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IMPACT OF COVID – 19 ON FOREIGN DIRECT INVESTMENT IN VIETNAM

BY

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Abstract

The study aims to evaluate the impact of the COVID-19 pandemic on foreign direct investment activities in Vietnam. Data was collected over seven years, from 2016 to 2022, from the Vietnam Chamber of Commerce and Industry (VCCI), using qualitative methods and data analysis methods to analyze. Research results have shown a significant negative impact of the COVID-19 pandemic on FDI investment activities in Vietnam in both FDI capital targets and FDI project scales in industries and localities. Foreign direct investment from partners in Vietnam after the pandemic also decreased significantly. Research analyzing foreign investment activities in Vietnam comparing two periods before and after the COVID-19 pandemic. Based on the results obtained, we propose some recommendations to increase the attraction and effectiveness of FDI activities in Vietnam in the future. The research results are valuable documents for policymakers, businesses, relevant industries, localities, or foreign partners to refer to when participating in foreign direct investment activities after the pandemic in Vietnam.

Keywords: *Foreign direct investment, FDI, Vietnam, Covid-19 pandemic.*

1. INTRODUCTION

Foreign direct investment (FDI) is recognized as one of the critical drivers of economic growth in developing countries (Chandran & Tang, 2013). In general, FDI allows countries and localities to use foreign capital and technology to achieve the most important goal of promoting economic development. Thanks to that, other factors of the country/locality receiving investment capital, such as technology, production techniques, the total number of employees used, labor productivity, per capita income, and so on, also improved. Moreover, thanks to that, FDI projects have actively contributed to the sustainable development of countries and localities receiving investment capital.

According to the International Monetary Fund (IMF) (2001), FDI is an investment established based on a long-term relationship, whereby an organization in an economy (direct investor) Obtains long-term benefits from an enterprise in another economy. The Organization for Economic Cooperation and Development (OECD) introduces the concept that an FDI enterprise is an enterprise with or without legal status in which foreign investors own at least 10% of common stock or voting rights.

Foreign direct investment is beneficial for both the investor and the recipient country. FDI helps investors enjoy preferential tariffs on imported machinery, equipment, and spare parts to implement investment projects and avoid trade protection barriers of the receiving country. As for countries receiving investment, FDI contributes to solving capital needs, promoting economic restructuring towards industrialization and modernization, and rapidly increasing export turnover.

To evaluate the situation of foreign direct investment in a country, studies often focus on measuring several leading indicators, including FDI inflows, in which FDI inflows supplement a source of investment. Which is extremely important for the national economy, promoting growth and

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economic restructuring towards industrialization and modernization (Pazienza, 2015). Countries will evaluate based on (i) total registered FDI capital, (ii) total realized FDI capital, and (iii) ratio of implemented FDI/registered FDI, in which the more significant the total registered FDI capital along with the higher the ratio of implemented FDI/registered FDI, the better the operation. FDI investment in the country becomes more developed and substantial. While registered FDI is high, there is a significant difference between realized FDI and registered FDI; it shows that FDI investment activities are not essential and have yet to develop sustainably because capital flows have not flowed into the country (Pao & Tsai, 2011). Second is the scale of FDI projects or FDI enterprises operating in the economy. The larger they are, the higher the country's sustainable development potential due to the nature of FDI capital. Moreover, FDI enterprises have advantages over domestic enterprises (Ridzuan et al., 2017). Some studies evaluating FDI activities have considered the following aspects: (i) By industry, (ii) According to locality, or (iii) by partners. Elements show industry/local concentration or dispersion in FDI capital flows. This will also help recognize FDI investment trends and competitive advantages of each industry/locality in the country that has attracted FDI capital. Meanwhile, assessing FDI by partner will show a picture of the country's cooperative relationship with the rest of the world by recording FDI capital flows into the country by each partner. Some other studies evaluate additional FDI through several other criteria, such as the size of labor in the FDI sector compared to the general labor force (Pao & Tsai, 2011; Pazienza, 2015); value and proportion of net revenue and profit of FDI enterprises (Bokpin, 2017) or Adjusted Net Savings index - ANS (Adjusted Net Savings), in which ANS measures the actual savings rate in the economy. The economy after taking into account investments in human capital, natural resource depletion, and pollution damage as researched by Pillarisetti (2005); Gnègnè (2009), Clemens (1999), Everett and Wilks (1999), Nguyen Hoang Viet (2020).

This study inherits and applies the selection of primary and critical indicators to evaluate the situation of FDI activities in Vietnam in the period 2010 - 2016, with the main criteria being (i) FDI capital flow, (ii) Scale of FDI project and considering the aspect of (i) industry; (ii) partners and (iii) localities. At the same time, the research will also compare, clarify, and influence the COVID-19 pandemic on changes in FDI activities in the two periods before COVID-19 (2016-2019) and after COVID-19 (2020 - present). This is a gap that previous studies have yet to address. The results of this research are the scientific basis for assessing the impacts of FDI on sustainable development in Vietnamese localities, thereby proposing effective policies to attract and use FDI at the local level. National and local.

