

**HO CHI MINH NATIONAL ACADEMY OF POLITICS**



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**POLICY FOR PROMOTING FOREIGN DIRECT  
INVESTMENT FROM EU INTO VIET NAM**

**SUMMARY OF DOCTORAL DISSERTATION  
MAJOR: ECONOMIC MANAGEMENT**

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## INTRODUCTION

### 1. Rationale of the dissertation

Foreign direct investment (FDI) promotion policy plays an important role in attracting international investment capital, contributing to transforming investment potential and opportunities into concrete investment projects. In the context of global economic restructuring driven by strategic competition among major economic centers, the Fourth Industrial Revolution, and the green transition, global FDI flows are undergoing significant adjustments. This increases the need for innovation in FDI promotion policies to guide and select high-quality investment flows serving national development goals, particularly for developing countries such as Viet Nam.

After 40 years of Renovation (Đổi mới), Viet Nam has entered a new development stage with a growth model oriented toward science and technology, innovation, and digital transformation in line with the Resolution of the 14<sup>th</sup> Congress of the Party. Major the Party and State's policies emphasize selective FDI attraction based on quality, efficiency, technology, and environmental protection, while promoting knowledge transfer and human resource development through the FDI sector. Within global FDI flows, the European Union (EU) represents a high-quality source of capital associated with advanced technological, environmental, and governance standards, which align with Viet Nam's FDI attraction direction. Viet Nam–EU relations have developed comprehensively, and the implementation of the EVFTA together with the ongoing ratification of the EVIPA provides favorable conditions for attracting EU investment.

However, EU investment in Viet Nam remains disproportionate to its potential and capacity. Investment scale is still modest, particularly in EU strength sectors such as high technology, clean energy, and high-quality services. One key reason is that Viet Nam's policies for promotion of FDI from the EU lacks specialization, clear strategy, adequate investor services, and sufficient promotion capacity.

From a theoretical perspective, although many studies have examined FDI attraction and promotion, there is still a lack of systematic

research on FDI promotion policy from a public policy perspective, especially concerning a specific partner such as the EU. Therefore, studying the topic “Policy for Promoting Foreign Direct Investment from the EU into Viet Nam” is necessary both theoretically and practically, contributing to theoretical foundation of FDI promotion policy and provision of evidence for improving the policies for promoting FDI from the EU to Viet Nam in the new development stage.

## **2. Research objectives and tasks**

**Research objective:** To contribute to improving the policy for promotion of FDI from the EU into Viet Nam by providing scientific and practical evidence through clarification of theoretical foundation and evaluation of the current status of this policy.

**Research tasks:** (i) Review and assess existing studies to identify research gaps; (ii) Systematize the theoretical framework of FDI promotion policy, clarifying concepts, contents, influencing factors, and evaluation criteria; (iii) Assess the current situation of EU FDI promotion policy in Viet Nam; (iv) Propose directions and solutions for policy improvement.

## **3. Research subject**

The research subject is the policies for promoting FDI from the EU into Viet Nam.

## **4. Research scope**

*Content scope:* The dissertation focuses on six components of the policy of promotion of FDI from EU: (i) Strategy and direction formulation; (ii) Image building and promotion of investment destination; (iii) Investment generation and investor relations; (iv) Investment facilitation; (v) Aftercare services; (vi) Policy advocacy.

*Time scope:* Research of current status of the policy from 2010 to present and policy recommendations to 2030.

*Spatial scope:* The dissertation focuses on policy studies at national (macro) level, with reference to ministries, sectors, and local implementation.

## **5. Research methodology**

The dissertation applies dialectical and historical materialism as the

general methodological approach and uses place marketing theory, information economics, institutional economics and theory of change. A combination of qualitative and quantitative methods is employed, including synthesis, statistical analysis, comparison, surveys, and secondary data research.

Primary data were collected from a survey of 195 EU enterprises operating in Viet Nam and in-depth interviews with 11 experts from government, academia, promotion agencies and associations of EU business in Viet Nam.

## **6. Contributions of the dissertation**

***Theoretical contributions:*** (i) Supplement and clarify the theoretical foundations of FDI promotion policy by systematizing key concepts, objectives, roles, actors, target groups, policy content, instruments, influencing factors, and evaluation criteria. On this basis, the dissertation develops an analytical framework for studying FDI promotion policy from the perspective of an integrated public policy structured throughout the investment lifecycle, rather than merely a set of promotion activities; (ii) Contribute to the evaluation approach of FDI promotion policy by applying the OECD public policy evaluation criteria.

***Practical contributions:*** (i) Provide a comprehensive and updated analysis and evaluation of the current state of the policy for promotion of FDI from the EU into Viet Nam based on the application of the OECD public policy evaluation criteria, which has not been addressed in previous studies; (ii) Propose policy directions and feasible solutions to improve the policy for promotion of FDI from the EU into Viet Nam.

## **7. Structure of the dissertation**

Besides the Introduction, Conclusion, References, and Appendices, the dissertation consists of four chapters: Literature Review, Theoretical Framework of FDI Promotion Policy, Current Situation of EU FDI Promotion Policy in Viet Nam, Directions and Solutions for Policy Improvement.

### **Chapter 1 LITERATURE REVIEW**

#### **1.1. OVERVIEW OF STUDIES RELATED TO THE DISSERTATION TOPIC**

- Studies on the nature and role of foreign direct investment (FDI)

promotion policy include: Kotler (1993); Wells và Wint (1990, 2000); Loewendahl (2011); OECD (2005), UNCTAD (2001), WB (2012), etc.

