2002
5	Law on Investment 2005	2005
6	Circular No. 04/2005 / TT-NHNN amending and supplementing Clause 6, Section III of Circular No. 01/2001 / TT-NHNN dated January 19, 2001 guiding foreign exchange control applicable to outward direct investment of Vietnamese enterprises	2005
7	Decree No. 78/2006 / ND-CP on outward direct investment	2006
8	Circular No. 10/2006 / TT-NHNN guiding credit institutions lending to customers for outward direct investment	2006
9	Decree 121/2007 / ND-CP on outward direct investment in oil and gas activities	2007
10	Decree 17/2009 / ND-CP amending and supplementing a number of articles of Decree No. 121/2007 / ND-CP dated July 25, 2007 on outward direct investment in oil and gas activities	2009
11	Circular No. 11/2010 / TT-BTC guiding the implementation of tax obligations for Vietnamese investors investing abroad	2010
12	Circular No. 104/2011 / TT-BTC amending and supplementing Circular No. 11/2010 / TT-BTC guiding the implementation of tax obligations for Vietnamese investors investing abroad	2011
13	Decree No. 75/2011 / ND-CP on the State's investment credit and export credit	2011
14	Circular No. 36/2013 / TT-NHNN regulating the opening and use of foreign currency accounts to conduct outward direct investment activities.	2013
15	Law on Investment 2014	2014
16	Decree No. 83/2015 / ND-CP on outward investment	2015
17	Law on Investment 2020	2020

Source: summarized by the author

3.2.2. Government policies regarding outward investment in Vietnam

The thesis conducted a practical survey on comments and assessments of businesses on factors coming from the Government of Vietnam, most of which indicate that “Regulations and procedures for outward investment licensing Vietnam is improving, transparently and openly; Vietnam's overseas investment incentive and incentives are increasingly improved, especially for AEC countries ”with 89 votes in agreement and 47 strongly agreeing votes, accounting for 78.6%. This shows that businesses have really considered the policies of the State as the driving force for investment abroad, especially in AEC countries.

3.3. Current situation of Vietnamese enterprises' overseas direct investment in AEC countries in the 2006-2019 period

3.3.1. Foreign direct investment of Vietnamese enterprises according to the amount of capital and number of investment projects

Over the years, the number of projects that Vietnamese businesses invest in AEC countries are quite high, accounting for over 40% except for the last 2 years 2018, 2019 in all outward investment projects. However, the amount of capital has fluctuated strongly over the years, the highest was in 2016, accounting for 73.5%, the lowest was in 2017 with only 15.3% of the total outward investment capital of enterprises. In particular, the period 2006 - 2011 showed the overwhelming amount of investment capital in AEC countries, but the following years until 2015, Vietnamese enterprises spent a relatively low amount of investment in the AEC, when the average capital was only accounting for about 23% of the total outward investment.

3.3.2. Foreign direct investment of Vietnamese enterprises by industry and field

The data shows that Vietnamese enterprises have invested in AEC countries in many fields from industry, agriculture to service industries with many different industries. In which, the proportion of investment in the service sectors is the largest in terms of both the number of projects and the scale of registered capital. However, it can be seen that capital only focuses on certain areas, on average capital shows that capital focuses mainly on electricity production and distribution, gas, hot water, steam and cashew. With an average of 207.94 million USD / project, the fields of real estate, information and communication with, finance, banking and insurance are all over 27 million USD / project, The remaining area, though many projects, is at a small and scattered level.

3.3.3. Foreign direct investment of Vietnamese enterprises in the form of investment

As of December 31, 2019, Vietnamese enterprises invested directly in ASEAN countries in two forms: 100% foreign capital and joint venture. In which, the main form is 100% foreign capital with 324 projects, accounting for 56% of the total number of projects. In the form of joint venture, there are 253 projects, accounting for 44%.

3.3.4. Foreign direct investment of Vietnamese enterprises according to the host country

As of December 31, 2019, Vietnam has invested in all countries in the ASEAN economic community, the country where Vietnamese enterprises invest the largest in both the number of projects and capital registration is Laos, the least country is Brunei with only two projects with registered capital investment of 3.65 million USD.