2. RESEARCH METHODS

Step 1: The author collects primary data over seven years from 2016 to 2022 from the information portal of the Ministry of Planning and Investment and the Vietnam Chamber of Commerce and Industry VCCI www.vcci.com.vn; www.mpi.gov.vn. Data collected for research and multidimensional analysis (i) By locality, (ii) By industry, (iii) According to partners.

Step 2: Using qualitative methods, analyze collected data (synthesize, compare, contrast) to analyze FDI investment activities in Vietnam for 02 periods before and after Covid-19. Data collected and evaluated to answer the research questions:

Q1: What is the current status of FDI investment activities in general and FDI investment activities by industry, locality, and partner in Vietnam in 2016-2022?

Q2: What is the impact of the Covid-19 pandemic on FDI activities in Vietnam?

Q3: What are the recommendations for foreign direct investment activities in Vietnam to increase FDI attraction and improve efficiency?

3. RESEARCH RESULTS AND DISCUSSION

3.1 Current status of attracting foreign direct investment in Vietnam in the period 2016-2022

3.1.1 Situation of foreign direct investment activities

The operational situation of foreign direct investment in Vietnam is considered from the Implemented capital and Import-export case. Because the COVID-19 epidemic first appeared at the end of December 2019 in China 2019, the epidemic did not affect Vietnam's direct investment attraction situation. To evaluate the impact of the COVID-19 epidemic on foreign investment in Vietnam, the project chose a period of 7 years, from 2016 to 2022, and divided into two timelines: the period before the epidemic. (2016-2019) Moreover, the period affected by the epidemic (2020-2022). An overview of Vietnam's foreign investment activities is shown in Table 1.

Table 1. Situation of foreign direct investment activities (2016-2022)

(Unit: Million USD)

No	Year	2016	2017	2018	2019	2020	2021	2022
1	Implemented capital (million USD)	17,500	17,500	19,100	20,380	19,980	19,740	22,400
	Difference		0.00%	9.14%	6.70%	-1.96%	-1.20%	13.48%
2	Export (including crude oil)	155,245	155,435	175,523	185,278	204,432	246,741	276,500

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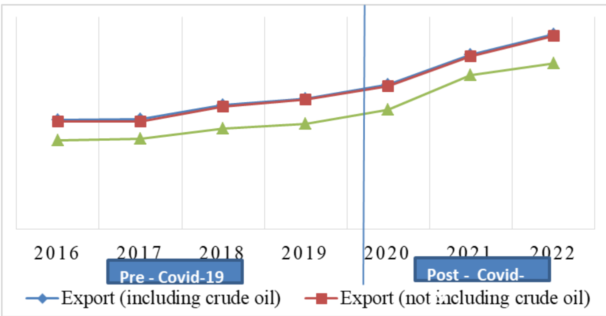
	Difference		0.12%	12.92%	5.56%	10.34%	20.70%	12.06%
3	Import	126,445	127,836	142,707	149,411	169,014	218,283	234,700
	Difference		1.10%	11.63%	4.70%	13.12%	29.15%	7.52%

(Sources: VCCI, 2016-2022)

Regarding Implemented Capital: Foreign investment projects have disbursed 17.5 billion USD in 2016 and 2017. In 2016 - 2019, paid capital increased by 19.1 billion USD. Billion USD (2018) and 20.38 billion USD (2019), an increase of 9.14% in 2018 compared to 2017 and 6.7% in 2019 compared to 2018. However, in the period affected by COVID-19, especially in 2021 and 2022, disbursed capital decreased by 400 million USD and 240 million USD, respectively, compared to the previous year (corresponding reduction rates of 1.96% and 1.2%). By 2022, when signs of Covid's impact tend to decrease, realized FDI capital will increase sharply by 13.48% to reach 22.4 billion USD, which is also the year with the highest capital level in the period 2016 - 2022, showing that the Covid pandemic negative impact on foreign direct investment activities in Vietnam.

Regarding exports, the export turnover of the foreign investment sector generally increased in absolute terms during the entire research period of 2016 - 2022. However, the growth rate recorded was different. In the period before Covid 19, 2018 was the year with the highest export growth rate of 12.92%, and 2019 recorded the highest export turnover of more than 185 billion USD. During the COVID-19 period, export turnover still tended to increase, reaching the highest level in 2022 at 276.5 billion USD; however, the highest growth rate in 2021 corresponded to an increase of 20.7%. Export growth will decrease in 2022, mainly due to the decline in demand in the world market due to the impact of the pandemic, and this trend is forecast to continue in the following years. Regarding imports, the fluctuations in implications of the foreign investment sector are similar to exports, when import turnover in the post-COVID-19 period increased higher than before COVID-19, reaching 234.7 billion USD. in 2022, the highest in 2016-2011.