- Studies related to the content of FDI promotion policy include Wells và Wint (2000); Loewendahl (2011); OECD (2006); WB (2020); Abamu (2019); JICA và MPI (2003); Tran Thi Ngoc Quyen (2007); Phan Thi Thuy Tram (2010); Le Nhu Quynh (2022), etc.

- Studies related to the actors involved in FDI promotion policy include OECD (2018), UNCTAD (2008); WB (2023), among others.

- Studies related to factors influencing FDI promotion policy include Wells và Wint (1990, 2000); Loewendahl (2011); OECD (2005, 2018); WB (2033); Phan Thi Thuy Tram (2010), among others.

- Studies related to evaluation criteria for FDI promotion policy include OECD (2015, 2019), WB (2018), Nguyen Dang Thanh (2012); Do Thi Kim Tien (2016), Phan Thi Thuy Tram (2010); Le Nhu Quynh (2022).

Studies on FDI promotion from the EU into Viet Nam include JICA (2003); OECD (2009, 2018); Nguyen Thi Tue Anh (2015); Nguyen Chi Dung (2019); Do Nhat Hoang (2019); Kelhofer (2019); Huyynh The Du (2019); WB (2018)...

Studies related to FDI promotion policy from the EU into Viet Nam include Nguyen Thi Minh Phuong (2020); VERP và KAS (2022), EuroCham (2024, 2025), among others.

## **1.2. ASSESSMENT OF REVIEWED STUDIES**

### **1.2.1. Achieved results**

From a theoretical perspective, academic studies as well as international and domestic reports on investment promotion have provided a theoretical foundation for investment promotion, including concepts, nature, roles, content, instruments, and actors involved in investment promotion. However, most studies do not clearly distinguish between investment promotion and FDI promotion, or between investment promotion policy and investment promotion activities. The OECD has developed a relatively comprehensive system of public policy evaluation criteria (including definitions of criteria and guidance for their application). Nevertheless, most existing studies focus primarily on evaluating investment promotion agencies (IPAs).

From a practical perspective, previous studies have examined

certain aspects and dimensions of FDI promotion policy and its impact on FDI attraction. These studies mainly analyze and evaluate policies related to FDI attraction and management, investment environment improvement policies, and factors influencing EU investment into Viet Nam, including the impact of the EVFTA and EVIPA agreements on attracting EU FDI into Viet Nam.

### **1.2.2. Research gaps**

- There is a lack of comprehensive and systematic research on FDI promotion policy from a public policy perspective, including its concepts, roles, objectives, principles, actors, target groups, content, instruments, influencing factors, and evaluation criteria. In addition, in-depth studies on the factors influencing FDI promotion policy and on the evaluation of FDI promotion policy remain limited.

- There has been no comprehensive assessment of the current state of Viet Nam's FDI promotion policy. In particular, no studies have evaluated Viet Nam's FDI promotion policy based on the OECD public policy evaluation criteria.

- There has been no research examining FDI promotion policy from a specific partner, such as the European Union, into Viet Nam.

## **Chapter 2**

### **THEORETICAL BASIS OF FOREIGN DIRECT INVESTMENT PROMOTION POLICY**

#### **2.1. CONCEPT OF FDI PROMOTION POLICY**

##### **2.1.1. Concept of FDI promotion**

Investment promotion is understood as a set of purposeful activities undertaken by the State to attract, retain, and expand investment flows through building an investment destination image, providing information, offering support, and facilitating investors. Accordingly, FDI promotion can be understood as activities and measures implemented by a country to influence and encourage foreign investors to invest in that country.

##### **2.1.2 Concept of FDI promotion policy**

From the perspective of the doctoral candidate, FDI promotion policy is defined as a system of viewpoints, objectives, regulations,

instruments and measures issued and implemented by the State to attract, guide and sustain FDI inflows into the country in accordance with socio-economic development directions, through investment promotion, information provision, investor support and facilitation from the initial contact stage to project operation.

FDI attraction policy and FDI promotion policy are mutually complementary. Without an effective FDI promotion policy, FDI attraction policy is unlikely to achieve good results; conversely, FDI promotion policy must be built upon a sound FDI attraction policy framework to generate sustainable and high value-added FDI.

## **2.2. Roles of objectives of FDI promotion policy**

### **2.2.1. Roles of FDI promotion policy**

*First*, the core and fundamental role of FDI promotion policy is to tackle information asymmetry to increase the likelihood that a country may be selected by foreign investors. It enables foreign investors to obtain more complete and accurate perceptions of investment locations, helping them save time and costs in seeking and selecting investment destinations. *Second*, mobilizing and maintaining FDI inflows into the country continuously and sustainably in serving national development directions. *Third*, contribute to guiding and ensuring behaviors of foreign investors from the stage when investors consider participation in sectors, industries, and investment locations consistent with national development objectives, directions, and strategies. *Fourth*, contribute to improvement of FDI and socio-economic development policies through reflecting investors' needs, concerns and recommendations to competent authorities. *Fifth*, support and facilitate investors in making investment decisions as well as maintaining and developing their investment activities in the host country.

### **2.2.2. Objectives of FDI promotion policy**

*First*, the direct objective of FDI promotion policy is to provide potential investors with adequate and timely information about the host country to support their investment decisions, while assisting existing investors to maintain long-term operations and expand their investments in the host country. *Second*, guiding the structure of investment sectors, industries, and partners is an important objective to ensure the alignment between FDI inflows and the country's socio-economic development

strategy. *Third*, FDI promotion policy aims to enhance the national image and competitiveness. *Fourth*, it contributes to promoting sustainable development and innovation.