3.4. Evaluate direct investment activities of Vietnamese businesses in countries in the ASEAN economic community.

3.4.1 Achievements

Through the study, 5 achievements were as follows: The number of projects, capital size and average size of a project are increasing, The number of investment markets tends to expand, Experience in market exploitation, management level is gradually improving, and investment is more methodical and long-term, Contributing to promoting Vietnam's international economic integration, enhancing the position of a number of businesses that have been confirmed in the ASEAN region in particular and in the international market in general, Initially having made remarkable contributions to the economic development of Vietnam and the economy of the host country

3.4.2. Limitations

The limitations are divided into common limitations and typical limitations in some main areas including Laos, Cambodia and Myanmar

3.4.3 The causes of the limitations

3.4.3.1. The causes from the Government

The causes from the Government include: the policy system to promote investment of Vietnamese enterprises to AEC countries is still limited, Promotion of foreign direct investment has not been given adequate attention, activities to

support businesses to invest abroad are less interested, the management of foreign direct investment is still lax

3.4.3.2. The causes from Vietnamese enterprises

The causes from Vietnamese enterprises include: the financial potential of businesses is still limited, poor management of investment projects, the ability to explore and expand the business market is limited, the technical level and technology are outdated, the sharing of investment information with other businesses is limited

3.4.3.3. The causes from the host country

The causes from the host country include: some countries receiving investment in AEC have unstable political and economic situation, some countries have different consumer tastes, there are countries that require high technical standards, the investment attraction policies of some countries are not attractive enough

3.5. Evaluation of macro factors influencing Vietnamese enterprises' outward direct investment activities in ASEAN Economic Community countries

3.5.1. Model introduction

In the thesis, the macro variables used to evaluate the macro factors affecting the OFDI capital flow of Vietnam into the AEC countries (symbol: OFDIA) are: GDPCAP (the average domestic income above per capita), RDSB (percent of state budget expenditure on science and technology), IFDI (inflows of FDI into Vietnam), ER (exchange rate), IE (total exports / imports / GDP) and EFS (index of economic freedom). The model hypotheses are given as follows:

Hypothesis H1: The development of the economy, as measured by the national average income per capita, has a positive impact on the OFDI capital flows of Vietnamese enterprises into the AEC countries.

Hypothesis H2: The development of science and technology, as measured by the proportion of state budget expenditure on science and technology (RDSB) (%), has a positive impact on the OFDI inflows of Vietnamese enterprises. AEC countries

Hypothesis H3: FDI inflows into Vietnam have a positive impact on OFDI capital flows of Vietnamese enterprises to AEC countries.

Hypothesis H4: The increase in the price of the domestic currency (measured by the exchange rate USD / VND) has a positive impact on the OFDI capital flow of Vietnamese enterprises into the AEC countries.

Hypothesis H5: The openness of the economy has a positive impact on the OFDI capital flows of Vietnamese enterprises to the AEC countries.

Hypothesis H6: Greater economic freedom has a positive impact on the OFDI capital flows of Vietnamese enterprises into AEC countries.

3.5.2. Research content

3.5.2.1. An overview of the research sample

To study the relationship between the variable OFDI and variables of economic development, science and technology level, IFDI capital inflow into Vietnam, the openness of the economy (Import-Export / GDP Value) and price increase of the VND against the USD, economic freedom, the thesis use the data provided by reputable statistical organizations during the period 1995 - 2019.

3.5.2.2. Variables used in the model

Specific data sources are shown in the following table:

Table 3.27. Synthesize the model variables

Variables		Variable Description	Data Source	Citation source
<i>Dependent Variables</i>	<i>OFDIA</i>	Vietnam's OFDI capital flows into AECs (million USD)	Foreign Investment Department Ministry of Planning and Investment	
Independent Variables				
<i>Variables (the basic IDP model)</i>	GDPCAP	Domestic economic development measured by GDP per capita (USD / person).	General Statistics Office	Miguel et al. (2016), Andreff et al (2014), Stoain (2012)
	RDSB	The ratio of science and technology spending to total state budget expenditure (%)	Ministry of Science and technology, Ministry of Finance (Annual State Budget Expenditure Report)	
	IFDI	Foreign direct	Foreign	

		investment inflows into Vietnam (million USD)	Investment Department Ministry of Planning and Investment	
Extensive Variables	Openness of the economy	Annual import-export turnover / GDP (variable symbol: IE, (%))	General Statistics Office	Kueh et al (2008), Rosfadzimi et al (2013)
		Exchange rate (ER) (USD / VND)	State Bank of Vietnam	Andreff et al (2014)
	Economic freedom	Index of economic freedom (variable symbol: EFS)	The Heritage Foundation	Kang and Jiang (2012)