Thus, import-export turnover tends to increase from 2016 to 2019 and continues to grow during the epidemic, with the highest increase in rate in 2021 and value in 2022. Comparison The export value is higher than the import, showing that Vietnam still maintains its position as a net exporter over the years, as shown in Figure 1.



Unit: Million USD

Figure 1. Compare the import and export situation affected by COVID-19

3.1.2. Status of foreign direct investment capital registration in Vietnam.

Table 2 shows the registered capital of foreign-invested enterprises from 2016 to 2022. In 2016-2019, registered capital increased sharply, reaching the highest level 2019 of 38 billion USD. However, since the beginning of COVID-19 in 2020, registered FDI capital has decreased sharply by only 75% compared to the previous year. Although registered capital increased again throughout the Covid period, it was still lower than the registered capital in the pre-Covid period. In particular, in the post-COVID-19 period, the main contribution of newly registered capital accounts for the highest proportion; however, the growth rate is very slow, especially in 2022, it tends to decrease. The amount of capital contributed and shares purchased in 2020 - 2022 decreased continuously, reaching the lowest level 2022 of 5.1 billion USD and the weakest in the entire research period. In 2022, which is also the period when the stock market in Vietnam and the world will fluctuate sharply, it will also have a significant impact on the decrease in registered capital to buy shares of FDI enterprises. The bright spot in this period is that the increased registered capital in previously invested projects still maintained the increasing trend during the years affected by the epidemic. In 2022, the highest additional registered capital will be 10.12 billion USD, an overall increase of more than 20% over the entire research period from 2016.

Table 2. Situation of registered foreign investment capital (2016-2022)

(Unit: Million USD)

Criteria	2016	2017	2018	2019	2020	2021	2022
Registered capital, in which:	35,602	35,884	35,466	38,019	28,530	31,153	27,720
Difference		*100.8%*	*98.8%*	*107.2%*	*75.0%*	*109.2%*	*89.0%*
1. New registration	21,276	21,276	17,976	16,746	14,646	15,245	12,450
Difference		*100.0%*	*84.5%*	*93.2%*	*87.5%*	*104.1%*	*81.6%*
2. Additional registration	8,417	8,417	7,597	5,802	6,414	9,015	10,120

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Difference		*100.0%*	*90.3%*	*76.4%*	*110.6%*	*140.5%*	*112.0%*
3. Contributing capital and buying shares	5,909	6,191	9,893	15,471	7,469	6,893	5,150
Difference		*104.8%*	*159.8%*	*156.4%*	*48.3%*	*92.3%*	*74.7%*

(Source: VCCI, 2016-2022)

To further evaluate foreign investment capital, the author compares registered and implemented worth over the years in Table 3 and in correlation with the number of newly granted projects, as shown in Figure 2.

Table 3. Compare registered capital with implemented capital (2016-2022)

Criteria	2016	2017	2018	2019	2020	2021	2022
Realized capital (*Million USD*)	17,500	17,500	19,100	20,380	19,980	19,740	22,400
Registered capital (*Million USD*)	35,602	35,883	35,465	38,019	28,530	31,153	27,720
% (Realized capital Registered capital)	49.15%	48.77%	53.86%	53.60%	70.03%	63.36%	80.81%

(Source: VCCI, 2016-2022)

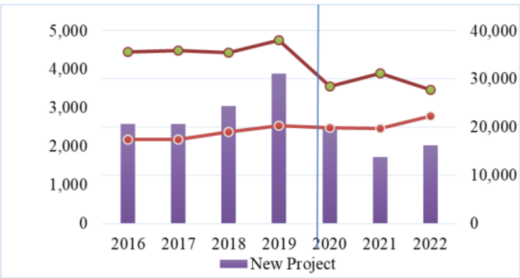

Figure 2. Compare the situation of foreign investment affected by COVID-19
(Source: VCCI, 2016-2022)

In the pre-COVID period 2016 - 2019, the ratio of implemented capital/registered capital fluctuated at 49-53%, and the number of new projects also tended to increase, reaching the highest level in 2019 with 3,883 projects. Since 2020, the number of new projects has decreased sharply in 2020 and 2021, when the impact of the pandemic was strongest, reaching 2,523 and 1,738 projects. In 2022, although the number of new projects has increased again, reaching 2,036 projects, it has yet to reach the lowest level in 2016 - 2019, showing the pandemic's negative impact and influence on investment activities from FDI capital. The bright spot in the post-COVID period is when the ratio of realized capital/registered capital increased by 53.6% from 2019 to 80.81% in 2022, showing that the investment rate in Vietnam tends to be more substantial and has reduced the situation of investment in Vietnam. Investment registration status "suspended."