## **2.3. ACTORS AND TARGETED GROUPS OF FDI PROMOTION POLICY**

### **2.3.1. Actors of FDI promotion policy**

*The Government* is the central actor that provides macro-level direction and coordination for FDI promotion policy through establishing viewpoints, objectives, and priorities for FDI promotion in each period; ensuring consistency between FDI promotion policy and socio-economic development strategies; conducting overall coordination, assigning responsibilities, and supervising policy implementation.

*National investment promotion agencies (IPAs)* play the most direct and important role in formulating and implementing FDI promotion policy. There are three types of IPA organizations: government-affiliated IPAs; semi-public IPAs; and private investment promotion organizations.

*Other actors* include sectoral management agencies, local governments, FDI promotion organizations and intermediaries, business associations, and public-private partners are indispensable actors in supporting and providing feedback for FDI promotion policy.

### **2.3.2. Targeted groups of FDI promotion policy**

Potential foreign investors include international corporations seeking investment locations or relocation and diversification of their global supply chains.

Foreign investors currently operating in the host country represent both an additional source of FDI and an important feedback channel regarding the quality of the investment environment, policies, and state management capacity.

Intermediary organizations related to international investment include investment promotion organizations, chambers of commerce, business associations, investment consulting firms, law firms, financial and auditing firms, among others.

## **2.4. OPERATION CHARACTERISTICS OF FDI PROMOTION POLICY**

**2.4.1. Systemic nature:** FDI promotion policies are designed and implemented continuously with appropriate tools throughout the investment lifecycle.

**2.4.2. Multi-layered and interdisciplinary nature:** FDI promotion policies involve many stakeholders, requiring their synchronized coordination.

**2.4.3. Selective and directional nature:** FDI promotion policies reflect the nature of marketing, which is market segmentation and targeting specific audiences.

**2.4.4. High adaptability:** FDI promotion policies must be flexible and adapt promptly to changes in the institutional, political, and economic environment.

## **2.5. CONTENT OF FDI PROMOTION POLICY**

### **2.5.1. Formulation of FDI promotion strategies and directions**

This is the foundational content that guides the entire FDI promotion policy, belonging to the policy design level, determining objectives, priorities, investor segmentation, selection of instruments, and resource allocation mechanisms. Implementation instruments include: (i) Market segmentation; (ii) Identification of targeted investors; (iii) Development of priority project lists for FDI attraction; (iv) Development of promotion programs and plans; (v) Institutional coordination to ensure alignment between FDI promotion policy and national development directions and to ensure policy consistency and coherence.

### **2.5.2. Image building and promoting the investment destination**

Building the image of the investment destination is a central component of investment promotion policy. The investment destination image reflects how a country's investment environment is perceived by the international investor community. Implementation instruments include promotional publications; investment websites/portals; organization or participation in exhibitions, conferences, and business forums; establishment of overseas investment promotion offices; and utilization of diplomatic missions to support FDI promotion.

### **2.5.3. Investment generation and investor relationship management**

Investment generation involves approaching and establishing relationships with potential investors to encourage them to consider the host country and transform their interest into concrete projects. Investment generation reflects proactive and selective promotion, in which potential investors are targeted and approached based on strategic alignment. Implementation instruments include direct investor engagement; outreach through correspondence or communication; organization of promotion

activities; maintaining regular contact and support during investment exploration; customer relationship management (CRM) systems; and utilization of overseas representative offices and diplomatic missions.

#### **2.5.4. Investment facilitation**

The core of investment facilitation is to help foreign investors establish investment projects by processing investor requests and facilitating administrative procedures, thereby reducing transaction costs and risks before and during licensing. Implementation instruments include one-stop-shop mechanisms; administrative and legal advisory support; support for site visits; service commitments; and institutional coordination.

#### **2.5.5. Aftercare**

Post-licensing support (aftercare), includes all services provided by the government to support foreign investors in continuing and expanding their operations in the host country. The essence of aftercare is relationship management with foreign investors to enhance the spillover effects of FDI. Implementation instruments include mechanisms for handling investor concerns; administrative services; operational support services; and support for linkages with domestic enterprises.

#### **2.3.6. Policy dialogue and advocacy**

Policy advocacy functions to collect investor feedback, identify institutional bottlenecks, and propose improvements of the investment environment. Implementation instruments include public–private dialogue; policy consultations with investors; inter-agency coordination mechanisms to resolve policy conflicts, share information, and coordinate actions; and establishment of unified focal points for foreign investors.

In summary, the contents of FDI promotion policy are closely interrelated and mutually reinforcing, with foreign investors at the center. Strategy formulation provides overarching direction; investment image building creates initial interest; investment generation converts interest into projects; facilitation and aftercare ensure long-term investor engagement; and policy advocacy aims to create a more investor-friendly environment.

### **2.6. FACTORS INFLUENCING FDI PROMOTION POLICY**

**2.6.1. External factors:** (i) Global political and economic environment; (ii) Dynamics of global FDI flows; (iii) Investment strategies of multinational corporations; (iv) Competition for FDI attraction; (v)

Policies of FDI-source countries.

**2.6.2. Internal factors:** (i) National development directions, FDI attraction strategies, and institutional environment; (ii) Degree of international integration.

**2.6.3. Factors intrinsic to FDI promotion policy:** (i) Clarity, consistency, and transparency of the policy; (ii) Implementation capacity of investment promotion agencies; (iii) Coordination and monitoring/evaluation mechanisms.

