

INTRODUCTION

1. Rationale of the Doctoral thesis

In the current trend of international economic globalization and strongly developed technological revolution, foreign direct investment plays an important role in economic development of each country, especially in developing countries which including Vietnam. Hai Phong is a port city located in the northern important economic development triangle of Hanoi - Hai Phong - Quang Ninh, an important traffic hub for domestic and international economic exchange. The participation of foreign-invested economic sector has stimulated synchronous development, improved economic development structure, gradually completed socio-economic infrastructure and provided jobs to local workers and others, making a considerable contribution to the budget revenue of Hai Phong city. However, in fact, the efficiency of attracting and using foreign direct investment capital in Hai Phong is still not commensurate with potentials and advantages, has not met development requirement, capital use is not efficient, investment environment is not attractive, legal environment is non-synchronous, still in finalization, the State management should be improved, administrative procedures are still troublesome and irregular. Therefore, the study on the thesis's title "Improving the efficiency of attracting and using foreign direct investment capital in Hai Phong city" is a significant matter with scientific and practical meaning, helping Haiphong City to properly appreciate current situation of the efficiency of attracting and using FDI capital in order to find solutions, overcome weaknesses and improve the efficiency of attracting and using FDI capital in the next period of time.

2. Objectives of study

The basic objective of the thesis is: to study basic theoretical issues of FDI, the efficiency of attracting and using FDI capital in terms of macro management by host country and locality; to study the efficiency of attracting and using FDI capital reality in Hai Phong city in 2005 – 2015 period; From that theoretical and practical basis, the thesis analyzes, comments and assesses achievements and limitations in the efficiency of attracting and using FDI capital in Hai Phong and identifies causes; to study experience on the efficiency of attracting and using FDI capital by some countries and some localities which have got success in this regard, thus, drawing lessons and possibilities for application in Vietnam and Hai Phong; to recommend the systems of synchronous solutions to improve the efficiency of attracting and using FDI capital in Hai Phong city to 2020, toward 2030.

3. Object and scope of study

Research object: The research subject of the thesis is the theory and practice of foreign direct investment efficiency in Hai Phong city in terms of macro management of FDI receiving country and locality

Research scope

+ Content: The thesis focuses on issues related to the efficiency of attracting and using FDI capital in terms of macro management of host country and locality with theoretical contents on the efficiency of attracting and using FDI capital, assessment criteria system of the efficiency of attracting and using FDI capital

+ Time: The thesis focuses on reality of the efficiency of attracting and using FDI capital in Hai Phong city in 2005 – 2015 period, solutions to improve the efficiency of attracting and using FDI capital in Hai Phong to 2020, toward to 2030

+ Space: The thesis focuses on the efficiency of attracting and using FDI capital in Hai Phong city

4. Research methodology

The thesis uses methods of scientific thinking, statistical analysis, comparison, synthesis and analysis, scientific expert and inheritance, investigation, expert interviews, FDI managers, FDI enterprises in Hai Phong and questionnaire survey and direct interview.

5. Scientific and practical significance of the thesis

- Scientific significance: Systemize theory of the efficiency of attracting and using FDI capital: concept, characteristics, contents and factors affecting the efficiency of attracting and using FDI capital, build system of criteria for assessing the efficiency of attracting and using FDI capital in the locality.

- Practical significance: Based on the assessment of the efficiency of attracting and using FDI capital in Hai Phong city in 2005-2015 period, the thesis has shown positive results in FDI attraction and use in Hai Phong city as well as limitations and causes of such restrictions. The thesis's assessments will help researchers and managers in Hai Phong city to have a comprehensive and overall view on the efficiency of attracting and using FDI capital in Hai Phong city

From reality of the efficiency of attracting and using FDI capital in Hai Phong city and experience on the efficiency of attracting and using FDI capital in some countries, provinces and cities of Vietnam, the thesis proposes solutions and recommendations under roadmap to 2020, vision to 2030. Solutions are built on the basis of theory, practical experience and practical situation in Hai Phong city.

6. Structure of thesis: The thesis is composed of 4 chapters

Chapter 1: Literature review

Chapter 2: Theory of the efficiency of attracting and using foreign direct investment capital and practical experience

Chapter 3: Current situation of the efficiency of attracting and using foreign direct investment capital in Hai Phong city

Chapter 4: Solutions to enhance the efficiency of attracting and using foreign direct investment capital in Hai Phong city by 2020 with a vision to 2030.