3.1.3 Situation of foreign direct investment by industry: By industry, foreign investors have invested in 19 enterprises out of 21 national economic sectors over 2016-2022, with a total registered capital of 220.86 billion USD. The processing and manufacturing industry leads with a total investment capital of over 121 billion USD, followed by real estate business activities, registered worth 36 billion USD, and the electricity and gas production and distribution industry, water and air conditioning with newly registered capital ranked third at more than 20 billion USD. The next group with money from over 1 billion to less than 10 billion USD are the accommodation and food service industries: Wholesale and retail; Transportation and warehousing; Extractive, Education, and training; Information and communication; Agriculture, forestry, and fisheries... Among the 19 invested industries/fields, 17/19 industries had a decrease in average investment due to the impact of the epidemic period from social isolation. The most significant declines were in the manufacturing and processing technology industries, accommodation and food services, and transportation and warehousing. Only 02/19 industries recorded increased registered investment capital during COVID-19, including investment in science and technology activities (an average increase of 224%) and electricity, gas, water production and distribution, and air conditioners (about 10%).

(Unit: Million USD)

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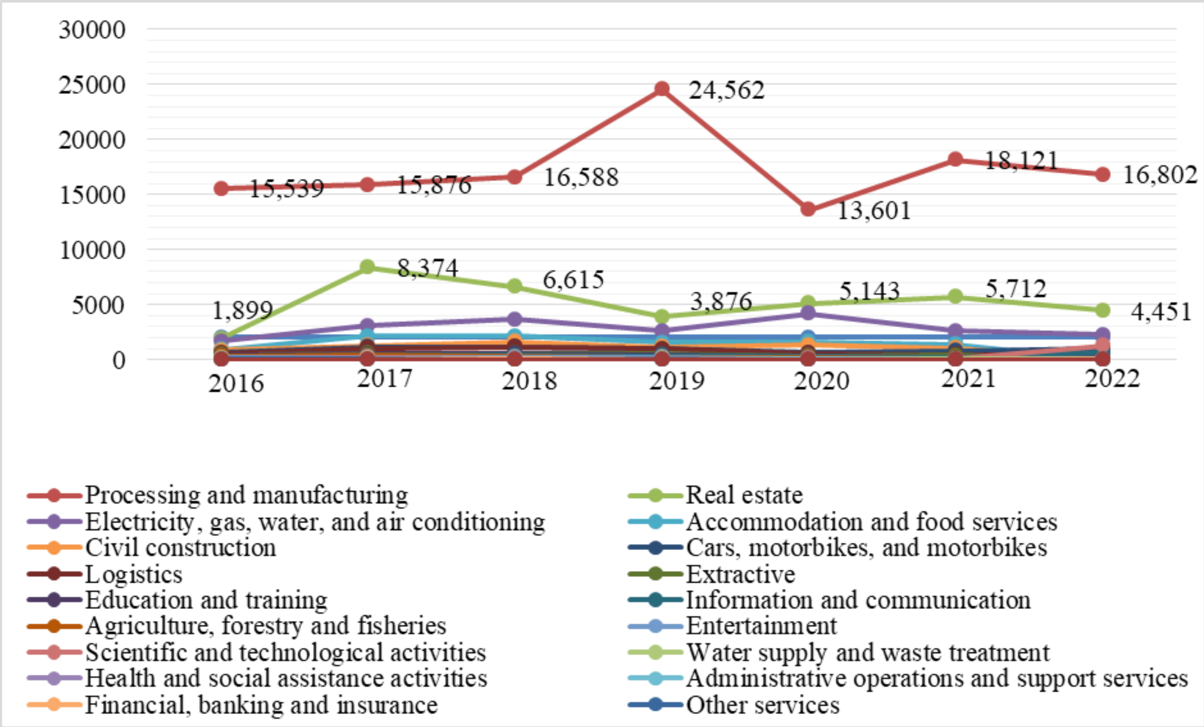

Figure 3: Total newly registered investment capital by industry (2016-2022)

(Source: VCCI, 2016 – 2022)

Looking at the number of newly registered projects in 2016 - 2022 (Table 3), the processing and manufacturing industry has the highest number of newly registered projects and the most significant proportion, with 6,175 projects. Next is the Accommodation and Food Services industry (2,971 projects), which produces and distributes electricity, gas, water, and air conditioning (2,124 projects). The industries that attract the fewest projects are household employment activities, administrative activities and support services, banking, finance, and insurance. During the Covid-19 period, 14/19 industries were affected and had an average decrease in the number of investment projects; the sharpest decline was (i) the manufacturing and processing industry, (ii) electricity production and distribution, air, air conditioning, (iii) real estate business and (iv) education and training. As analyzed above, the electricity, gas, and air conditioning production and distribution industry is one of the only industries with registered capital increasing during the epidemic. However, the number of new projects decreased during the epidemic period. The decrease in the Covid period, as above, shows that this industry's increase is, in fact, primarily only to meet operating projects in Vietnam.