## **2.7. CRITERIA FOR EVALUATING FDI PROMOTION POLICY**

The dissertation applies the OECD policy evaluation framework to assess FDI promotion policy. These criteria serve as the basis for examining and measuring the success or effectiveness of FDI promotion policy.

**2.7.1. Relevance:** Relevance reflects the degree to which FDI promotion policy aligns with national development objectives, the political and socio-economic context, and investor needs.

**2.7.2. Coherence:** Coherence refers to the degree of alignment among policy components and compatibility between FDI promotion policy and other national and sectoral strategies and policies.

**2.7.3. Effectiveness:** Effectiveness evaluates the extent to which FDI promotion policy achieves its intended objectives. This criterion directly measures policy success by comparing actual results with policy goals.

**2.7.4. Efficiency:** Efficiency assesses policy outcomes in relation to the resources utilized, reflecting implementation performance and optimal resource use.

**2.7.5. Long-term impact and sustainability:** This criterion reflects the broad and lasting changes created by FDI promotion policy in the economy, such as improvements in the investment environment and spillover effects through linkages with domestic enterprises.

## **2.8. INTERNATIONAL EXPERIENCE ON FDI PROMOTION POLICY**

Based on researching FDI promotion policies of several regional countries, the Thesis draws several lessons on building strategies and orientations for FDI promotion; image building; developing relationships with investors; facilitating and supporting investors...

### **Chapter 3**

## **CURRENT SITUATION OF POLICY FOR PROMOTION OF FOREIGN DIRECTION INVESTMENT FROM**

## **THE EUROPEAN UNION INTO VIET NAM**

### **3.1. OVERVIEW OF EU FDI INFLOWS INTO VIET NAM**

*In terms of investment scale*, FDI from the EU into Viet Nam has shown an upward trend since 2010. Following the COVID-19 pandemic, the number of EU FDI projects in Viet Nam has increased again. By the end of 2024, the total registered EU FDI capital in Viet Nam reached approximately USD 30.6 billion, with around 2,450 active projects.

*Regarding sectors*, EU investors are present in most of Viet Nam's key economic sectors, with a focus on manufacturing and processing industries, electricity production and distribution, and real estate business.

*Regarding FDI sources*, five largest EU investors are the Netherlands, France, Germany, Denmark, and Luxembourg, accounting for over 85% of total EU's FDI in Viet Nam. The Netherlands is the only EU country among the top 10 largest investors in Viet Nam, representing nearly 50% of the EU's total investment capital.

### **3.2. CURRENT SITUATION OF POLICIES TO PROMOTE FOREIGN DIRECT INVESTMENT FROM THE EUROPEAN UNION INTO VIET NAM**

#### **3.2.1. Legal basis of policies to promote FDI from the EU into Viet Nam**

The institutional and policy framework for FDI promotion has been gradually improved along with the institutions and policies on FDI attraction, such as Resolution No. 50/NQ-TW of the Politburo (12th tenure) on directions for improving institutions and policies, enhancing the quality and effectiveness of foreign investment cooperation up to 2030; the Law on Investment and its guiding documents; decisions of the Prime Minister on the regulations of the national investment promotion program, state management of investment promotion, the national list of projects calling for foreign investment, etc.

FDI promotion policies for EU investors are shaped by the domestic institutional and legal framework on investment, according to which EU investors are granted market access similar to Vietnamese investors and investors from other countries, except for sectors and occupations with restricted market access or subject to conditions. The EU–Viet Nam Free Trade Agreement (EVFTA) and the EU–Viet Nam Investment Protection Agreement (EVIPA) commit to non-discrimination, transparency, and predictability, ensuring that policies promoting FDI from the EU into Viet Nam do not conflict with the commitments under the EVFTA and EVIPA.

### **3.2.2. Current situation of policies to promote FDI from the EU into Viet Nam**

*Developing strategies and directions to promote FDI from the EU:* Viet Nam has established a framework for promoting FDI from the EU based on the national strategic framework for attracting FDI, in which the focus is shifting toward high-quality FDI. This focus is consistent with the characteristics of EU investors. However, Viet Nam has not yet developed an overall strategy or plan for FDI promotion that is “customized” for the EU.

*Building the image and promoting investment in the EU market* has made progress, contributing to improving perceptions of Viet Nam within the European investment community. However, investment promotion has mainly relied on organizing events, conferences, and forums, which consume significant resources and are difficult to sustain long-term impact, while digital communication tools have not been fully utilized to their potential; there is also a lack of publications and promotional content specifically tailored for EU investors.

*Investment generation and maintaining relationships with EU investors* have been strengthened. There has been increased engagement and meetings between high-level leaders and leaders of EU corporations, especially during high-level visits to EU countries. Ministries, sectors, and localities have diversified forms and channels of outreach to EU enterprises. Efforts have been made to leverage the role of Viet Nam’s representative offices in EU countries to approach, establish relationships, and provide information on policies and the investment environment to EU businesses.

*Investment facilitation* has been implemented within the framework of administrative reform, improving the business environment, and implementing international commitments on transparency of investment procedures, including the EVFTA. The main tool used is the “one-stop, one-stop inter-agency” investment registration mechanism, contributing to increased transparency and reduced time and costs for EU investors.

*Aftercare* for investors has been increasingly emphasized and achieved certain progress. Provincial authorities have actively resolved many procedural difficulties; established task forces to handle investors’ petitions, etc. Nevertheless, aftercare services have not yet been systematic due to the lack of proactive investor relationship management (CRM), still carrying an administrative “ask–give” approach rather than a

service-oriented one; efforts to promote linkages with domestic enterprises have not been regular or in-depth.