Source: summarized by the author

3.5.2.3. Research Methods

The author proposes 05 research models as follows:

$$\text{Model 1: } D(\text{OFDIA}_t) = \beta_1 + \beta_2 D(\text{IFDI}_t) + \beta_3 D(\text{GDPCAP}_t) + \beta_4 D(\text{EFS}_t) + \beta_5 \text{RDSB}_t + \beta_6 D(\text{ER}_t) + \beta_7 D(\text{IE}_t) + U_t$$

Model 2:

$$D(\text{OFDIA}_t) = \beta_1 + \beta_2 D(\text{IFDI}_t) + \beta_3 D(\text{GDPCAP}_t) + \beta_4 D(\text{EFS}_t) + \beta_5 \text{RDSB}_t + \beta_6 D(\text{ER}_t) + \beta_7 D(\text{IE}_t) + \beta_8 D(\text{GDPCAP}_t)^2 + U_t$$

Model 3:

$$D(\text{OFDIA}_t) = \beta_1 + \beta_2 D\text{LOG}(\text{IFDI}_t) + \beta_3 D\text{LOG}(\text{GDPCAP}_t) + \beta_4 D(\text{EFS}_t) + \beta_5 \text{RDSB}_t + \beta_6 D(\text{IE}_t) + U_t$$

Model 4:

$$\begin{aligned} D(\text{OFDIA}_t) &= \beta_1 + \beta_2 D(\text{IFDI}_t) + \beta_3 D\text{LOG}(\text{GDPCAP}_t) + \beta_4 D(\text{EFS}_t) \\ &+ \beta_5 \text{RDSB}_t + \beta_6 D(\text{IE}_t) + \beta_7 Q * D(\text{IFDI}_t) + \beta_8 Q \\ &* \text{LOG}(\text{GDPCAP}_t) + \beta_9 Q * D(\text{EFS}_t) + \beta_{10} Q * D(\text{IE}_t) + U_t \end{aligned}$$

Model 5:

$$D(\text{OFDIA}_t) = \beta_1 + \beta_2 D(\text{IFDI}_t) + \beta_3 D\text{LOG}(\text{GDPCAP}_t) + \beta_4 D(\text{EFS}_t) + \beta_5 \text{RDSB}_{t-1} + \beta_6 D(\text{IE}_{t-1}) + \beta_7 D(\text{OFDIA}_{t-1}) + \beta_8 D(\text{ER}_{t-1}) + U_t$$

3.5.2.4. Experimental results

Table 3.37: Estimated results of model 5

Dependent Variable: D(OFDIA)

Method: Least Squares

Date: 12/22/20 Time: 11:33

Sample (adjusted): 1997 2019

Included observations: 23 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IFDI)	-0.019592	0.008044	-2.435473	0.0300
D(LOG(GDPCAP))	-1197.262	1849.542	-0.647329	0.5287
D(EFS)	101.0729	63.19427	1.599399	0.1337
RDSB(-1)	3232.421	1030.844	3.135704	0.0079
D(IE)	-43.12513	149.8311	-0.287825	0.7780
D(ER)	0.081834	0.141719	0.577439	0.5735
D(IE(-1))	84.98783	133.2848	0.637641	0.5348
D(OFDIA(-1))	-0.726519	0.147033	-4.941200	0.0003
D(ER(-1))	-0.061256	0.124506	-0.491992	0.6309
C	-696.2152	234.3968	-2.970242	0.0108
R-squared	0.831801	Mean dependent var		4.625739
Adjusted R-squared	0.715356	S.D. dependent var		637.0938
S.E. of regression	339.9027	Akaike info criterion		14.79422
Sum squared resid	1501940.	Schwarz criterion		15.28791
Log likelihood	-160.1335	Hannan-Quinn criter.		14.91838
F-statistic	7.143273	Durbin-Watson stat		2.310251
Prob(F-statistic)	0.000894			

Views 8.1

Model 5 shows that there are no defects: no missing variables, no autocorrelation, low multicollinearity, and the remaining models have defects or insufficient assessment basis. Hence model 5 is the model of choice. Including variables D (GDPCAP), D (IE); D (IE (-1)); D (ER); D (ER (-1)) does not affect D (OFDIA)). Factors that do not influence are eliminated. Re-estimate the regression model

Table 3.41: Results of re-estimation of the model

Dependent Variable: D(OFDIA)