(Unit: Project)

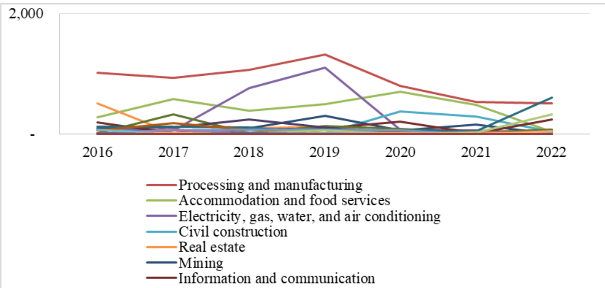

Figure 4: Situation of the number of new projects by industry (2016-2022)

(Source: Analysis from VCCI, 2016 – 2022)

The bright spot in the trend of new projects with growth during the Covid-19 pandemic period is 5/19; from the highest growth rate downwards are (i) construction, (ii) wholesale and retail, (iii) science and technology, (iv) communication information and (v) support services.

3.1.4. Foreign investment situation by partner

One hundred forty countries and territories invested in Vietnam in 2016 - 2022. Table 4 shows the total new investment capital of the 25 largest partners, of which Korea ranks first with nearly 40 billion USD. Next is Singapore, which has a total investment capital of over 37 billion USD. Japan ranked third with a total registered investment capital of over 30 billion USD. Hong Kong, China, Taiwan, and the British Virgin Islands are strong partners.

Thus, regarding investment capital, Korea, Singapore, and Japan are Vietnam's three largest strategic partners and investors. To evaluate the impact of the epidemic on attracting foreign investment by partners, the author makes a comparison according to Figure 5.

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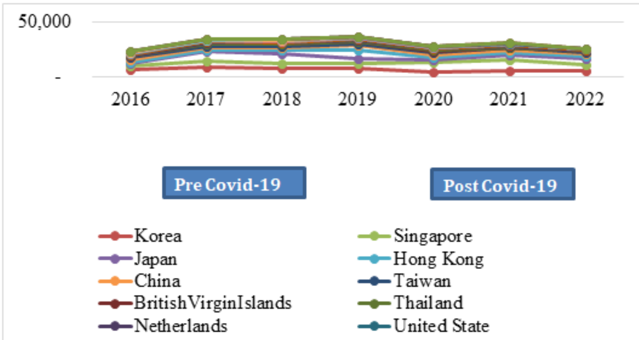
Table 4: Total newly registered investment capital of the 20 largest partners

(Unit: Million USD)

No	Country	2016	2017	2018	2019	Average Pre-Covid 19	2020	2021	2022	Avarage Post-Covid 19	Total
1	Korea	7,036	8,494	7,212	7,917	7,665	3,949	4,953	4,879	4,594	**44,441**
2	Singapore	2,419	5,308	5,071	4,502	4,325	8,994	10,712	6,455	8,720	**43,461**
3	Japan	2,590	9,112	8,599	4,138	6,110	2,368	3,897	4,781	3,682	**35,485**
4	Hong Kong	1,640	1,486	3,232	7,869	3,557	2,000	2,316	2,224	2,180	**20,766**
5	China	1,875	2,168	2,465	4,063	2,643	2,459	2,922	2,518	2,633	**18,471**
6	Taiwan	1,860	1,460	1,074	1,842	1,559	2,058	1,252	1,352	1,554	**10,899**
7	BritishVirginIslands	858	1,651	1,866	1,372	1,437	903	570	607	693	**7,827**
8	Thailand	706	713	762	868	763	1,785	350	199	778	**5,384**
9	Netherlands	87	754	387	828	514	897	1,122	702	907	**4,777**
10	United States	400	869	550	460	570	360	739	748	616	**4,127**
11	Samoa	528	467	336	887	554	242	278	306	275	**3,043**
12	Cayman Islands	645	398	243	508	448	388	431	223	347	**2,836**
13	Malaysia	914	291	436	216	464	195	143	185	174	**2,380**
14	Australia	448	159	609	226	361	71	65	71	69	**1,650**
15	UK	220	239	234	303	249	249	303	135	229	**1,684**
16	Seychelles	284	165	207	267	231	259	153	114	175	**1,448**
17	Germany	45	414	398	138	249	146	126	117	130	**1,383**
18	France	198	106	587	179	268	134	39	165	113	**1,409**
19	Switzerland	54	45	86	110	74	102	171	11	95	**579**
20	Philippines	55	30	53	52	47	308	61	15	128	**573**

(Source: VCCI, 2016 – 2022)

Table 4 shows a significant withdrawal of capital investment by countries and territories during the period affected by the epidemic. In 2020, except for Singapore, Thailand, Taiwan, the Netherlands, and the Philippines, with newly increased investment capital, the remaining countries experienced a decrease in investment capital in Vietnam. The countries with the sharpest drops in investment capital are Hong Kong, South Korea, China, Taiwan, and the British Virgin Islands. In 2021, the investment capital of these countries in Vietnam has shown positive signs. However, the increase is much lower than in the pre-epidemic period. By 2022, the registered investment capital of two-thirds of the countries investing the most in Vietnam, South Korea, and Singapore will all decrease, with only Japan maintaining the same increase as before the COVID-19 epidemic. In general, in the years after COVID-19, Vietnam only recorded an increase in investment compared to the pre-pandemic period in two partners, the largest countries in the world, the United States and Japan. The remaining countries all reduced their investment levels in Vietnam.