*Policy advocacy and dialogue* with EU investors have been increasingly expanded and gradually deepened. In addition to general dialogue mechanisms with FDI enterprises, Viet Nam has specific dialogue channels with EU businesses such as EuroCham with 19 sectoral sub-committees playing a policy advocacy role, the EVFTA Committee, the Green Economy Forum & Exhibition (GEFE), etc.

### **3.3. EVALUATION OF POLICIES TO PROMOTE FDI FROM THE EU INTO VIET NAM**

Based on the theoretical framework and the system of criteria for evaluating FDI promotion policies developed in Chapter 2, the dissertation focuses on comprehensively evaluating policies to promote FDI from the EU into Viet Nam in order to clarify the achieved results, shortcomings and their causes.

#### **3.3.1. Relevance**

A synthesis of the assessment of the relevance of policies to promote FDI from the EU into Viet Nam from three perspectives—(i) Viet Nam’s socio-economic development direction and FDI attraction strategy; (ii) the international context and trends in EU investment policy adjustments; and (iii) the needs, priorities, and expectations of EU investors—shows that Viet Nam’s FDI promotion policies toward the EU are relatively relevant in terms of direction, as reflected in their alignment with socio-economic development directions and FDI attraction strategies. However, relevance remains limited in implementation and the ability to adapt to changes in the international environment. Priority sectors/target markets are not sufficiently clear, lacking segmentation and targeting of strategic EU investors; information and support are still limited and have not met the needs of EU investors.

#### **3.3.2. Coherence**

The synthesis of assessment results shows that the coherence of policies to promote FDI from the EU represents an important bottleneck, manifested in both external and internal coherence. The lack of synchronization with related policies in implementation leads to fragmented, overlapping messages and sometimes “competition” among FDI promotion and other sectoral promotion (trade, tourism, etc.). The lack of linkage and interconnection among constituent components results

in fragmentation of policies to promote FDI from the EU, while coordination among agencies in policy implementation remains limited.

### **3.4.3. Effectiveness**

The synthesis of evidence from secondary data, surveys of EU enterprises, and expert interviews shows that the effectiveness of policies to promote FDI from the EU is at a moderate level. Total registered FDI capital tends to increase mainly due to investment expansion, while newly registered capital has decreased and lacks stability; the project structure still leans toward small-scale projects and has not strongly attracted large, high-tech projects associated with ESG. The effectiveness of building an image and promoting the investment destination, investment sourcing, and policy advocacy has improved, but the “bottleneck” lies in the conversion and implementation stages, particularly administrative procedures, investment facilitation, and post-licensing support.

### **3.4.4. Efficiency**

Quantitative and qualitative evidence shows that policies to promote FDI from the EU into Viet Nam have achieved certain results in the context of limited resources; however, overall efficiency remains low due to dispersion, lack of measurement and monitoring, as well as the failure to optimize resource allocation. These limitations reduce the conversion rate from promotion activities into specific projects and affect the ability to attract high-quality FDI from the EU.

### **3.4.5. Long-term and sustainable impact**

The synthetic assessments based on evidence from secondary data, surveys of EU enterprises, and expert interviews shows that the long-term and sustainable impact of policies to promote FDI from the EU into Viet Nam remains modest, and has not significantly improved the quality of capital flows or supply chain linkages with domestic enterprises. To enhance long-term and sustainable impact, policies to promote FDI from the EU need to focus more on aftercare mechanisms, promoting value chain linkages, and leveraging dialogue channels to improve the investment environment, thereby enhancing the long-term impact on Viet Nam’s socio-economic development.

## **3.4. FINDINGS FROM THE EVALUATION OF POLICIES TO PROMOTE FDI FROM THE EU INTO VIET NAM**

### **3.5.1. Positive results**

*First*, policies to promote FDI from the EU have been implemented on the favorable foundation of Viet Nam–EU relations and the context of deep international economic integration. This is an important underlying condition for enhancing the effectiveness and efficiency of policies to promote FDI from the EU if these policies are well designed and implemented.

*Second*, policies to promote FDI from the EU have basically followed the directions for attracting FDI and the socio-economic development planning and plans. Although the degree of expression varies across different policy components, the overarching message of policies to promote FDI from the EU into Viet Nam has shifted from increasing quantity to improving the quality of FDI.

*Third*, policies to promote FDI from the EU have included most of the fundamental contents of investment promotion policies according to theoretical and practical frameworks worldwide. In particular, dialogue and policy advocacy are a positive highlight among the overall contents of policies to promote FDI from the EU, helping to strengthen EU investors' confidence, improve the business environment, thereby contributing to enhancing the effectiveness and efficiency of the policies.

*Fourth*, improvement of institution, business environment and public governance are fundamental for upgrading many contents of policies to promote FDI from the EU toward modern investment services.

### **3.5.2. Shortcomings**

*First*, the overarching shortcoming is the lack of an FDI promotion strategy or plan specialized for the EU market in the full sense of policy governance. Notably, market segmentation is not sufficiently deep; targeting sectors and groups of EU investors is not clear; and there is a lack of mechanisms to translate strategy into target portfolios, action plans and monitoring indicator sets.

*Second*, image building and investment destination promotion have not created a sufficiently strong position toward the EU in the direction of green growth, high technology, and sustainable supply chains. As a result, policies to promote FDI from the EU have not effectively fulfilled the core role of addressing information asymmetry.

*Third*, investment facilitation and aftercare are systemic weaknesses, reducing the efficiency and long-term sustainable impact of

policies to promote FDI from the EU.