Method: Least Squares

Date: 12/22/20 Time: 15:26

Sample (adjusted): 1997 2019

Included observations: 23 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(IFDI)	-0.021935	0.005662	-3.874309	0.0011
D(EFS)	102.9140	55.70558	1.847463	0.0812
RDSB(-1)	3053.598	725.5777	4.208505	0.0005
D(OFDIA(-1))	-0.695530	0.111104	-6.260175	0.0000
C	-742.2963	179.1503	-4.143428	0.0006
R-squared	0.807983	Mean dependent var		4.625739
Adjusted R-squared	0.765313	S.D. dependent var		637.0938
S.E. of regression	308.6370	Akaike info criterion		14.49187
Sum squared resid	1714622.	Schwarz criterion		14.73872
Log likelihood	-161.6565	Hannan-Quinn criter.		14.55395
F-statistic	18.93546	Durbin-Watson stat		2.092256
Prob(F-statistic)	0.000003			

The selected model results show that with statistical significance of 1%, 5% and 10%: 4 factors affecting OFDIA are: D (IFDI); RDSB (-1); D (OFDIA (-1)) acts in the same direction; D (EFS) works in the opposite direction.

CONCLUSION OF CHAPTER 3

In Chapter 3, the thesis clarified the investment environment in countries in the ASEAN economic community, especially the investment environment in Laos, Cambodia and Myanmar. At the same time, the thesis has analyzed and clarified the current situation of outward investment of Vietnamese enterprises to AEC countries in terms of number of projects, investment capital; sectors and fields of investment, form of investment and country in which it is invested and pointed out the achievements, limitations and causes of the limitations. To clarify the macro factors that promote Vietnam's overseas investment in AEC countries, the thesis has applied the expanded IDP model, which is a very popular model to assess the effects of macro factors to OFDI activities in countries, especially developing countries like Vietnam. The finding helps to suggest a change in policy to promote Vietnam's OFDI activities into AEC countries.

CHAPTER 4

SOLUTIONS TO PROMOTE OUTWARD DIRECT INVESTMENT OF VIETNAMESE ENTERPRISES TO COUNTRIES IN THE ASEAN ECONOMIC COMMUNITY

4.1. The ability of Vietnamese businesses to invest in countries in the ASEAN economic community in the coming time

4.1.1. Impacts of Covid - 19 on the socio-economy of countries in the ASEAN Economic Community

4.1.1.1. World economic situation

4.1.1.2. Socio-economic situation of AEC countries and potential for growth

Growth prospects are negatively rated in the region as the consequences of Covid - 19 have been devastating. Growth in the period 2020-24 in ASEAN-10 is expected to average 4.9%, according to Economic Outlooks for Southeast Asia, China and India 2020 (OECD, 2019), released in September 2019.

4.1.2. Domestic economic context and driving force of outward investment

4.1.2.1. Domestic economy background

Although the world socio-economic context continues to be complicated, unpredictable, and unpredictable, the Vietnamese economy in the past period has still stood firm thanks to strong domestic demand and oriented production for export.

4.1.2.2. Orientation of the Government to promote outward investment

- **Target:**

- To further promote investment activities of overseas enterprises established and operating in Vietnam in order to be proactive in international economic integration;

- Strengthen measures and create favorable conditions to promote Vietnam's overseas investment;

- Effectively manage outward investment activities of enterprises, especially SOEs.

- **Orientation:**

- Regarding the area: Continue to exploit and promote the strengths of all economic sectors of Vietnam in investing in traditional markets such as Laos, Cambodia, Myanmar and other countries in the region, step by step expanding investment. to new countries and markets such as Latin America, Eastern Europe,

and Africa on the basis of comparative advantages and strengths of all economic sectors of Vietnam.

- Regarding priority areas:

(i) Support for outward investment projects in the energy, electricity production, natural resource exploitation, with special attention to the fields of oil and gas exploration and exploitation and other minerals, industrial plants.

(ii) Encourage and support outward investment projects to meet domestic requirements for raw materials for production.

4.1.3. New factors affecting foreign direct investment of Vietnamese businesses to countries in the ASEAN economic community

4.1.3.1. New favorable factors

4.1.3.2. Opportunities and challenges for Vietnam when investing in ASEAN countries

a. Vietnam's opportunities when investing in ASEAN countries

Firstly, the biggest opportunity for Vietnam to invest in ASEAN countries is to obtain a higher rate of return than investment in the country.

Secondly, AEC creates an open and integrated investment environment.

Thirdly, the region's economy is maintained stably and rapidly growing.

Fourth, the AEC is the intersection of many bilateral and multilateral trade agreements.