(Unit: Million USD)

Figure 5. Compare newly registered capital by partner affected by COVID-19

(Source: Analysis from VCCI, 2016 – 2022)

Regarding the number of new investment projects of partners, Table 5 shows that the most significant number of new

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investment projects in 2016-2022 still focused on Korea (4,839 projects), China (2,180 projects), Japan (2,043 projects), Singapore (1,387 projects), and Hong Kong (1,119 projects). Regarding the number of projects and investment capital, Korea partners with the most investors interested in making new investment decisions and expanding investment projects in Vietnam.

Table 5. Total number of newly registered projects of the 20 largest partners

(Unit: Project)

No	Country	2016	2017	2018	2019	Average Pre-Covid 19	2020	2021	2022	Avarage Post-Covid 19	Total
1	Korea	828	861	1,043	1,137	967.3	609	361	416	462.0	**5,255**
2	China	278	284	389	683	408.5	342	204	283	276.3	**2,463**
3	Japan	341	367	429	435	393.0	272	199	203	224.7	**2,246**
4	Singapore	210	186	226	296	229.5	248	221	280	249.7	**1,667**
5	Hong Kong	166	129	159	328	195.5	211	126	134	157.0	**1,253**
6	Taiwan	122	106	133	152	128.3	131	63	86	93.3	**793**
7	United States	64	73	84	105	81.5	95	77	91	87.7	**589**
8	England	46	38	45	36	41.3	42	48	53	47.7	**308**
9	France	39	44	41	44	42.0	52	31	26	36.3	**277**
10	Australia	42	33	43	51	42.3	41	35	36	37.3	**281**
11	Thailand	35	47	40	46	42.0	40	35	37	37.3	**280**
12	BritishVirginIslands	48	41	42	45	44.0	30	27	25	27.3	**258**
13	India	19	44	40	53	39.0	47	26	42	38.3	**271**
14	Samoa	26	38	37	55	39.0	31	15	20	22.0	**222**
15	Malaysia	40	28	41	36	36.3	33	20	38	30.3	**236**
16	Germany	21	33	29	34	29.3	29	34	32	31.7	**212**
17	Seychelles	38	27	23	34	30.5	36	17	19	24.0	**194**
18	Netherlands	16	36	17	29	24.5	36	24	31	30.3	**189**
19	Canada	15	7	14	28	16.0	22	20	14	18.7	**120**
20	Switzerland	8	6	11	20	11.3	11	12	16	13.0	**84**

((Source: VCCI, 2016 – 2022)

Figure 6 compares the number of partners' new investment projects between the pre-epidemic and epidemic-affected periods. The number of new investment projects was highest in 2019 and decreased sharply in the year affected by the epidemic (2020-2022). Countries investing in the most projects experienced the sharpest decline, such as Korea, China, Japan, and Hong Kong—some mitigation partners, such as Singapore and Taiwan. The bright spot in the investment project picture is that the Netherlands and the United Kingdom have many projects in the Covid period that tend to increase compared to previous years, in which projects mainly focus on Weaknesses in education and training.

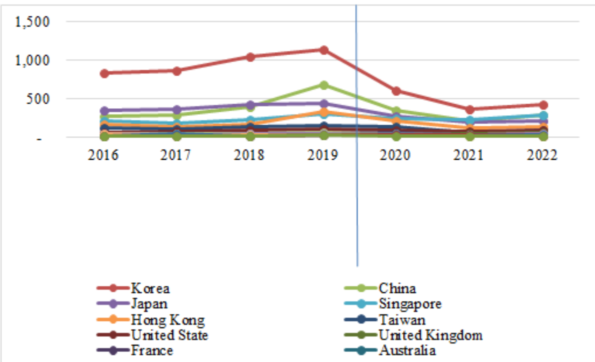

Figure 6. Compare the new project with images affected by COVID-19

(Source: VCCI, 2016 – 2022)

3.1.5 Foreign investment situation by locality:

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Regarding registered private capital by locality, in 2016-2022, foreign investors invested in all provinces and cities across the country. Among them is the city. Ho Chi Minh is attracting the most new investment capital (more than 36 billion USD), followed by Hanoi (more than 28 billion USD), Binh Duong (nearly 18 billion USD), Hai Phong (more than 17 billion USD) and (Table 6).