*Fourth*, policies to promote FDI from the EU have not contributed significantly to improving the EU's position in the structure and quality of FDI in Viet Nam, especially in priority sectors nor have they fully exploited the strengths and potential contributions of FDI from the EU in implementing Viet Nam's development goals and directions.

### **3.5.3. Causes to the shortcomings**

**External causes:** *First*, the EU has increasingly stringent institutional frameworks and investment requirements regarding sustainable investment, ESG compliance and supply chain transparency. This requires policies to promote FDI from the EU to have strong implementation capacity, sector/value-chain-based promotion tools, standardized information, and high-quality support services. *Second*, the geo-economic context and supply chain restructuring increase competition for attracting FDI from the EU in the region. This clearly exposes the weakness of policies to promote FDI from the EU which have not created a distinctive advantage for Viet Nam, making it difficult to achieve breakthroughs in attracting high-quality EU FDI. *Third*, the heterogeneity among EU member states creates higher requirements for market and investor segmentation. If the EU is approached as a homogeneous bloc without a specialized strategy, policies to promote FDI from the EU will become dispersed.

**Internal causes:** *First*, the quality of institutions and policy implementation is a significant obstacle to policies to promote FDI from the EU into Viet Nam. Therefore, shortcomings of policies to promote FDI from the EU reflect weaknesses of the public governance and administration. *Second*, foundational factors of the economy still have been constrained (infrastructure, human resources, supporting industries, innovation capacity, etc.), making it difficult for policies to promote FDI from the EU to achieve effectiveness, efficiency, and long-term impact. *Third*, Viet Nam's directions for attracting FDI is rapidly shifting toward quality along with favorable factors from the EVFTA/EVIPA, but implementation tools and measurement mechanisms have not kept pace. When the directions changes but the implementation of policies to promote FDI from the EU continues with previous inertia, their effectiveness and impact cannot meet objectives and expectations.

**Internal causes of the policy itself:** *First*, the mindset of FDI promotion has been slow to innovate compared with the requirements of attracting high-quality FDI. Meanwhile, the EU requires a professional investment service-oriented promotion model. This is a direct cause leading to limitations in the consistency, effectiveness, and efficiency of many contents of policies to promote FDI from the EU. *Second*, there is a lack of strategic vision for promoting FDI from the EU, resulting in policies that have not clearly positioned the EU within Viet Nam’s overall investment partner network, nor clarified objectives, priority sectors/fields, and priority partners. *Third*, implementation capacity for promoting FDI from the EU has not met the requirements of attracting high-quality FDI. The FDI promotion apparatus is fragmented and coordination mechanisms are unclear. FDI promotion staff are limited in both quantity and qualification, particularly shortage of knowledge of EU regulations, skills of market data analysis and processing. There is a lack of data platforms and investor relationship management systems for EU investors, etc.

## **Chapter 4**

### **DIRECTIONS AND SOLUTIONS TO IMPROVE POLICIES FOR PROMOTION OF FOREIGN DIRECT INVESTMENT FROM THE EUROPEAN UNION INTO VIET NAM**

#### **4.1. CONTEXT AFFECTING POLICIES TO PROMOTE FDI FROM THE EU INTO VIET NAM**

##### **4.1.1. International context**

*First*, strategic competition among major powers is promoting the restructuring of supply chains, near-shoring and friend-shoring trends. Climate change and the green transformation are driving FDI flows into renewable energy, sustainable infrastructure, and green technologies. The global shift of FDI under the impact of the Fourth Industrial Revolution, digital transformation and green transformation create opportunities for Viet Nam to become a new EU production hub in the Asia–Pacific region.

*Second*, the EU’s investment strategies and policies are clearly shifting toward quality, sustainability, and economic security. This creates opportunities to strengthen the promotion of FDI from the EU into priority sectors of Viet Nam and sets high requirements for transparency, labor and environmental standards, and public governance.

To participate in EU supply chains, competition requires not only cost–market advantages but also the capacity to meet standards; in return, domestic linkages become higher quality when EU enterprises standardize suppliers according to ESG. Meanwhile, competition to attract FDI in the Asia–Pacific region is intense, creating additional pressure on Viet Nam to improve the quality and effectiveness of policies to promote FDI from the EU.

*Third*, the development of Viet Nam–EU relations on a solid foundation with the EVFTA and EVIPA encourages many EU enterprises to position Viet Nam as a strategic production base. This is an advantage of Viet Nam compared with many countries in the region that needs to be maximized to approach EU investors.

#### **4.1.2. Domestic context**

The renewal of the development model in line with the spirit of the Resolution of the 14th National Party Congress and fundamental shifting of Viet Nam’s FDI attraction strategy toward quality, efficiency and sustainability placing requirements on policies to promote FDI from the EU to move from “expanding quantity” to “improving quality,” from broad-based promotion to targeted promotion by sectors and specific partners. The institutional and legal environment still has limitations in terms of stability, consistency, and synchronization in implementation, affecting the confidence of EU investors. In addition, the quality of human resources, supporting industries, and innovation remains limited, affecting investment decisions of EU investors as well as reducing the spillover effects and linkages of FDI with the domestic economy. Viet Nam’s deep international integration, particularly through new-generation FTAs, creates an important foundation for policies to promote FDI from the EU; however, the use of this factor in promoting FDI from the EU has not been commensurate with its potential due to shortcomings in implementation capacity and policy coordination.