CHAPTER 1

LITERATURE REVIEW

1.1. GENERAL INTRODUCTION

The scientific research requires an overview of the research situation, practical basis of the efficiency of attracting and using FDI capital in Hai Phong city as a basis for presenting and proposing solutions to improve the efficiency of attracting and using FDI capital in Hai Phong.

1.2. RESEARCH PROJECTS RELATED TO THE THESIS

In Vietnam as well as in the world, researches related to FDI are always a lot. This field has been studied by many authors in curriculums, monographs, thesis, municipal level and ministerial-level scientific projects. The thesis analyzes domestic and international researches on FDI, including 6 domestic monographs, 5 foreign books, 11 doctoral thesis, and 2 ministerial and disciplinary subjects.

1.3. "GAP" FOR ISSUES IN NEED OF STUDY

With an economic view, from macroeconomic perspective of host countries, the PhD candidate finds that no author has studied theory and reality of the efficiency of attracting and using FDI capital in Haiphong, since then propose solutions to improve the efficiency of attracting and using FDI capital systematically, completely and precisely. This is a gap which the thesis can conduct a research.

1.4. RESEARCH QUESTIONS AND THE DIFFERENCES OF THE THESIS FROM PRIOR RESEARCHES

1.4.1. Research question

Research questions of the thesis include:

1. What is the efficiency of attracting FDI capital, what is the efficiency of using FDI capital, which contents and features does it include?
2. What are factors influencing the efficiency of attracting FDI capital, the efficiency of using FDI capital?
3. What are criteria to evaluate the efficiency of attracting FDI capital, the efficiency of using FDI capital?
4. How is reality of the efficiency of attracting FDI capital, the efficiency of using FDI capital in Hai Phong in 2005 – 2015 period?
5. What are socio-economic development orientations and objectives as well as FDI capital attraction orientation of Hai Phong city to 2020, vision to 2030?
6. Propose solutions and recommendations to improve the efficiency of attracting and using FDI capital in Hai Phong to 2020 with a vision to 2030?

1.4.2. Differences of the thesis from previous studies

1.4.2.1. Theoretically

The new point of the thesis is to clarify the theory of the efficiency of attracting and using FDI capital in the locality from macro management perspective of the receiving country. Theoretically, the thesis will:

- Define concept, characteristics and content of the efficiency of attracting and using FDI capital
- Research factors affecting the efficiency of attracting and using FDI capital
- Build a system of qualitative and quantitative criteria to evaluate the efficiency of attracting and using FDI capital in the locality

1.4.2.2. Actually

The thesis evaluates overview of Hai Phong city, highlights advantages and disadvantages of Hai Phong city in the efficiency of attracting and using FDI capital; Analyzes and assesses the efficiency of attracting and using FDI capital in Hai Phong city. Based on theory and practice, the thesis affirms that improving the efficiency of attracting and using FDI capital in Hai Phong needs a combination of scale and quality and efficiency rather than attraction at all costs. Thus, the thesis has developed a system of views and proposed appropriate solutions to improve the efficiency of attracting and using FDI capital in Hai Phong city by 2020 with a vision to 2030.

CHAPTER 2

THEORY ON THE EFFICIENCY OF ATTRACTING AND USING FOREIGN DIRECT INVESTMENT CAPITAL AND PRACTICAL EXPERIENCE

2.1. BASIC ISSUES OF THE EFFICIENCY OF ATTRACTING AND USING FOREIGN DIRECT INVESTMENT CAPITAL

2.1.1. Foreign Direct Investment

2.1.1.1. Concept

From the research, the PhD candidate can introduce the most general concept of FDI as follows: "Foreign direct investment (FDI) is the form of investment in which the foreign investor invests wholly or in large part of capital into projects that seek to govern and directly govern objects they invest"

2.1.1.2. Characteristics

FDI has the following major characteristics: FDI is associated with transfer of money and assets between countries, FDI is made mainly by private capital, FDI is carried out in various forms (form of entry, capital participation in project, investor's purpose), the foreign investor is the complete owner (100% investment capital) or the co-owner (establishment of joint venture or capital contribution by stock purchase), FDI is often accompanied by training, transfer, use and management of modern technology and techniques, acquisition of advanced management methods, TNC plays an important role in FDI, FDI is always exposed to potential risks in host country, such as exchange rate risk, political risk, operating policies of economy, market ...