Fifthly, intra-ASEAN investment will grow stronger

Sixthly, the chance to get to a wider market

Seventhly, the trend of FDI inflows has been going on, since before the Covid-19 epidemic.

b. Vietnam's challenges when investing in ASEAN countries

Firstly, one of the biggest challenges of Vietnam when joining the AEC is the gap in development level compared to ASEAN-6 countries, reflected in the capital size of the economy and enterprises. , scientific and technical qualifications, labor skills, ...

Secondly, Vietnam's competitiveness with regional countries is still limited.

Thirdly, Covid-19 is a great challenge to all countries in the world in general and ASEAN countries in particular.

4.2. Some solutions to promote foreign direct investment of Vietnamese businesses to countries in the ASEAN economic community

4.2.1. Solution from the Government of Vietnam

4.2.1.1. Regarding the legal mechanism and management policy of the Government

Firstly, it is necessary to improve the legal system of laws and policies.

Secondly, completing the management of outward investment.

Thirdly, the Government should focus on outward direct investment as an annual national development strategy.

4.2.1.2. Promoting support for businesses investing abroad

Firstly, promoting investment promotion activities to traditional Southeast Asian countries in particular and countries in the world in general.

Secondly, the Government should provide necessary support and support services to encourage outward investment enterprises

Thirdly, regularly provide and update the latest information on OI activities

Fourthly, to build foreign investment insurance policies and funds with the aim of supporting businesses to invest abroad.

4.2.1.3. Issuing preferential policies to promote foreign direct investment

4.2.1.4. Improving Vietnam's level of economic freedom

4.2.1.5. Other policies

a. Implementing Covid 19 epidemic prevention and correctly assessing the changes and fluctuations of Covid 19 affecting the world economy in general and the AEC region in particular.

b. Increasing spending on science and technology innovation, approach and apply the achievements of the industrial revolution 4.0

c. Actively, proactively integrating into the international economy and strengthen diplomatic activities with countries in the world in general and ASEAN countries in particular.

d. Promoting enterprises to expand goods markets abroad

4.2.2. Solution from Vietnamese businesses

The solutions from Vietnamese business includes: actively building business strategies to meet the requirements of competitive integration, carefully studying the investment environment of the host country, selecting partners, suitable investment locations, take advantage of relationships with overseas Vietnamese, diversifying forms of investment abroad according to the regulations of Vietnam and the host country, closely linking with other businesses in the same investment market, improving management qualifications of outward investment projects, increasing investment in science and technology, and applying advanced technologies to outward investment projects.

CONCLUSION OF CHAPTER 4

On the basis of theoretical research and assessment of the situation of Vietnamese enterprises' outward direct investment in countries in AEC, the thesis has studied advantages, disadvantages and prospects of investing in AEC countries in the coming time. This chapter also proposes solutions, recommendations and policy implications at the government level and suggestions and recommendations for businesses to boost the OFDI capital flow of businesses into AEC countries.

CONCLUSION

In the new development context of the world economy, AEC member countries in general and in Vietnam in particular, when countries are increasingly integrating comprehensively with the regional and world economies, OFDI capital of Vietnamese enterprises to AEC member countries has many favorable conditions for the increase. On the basis of systematizing theoretical issues and practical experience, the thesis has reviewed the researched contents on foreign direct investment, presented the current situation of OFDI capital flows of Vietnamese enterprises into AEC member countries in the period 2006-2019. On that basis, the thesis has also pointed out its achievements and limitations and its causes. The thesis has conducted a practical survey of enterprises on the factors affecting outward investment. The thesis has also done a quantitative study of the effects of macro factors through the model of the development path of investment - IDP to consider a number of factors such as: GDP per capita, expenditure budget for science and technology, the amount of FDI in Vietnam, some factors of the open economy added by the NCS such as import-export / GDP ratio, USD / VND exchange rate, self index due to economics. On the basis of qualitative and quantitative studies, the thesis has proposed a system of recommended solutions for the Government and Vietnamese enterprises to promote OFDI capital flows of Vietnamese enterprises to countries in AEC in the period up to 2030.

LIST OF PUBLISHED WORKS RELATED TO THE THESIS

1. Dao Duy Thuan, (2019) “Attracting FDI into Vietnam in the context of the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership – CPTTP”, *Journal of Finance & Accounting Research*, Vol. 01(166) 2019, p.29.
2. Dao Duy Thuan (2020) “Analysis of factors affecting direct investment of Vietnamese enterprises in ASEAN”, *State Tax Journal*, Vol. 39[814], p.20