### **4.2. VIEWPOINTS AND DIRECTIONS FOR IMPROVING POLICIES TO PROMOTE FOREIGN DIRECT INVESTMENT FROM THE EUROPEAN UNION INTO VIET NAM**

**4.2.1. Viewpoints:** (i) Improving FDI promotion policies from the EU must be placed within the overall context of improving development institutions and international integration; (ii) Strongly innovate thinking, shifting from quantity-based promotion to improving the quality and

effectiveness of promotion; (iii) Closely linked to the goal of establishing a new growth model, restructuring the economy, and using science, technology, and innovation as the main driving force; (iv) Promote the State's role in creating and coordinating policies.

#### **4.2.2. Directions:**

*First*, policies to promote FDI from the EU need to shift from a dispersed approach to a strategic direction, clearly identifying target EU investors and prioritizing sectors where the EU has technological and governance advantages. *Second*, improving policies to promote FDI from the EU should be oriented toward closer alignment with international commitments and sustainable development standards. *Third*, strongly innovating the content and tools for promoting FDI from the EU toward professionalism and digitalization, focusing on overcoming weaknesses in performing core roles of providing information and supporting investors. *Fourth*, improving policies to promote FDI from the EU should be placed within the overall institutional reform framework. It is necessary to enhance the capacity of investment promotion agencies, strengthen inter-sectoral coordination mechanisms, and ensure consistency between FDI promotion and policies related to FDI.

### **4.3. SOLUTIONS TO IMPROVE POLICIES FOR PROMOTING FOREIGN DIRECT INVESTMENT FROM THE EUROPEAN UNION INTO VIET NAM**

#### **4.3.1. Developing a strategy or master plan for promoting FDI from the EU into Viet Nam**

##### ***4.3.1.1. Positioning the national investment brand***

In the context where EU investors increasingly value environmental, technological, governance, and institutional transparency factors, building a national investment brand in promoting FDI should focus on the following elements: safety, investor-friendliness, sustainability, high connectivity, a workforce that can quickly adapt to technology, and innovation. In addition, for EU investors, emphasis should also be placed on the factors of reliability (political–social stability, institutions, policies), green investment, and fast operations (administrative reform, procedural transparency).

##### ***4.3.1.2. Clearly identifying priority sectors***

Identifying priority sectors for promoting FDI from the EU should be based on: (i) national development goals and strategies; (ii) the

potential to increase value added and create the strongest domestic linkages; and (iii) areas where EU enterprises have outstanding advantages in finance, technology, and governance. It is also necessary to identify key projects to attract FDI from the EU within priority sectors, including only several truly national-level projects that, if EU FDI is attracted, would create...

#### ***4.3.1.3. Segmenting the EU market***

The EU market should be segmented into clusters of countries by geographic regions, with each cluster having similar strengths, potential, investment priorities, and business cultures. For each country or cluster, different approaches to FDI promotion are needed; for example, with Germany, emphasis should be placed on quality, reliability, technical capacity, and the ability to connect to global value chains; priority should be given to specialized seminars on manufacturing technology, new technologies, energy, etc.

Identifying target EU investors should not only be approached from a geographic perspective but also from the perspective of partners' ability to meet Viet Nam's FDI attraction objectives, directions, and requirements. Target or strategic EU corporations in priority sectors/fields may be selected from groups of leading global corporations, mid-sized corporations, and companies that are pioneers in technological fields, niche products, or rapidly developing new sectors.

### **4.3.2. Innovation of investment promotion and information**

#### ***4.3.2.1. Investment Promotion***

- Regarding promotional materials, in-depth reports should be compiled for priority sectors/sub-sectors in multiple EU languages depending on the market and target investors.

- Regarding the organization of FDI promotion delegations, the focus should be on the quality of interaction, good preparation of information and content, clearly identifying objectives, expected outcomes, and priority EU partners for promotion. Each delegation should select only a few priority sectors and/or a few target EU corporations. High-level promotion delegations should be organized to key economic regions and centers of the EU with private meetings and narrowly specialized workshops with target EU corporations.

- Consider establishing a “Viet Nam–EU Investment Ambassador Network” to leverage EU enterprises that have successfully invested in Viet Nam to provide practical information about investment potential, opportunities, and prospects in Viet Nam.

- Maximize the advantages of the network of Viet Nam’s diplomatic missions, consular offices, investment promotion offices, and trade offices in EU countries in market research and direct, regular engagement with target EU corporations.

#### ***4.3.2.2. Promoting digital transformation***

- Promptly develop a multilingual “National Investment One-Stop Portal” based on the integrated and unified functions of information provision, administrative procedure processing related to investment, necessary databases for investors, and a highly interactive system for receiving and responding to investor inquiries, connected and interoperable with national portals, ministries, sectors, and localities.

- Develop interconnected platforms for information sharing and FDI databases between central and local state agencies. Strengthen the use of digital technology in managing relationships with EU investors.

#### **4.3.3. Improving the quality of aftercare for EU investors**

- It is necessary to develop and implement a professional and systematic investor care program throughout the investment lifecycle, including two packages: (i) basic care for all investors; and (ii) dedicated care for target FDI investors implementing projects with wide spillover impacts.

- Standardize investment services through “service level agreements” (SLAs) to affirm commitments to EU investors regarding transparency and consistency in handling investment-related procedures. Hire consultants to develop several dedicated service packages to support compliance with ESG, CBAM, green electricity regulations, etc., in Viet Nam.

- Establish a unit or designate focal-point officers specializing in the EU (EU Desk) at the Foreign Investment Agency and the two Investment Promotion, Information, and Support Centers in the North and South, serving as the “national focal point” for supporting EU investors. Accordingly, the EU-specialized unit at the Foreign Investment Agency would provide support at the policy level; the EU-specialized units at the two regional centers would

act as the “national focal point” for caring for and supporting key/important EU projects in their respective regions; localities, industrial parks, and export processing zones would support the remaining EU investors.