Table 6: Total newly registered investment capital of the 20 largest localities

(Unit: Million USD)

No	Province	2016	2017	2018	2019	Average Pre-Covid 19	2020	2021	2022	Avarage Post-Covid 19	Total
1	Ho Chi Minh City	3,428	6,506	5,949	8,295	6,045	4,356	3,738	3,940	4,011	**42,257**
2	Hanoi	2,794	2,499	7,519	8,455	5,317	3,586	1,524	1,706	2,272	**33,400**
3	Binh Duong	2,367	2,798	2,327	3,413	2,726	1,884	2,133	3,143	2,386	**20,791**
4	Hai Phong	2,990	885	3,093	1,384	2,088	1,511	5,262	1,963	2,912	**19,176**
5	Bac Ninh	900	3,405	1,124	1,583	1,753	901	1,663	2,244	1,603	**13,572**
6	Dong Nai	2,238	1,764	1,456	2,143	1,900	928	1,360	1,252	1,180	**13,042**
7	Long An	823	511	688	798	705	810	3,843	846	1,833	**9,025**
8	Ba Ria Vung Tau	532	527	2,115	1,085	1,065	2,174	398	954	1,175	**8,850**
9	Bac Giang	1,010	856	543	1,102	878	895	1,314	1,215	1,141	**7,812**
10	Tay Ninh	701	1,009	837	1,253	950	548	823	698	690	**6,821**

(Source: Analysis from VCCI, 2016 – 2022)

Comparing the epidemic's impact on investment attraction by location shows that 23/64 provinces and cities nationwide have an average registered investment capital level of 2 positive growth periods, which increased. The most vital provinces were Bac Lieu, Long An, and Quang Ninh, recording an increase of over 1 billion USD. The remaining 41/64 areas/cities all recorded a decrease in registered FDI capital after the COVID-19 period, of which the sharpest declines were in the top two localities in the country, Ho Chi Minh City and Ho Chi Minh City. Hanoi.

Regarding the number of new projects registered in the 2016-2022 period by locality, according to Table 7, Ho Chi Minh City is still leading (6,525 projects); Hanoi ranked second (3,719 projects); Binh Duong ranked third (1,111 projects),….Bac Ninh ranked fourth (1,068 projects). Other localities have many new investment projects, such as Long An, Dong Nai, Da Nang, Hai Phong, etc. Foreign investors still focus on investing a lot in large cities with established facilities and convenient infrastructure like the city. Ho Chi Minh, Hanoi, Bac Ninh.

Table 7: Total number of newly registered projects of localities

(Unit: Project)

No	Province	2016	2017	2018	2019	Average Pre-Covid 19	2020	2021	2022	Avarage Post-Covid 19	Total
1	Ho Chi Minh city	836	864	1,029	1,320	1,012	950	633	893	825	**6,525**
2	Ha Noi	453	542	622	879	624	496	362	365	408	**3,354**
3	Binh Duong	256	189	215	243	226	133	75	68	92	**1,111**
4	Bac Ninh	185	184	173	247	197	153	126	147	142	**1,068**
5	Long An	122	97	86	146	113	113	54	61	76	**618**
6	Dong Nai	91	83	125	121	105	69	51	51	57	**540**
7	Da Nang	74	66	102	131	93	83	40	47	57	**496**
8	Hai Phong	52	57	111	87	77	79	48	91	73	**434**
9	Bac Giang	53	69	67	76	66	35	21	36	31	**321**

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10	Vinh Phuc	30	44	59	60	48	28	27	28	28	**248**

(Source: VCCI, 2016 – 2022)

During the period affected by the epidemic, only 7/64 localities recorded an increase in newly registered projects compared to the pre-pandemic period: Binh Phuoc, Quang Ninh, Nghe An, Yen Bai, and Dak Lak, Hau Giang and Dak Nong. However, the increased number of projects could be more significant. The remaining provinces had raised registered investment capital, but the number of newly registered projects remained the same, showing that investment capital was mainly concentrated in previously operating projects. At the same time, in the remaining 59/64 localities, the number of newly registered projects decreased compared to the pre-COVID-19 period, including localities that have always been leading in FDI projects.

3.2 Assess the situation of attracting foreign direct investment in Vietnam

3.2.1. Result

In the period 2016-2022, analysis results show that foreign investment in Vietnam has had positive impacts on the country's socio-economic development, notably:

Firstly, FDI has added an essential source of capital for the country's socio-economic development. FDI capital accounts for a significant proportion of the total investment capital of the entire society. This is the main factor determining economic growth and economic restructuring towards industrialization and modernization. Activities of FDI enterprises contribute to promoting technology, labor quality, and labor productivity. FDI contributes to promoting the formation of industrial zones, contributing to economic development. An increase in disbursed FDI capital will expand the production scale of economic sectors, thereby creating conditions to promote economic growth. Along with reasonable control of the COVID-19 pandemic in Vietnam, the number of new projects and capital adjustments increased in the last months of the year. Considering the sharp decline in global investment due to the impact of the COVID-19 pandemic, this result is better than many other countries, demonstrating Vietnam's attractiveness in the eyes of international investors.

Secondly, FDI impacts the economic restructuring in Vietnam and the participation of the FDI sector in many industries and fields, especially the concentration of FDI capital in the processing and manufacturing industries. Moreover, several other industries are essential factors promoting economic restructuring towards modernity, building a dynamic economic environment, and increasing the production capacity of high-quality products—high gray in the economy. FDI contributes to agricultural restructuring, product diversification, and improving the value of exported agricultural products. Many foreign investors are interested and confident and must invest in Vietnam despite the effects of the pandemic.