- Consider establishing a Systematic Investor Response Mechanism (SIRM) to monitor and manage complaints arising between EU investors and state agencies to minimize the escalation of complaints into international investment disputes.

- Build a high-quality database of potential suppliers in Viet Nam. Implement targeted FDI promotion programs to attract capable foreign suppliers in stages or segments where Vietnamese enterprises still have significant technological gaps compared with foreign enterprises.

#### **4.3.4. Improvement of institutions and policies related to policies for promotion of FDI from the EU into Viet Nam**

A good institutional environment needs to ensure transparency, predictability, and efficiency in the legal framework and public administration. Several solutions should be implemented to overcome “institutional bottlenecks” that directly affect policies to promote FDI from the EU, including: reducing institutional uncertainty due to inconsistent regulatory changes and implementation guidance; increasing transparency of incentives and eligibility conditions for EU projects associated with ESG standards, transparency, and good governance; and accelerating administrative procedure reforms to increase the conversion rate of EU investors into actual projects.

#### **4.3.5. Improving the capacity to implement policies for promotion of FDI from the EU**

##### ***4.3.5.1. Organizational structure***

Consider separating the FDI promotion function from the state management function on FDI of the Foreign Investment Agency to create a basis for this agency to apply organizational and governance models with greater autonomy, flexibility, and adaptability, thereby helping to implement FDI promotion more professionally and effectively. At the local level, provincial FDI promotion agencies should be organized according to a model performing three functions: investment promotion, a one-stop inter-agency mechanism for handling procedures for investors, and investor consulting and support.

#### ***4.3.5.2. Coordination mechanisms***

Develop coordination mechanisms among IPAs at the central and local levels; periodically organize dialogues and coordination meetings between the Foreign Investment Agency and ministries, sectors, and localities on FDI promotion to synchronously implement investment promotion programs and plans.

Clearly decentralize and assign functions and responsibilities among FDI promotion agencies. The Foreign Investment Agency should focus on marketing, information provision, support, advocacy, and policy dialogue during the approach and investment attraction stages, with the main targets being new investors and large EU corporations. Local FDI promotion agencies should focus on providing information services and post-licensing care for investors operating in their localities.

Combine FDI promotion with trade and tourism promotion toward unified national messaging, priority project lists, and implementation plans. For the EU market, consider piloting an integrated promotion unit model in Germany and France to optimize budgets and human resources, avoiding overlap in FDI, trade, and tourism promotion activities in the EU.

#### ***4.3.4.3. Human resources***

Build a professional FDI promotion workforce at all levels with standardized skills and expertise. Prioritize strengthening legal capacity and investment administrative services; communication and investment marketing capacity; communication skills in an international environment; and investment promotion management capacity. Developing a capable FDI promotion workforce requires synchronized solutions in recruitment, training, capacity building, and policy regimes, especially adequate and flexible salary mechanisms aligned with an autonomous model.

#### ***4.3.4.4. Financial resources***

Consider increasing appropriate budgets for the Foreign Investment Agency and local FDI promotion agencies along with reforming financial mechanisms toward greater autonomy. Establish mechanisms allowing FDI promotion agencies to hire or contract professional consulting and promotion organizations and companies to conduct market research, approach large corporations, and organize promotion campaigns targeting priority sectors/fields that require in-depth sectoral expertise.

## CONCLUSION

Contributions of the dissertation: (i) Theoretically, the dissertation contributes to clarifying the approach to policies for promoting FDI from the EU as a policy system operating along the investment lifecycle. (ii) In terms of methodology, the Dissertation evaluates policies based on OECD criteria adapted appropriately to the assessment of FDI promotion policies. (iii) In terms of practice, through assessing the current situation of policies to promote FDI from the EU into Viet Nam, the Dissertation identifies that the main limitations of these policies lie in the strategic level, the linkage of policy contents into a unified system, and policy implementation capacity, thereby proposing solutions to overcome these limitations.

However, due to limitations in access to micro-level data, the dissertation has not fully quantified certain aspects of efficiency and impact in evaluating policies to promote FDI from the EU. The dissertation has not surveyed EU enterprises that have not yet invested or are considering investing in Viet Nam; therefore, it has not fully assessed or measured the effectiveness and efficiency of some policy contents for promoting FDI from the EU, especially in building the investment destination image, investment promotion, and investment sourcing.

Based on the research results, the dissertation suggests several directions for future research: (i) Studying and evaluating factors affecting and the decision-making mechanisms of EU enterprises' investment in Viet Nam through surveys of EU enterprises that have not yet invested or are considering investing in Viet Nam. (ii) Conducting comparative research on FDI promotion policies from the EU within ASEAN to draw lessons on organizational models, data, coordination, and investment services. (iii) Researching and developing a comprehensive set of criteria and methods for evaluating FDI promotion policies to serve as a basis for monitoring and assessing the contents, tools, and overall FDI promotion policies.

**LIST OF PUBLISHED SCIENTIFIC WORKS  
RELATED TO THE DISSERTATION TOPIC**

1. Nguyen Hoai Nam (2020), “The global shift of investment and supply chains and policy implications for Viet Nam”, *Proceedings of the 7th Conference on International Economic Cooperation and Integration (CIECI): Trade and Investment Facilitation in the Context of Global Upheaval*, pp. 153–158, Science and Technics Publishing House.
2. Nguyễn Hoài Nam (2020), “Trends in the shift of global investment and supply chains under the impact of the COVID-19 pandemic and implications for Viet Nam”, *Communist Review*, electronic edition.
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