Thirdly, FDI also helps boost exports, contributing to Vietnam's trade balance surplus, promoting GDP growth, promoting international economic exchanges, and contributing revenue to the state budget. Vietnam's trade balance of goods in 2022 continued to have a trade surplus of nearly 11.2 billion USD, more than three times higher than the year before 2021. It recorded the seventh consecutive trade surplus year during the 2016-2022 research period.

3.2.2. Impact of the Covid-19 epidemic on FDI attraction

During the period affected by the COVID-19 pandemic, production and business activities in general and the activities of FDI enterprises, in particular, were affected. Therefore, foreign investment in Vietnam is affected in the following aspects:

Firstly, attracting investment capital for implementing foreign investment projects in 2020-2021 decreased compared to previous years in terms of investment capital, implementation capital, and number of projects. However, the level of reduction has improved (down 2% compared to 2019). Many foreign-invested enterprises are gradually recovering, maintaining good production and business activities, and expanding projects.

Second, due to the impact of the COVID-19 pandemic, investors' travel, new investment decisions, and expanding the scale of foreign investment projects continue to be affected. However, the number of new projects, capital adjustments, capital contributions, and share purchases by foreign investors in 2020-2021 decreased compared to before the epidemic.

Third, the epidemic's impact is hefty on the economies of many countries and import and export turnover. The trend of shifting global supply chains creates opportunities and challenges in competing to attract Vietnam's resources.

4. CONCLUSION AND RECOMMENDATIONS

To attract and use FDI resources, especially "green" FDI effectively, associated with the goal of sustainable economic development, in the coming time, stemming from the results of FDI attraction in the period 2016-2022, assessing opportunities and challenges in attracting FDI capital in the post-Covid-19 period, the scope of the study proposes several recommendations on policy orientation to attract and develop sustainable FDI as follows:

Firstly, prioritize attracting FDI to shift and focus towards (i) electronics, high-tech, advanced industries, and fields, taking advantage of modern foundations from the 4.0 industrial revolution such as automation, application using artificial intelligence, Hydrogen technology, semiconductor technology...) (ii) renewable energy industry, clean, environmentally friendly energy; (iii) service sector; education, tourism. In the short term, continue to take advantage of attracting FDI in industries where Vietnam has a competitive advantage, but need to focus on stages that create high added value associated with intelligent and automated production processes. Chemistry. In addition, it is necessary

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to proactively monitor and evaluate the trend of shifting FDI capital flows into Vietnam with outdated technology and potentially causing environmental pollution from some countries in the region to have timely solutions to prevent it. Attracting FDI from SMEs and small- and micro-scale projects must ensure conditions for upgrading technology, joining production networks and global value chains, and developing supporting industries.

Secondly, regarding partners, it is necessary to focus on attracting FDI, especially multinational corporations linking with domestic enterprises, to form and develop industry clusters along the value chain (Vu Xuan et al., 2019). Implement multilateralization and diversification to attract FDI from potential markets and partners. Effectively exploit each relationship with strategic and comprehensive partners, focusing on the world's leading developed countries, regions, and transnational corporations that hold source, advanced and advanced technologies. Effective governance.

Thirdly, attracting FDI must be consistent with each locality's advantages, conditions, and level of development and planning in regional linkages, ensuring overall economic, social, and environmental efficiency. For sensitive areas and areas related to national defense, security, border areas, seas, islands, and exclusive economic zones, FDI attraction needs to ensure federal protection, safety, and National sovereignty come first.

Fourth, focus on perfecting investment institutions to create favorable conditions for foreign investors. Focus on policy dialogue and promptly resolve difficulties for FDI enterprises, especially regarding administrative procedures and land. In addition, Vietnam needs to prepare the necessary conditions to attract investment, such as reviewing and supplementing clean land funds, Reviewing electricity planning, training high-quality human resources, additional policies to develop supporting industries, Promoting synchronous infrastructure investment, smooth traffic connections between provinces/cities, regions/regions, creating favorable conditions for attracting investment and expanding production and business activities.

FDI investment capital has been and will continue to become an essential source of money for the development of the entire society and is the driving force behind the promotion of economic growth towards industrialization and modernization in Vietnam. The COVID-19 pandemic has hurt all global socio-economic aspects and directly affected FDI attraction in developing markets, including Vietnam. It will require time to recover in the post-COVID-19 period. Therefore, Vietnam needs to use competitive advantages, opportunities, and trends in shifting FDI investment capital, increasing awareness from leaders at all levels of the Government, Ministries, Departments, Sectors, and localities. Implement policies and directions to minimize the impact of the pandemic, creating maximum conditions for foreign countries, corporations, and businesses to invest in Vietnam, become an attractive destination, and attract FDI capital flows in the coming time.

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