2.1.1.3. Impact of FDI for the host country – case of developing countries

a, Positive impact

FDI is an important source of capital that helps developing countries to overcome long-term shortage of capital, foreign direct investment also plays an active role in transforming the country's economic structure towards industrialization, changing sectoral economic structure, FDI creates a spillover effect in the host economy, FDI contributes significantly to development of skilled and highly qualified human resources, creating more jobs. Foreign direct investment (FDI) facilitates expansion of export markets for receiving countries mainly through branches of foreign companies or TNCs, FDI has payment balance effect.

b. Negative impacts

In addition to the positive impacts on socio-economic development process of receiving country, FDI also has the following negative impacts: Causing long and lasting consequences of environmental pollution; Causing wasteful use of land, loss of national and public assets, especially agricultural land; Causing a potential threat to national security; Turning developing countries into obsolete technology and machine dumping grounds, incurring huge financial losses for recovery and replacement, prolonging the backward and inefficient economy; Inequality and regional imbalance; Many FDI enterprises invest in snapshot, low pay or violation of labor protection requirements; As well as remaining situation that foreign-invested enterprises connect with each other to cause price squeeze, market manipulation, bribery, increasing corruption ... harming workers interests, consumers and macroeconomic stability; MNCs take advantage of differences in tax policy, international payment regime, etc., to carry out price transfer.

2.1.1.4. FDI Forms

Basic forms of FDI include: Business Cooperation Contract (BCC), Joint venture, 100% foreign owned enterprises, Private Public Partner (PPP), M&A

2.1.2. The efficiency of attracting FDI capital

2.1.2.1. Concept of the efficiency of attracting FDI capital

The efficiency of attracting and using FDI capital is overall reflection of the increase in volume and value of FDI projects registered, implemented in investment capital receiving countries in specific circumstances, in line with socio-economic development and FDI attraction plan of receiving localities, regions and countries

2.1.2.2. The efficiency of attracting and using FDI capital contents:

FDI attraction is a work undertaken prior to implementation of FDI project and its object is the hostZ country. FDI attraction process includes investment promotion, improvement of investment environment and preferential policies, foreign investor support such as exemption of corporate income tax, equipment, material import tax, land rental exemption and reduction, site clearance cost support. With this approach, researchers and planners often conduct assessment and comparison of FDI attraction policies of their countries and localities with other countries and localities in order to adjust and create competition advantages to increase capital inflows.

According to the concept of the efficiency of attracting FDI capital as above, it can be seen that the basic content of the efficiency of attracting FDI capital is quantity and scale of FDI projects, investment partners in line with sector plan and development orientation of regional, territorial and local governments.

FDI attraction into localities should avoid running after scale, speed and attract at all costs. It is necessary to assess the efficiency of attracting FDI capital in parallel with FDI capital using efficiency for sustainable development, firmly and properly handling the relationship between economic growth and environmental protection and raising people's life

2.1.2.3. Features of the efficiency of attracting FDI capital

The efficiency of attracting FDI capital has the following characteristics: the efficiency of attracting FDI capital is a subjective concept of people, is a "dynamic" concept; It is regardless of from large or small investors from developed or developing countries; the efficiency of attracting

FDI capital often takes into account investment in capital-intensive sectors, less labor-intensive projects or use of mineral resources or use of more energy; the efficiency of attracting FDI capital is usually form of new investment (GF) rather than M&A; the efficiency of attracting FDI capital must be closely linked to the investment plan, socio-economic development objectives and orientation of the host country.

2.1.3. The efficiency of using FDI capital

2.1.3.1. The efficiency of using FDI capital

The efficiency of using FDI capital includes effects brought about by use of investment capital. The the efficiency of using FDI capital is manifested in the economic efficiency resulting from use of investment capital (quantified through economic and financial indicators) and social effects. (Can be quantified and not).

2.1.3.2. Concept of the efficiency of using FDI capital on the view of receiving countries

Use of FDI includes areas of work done from the commencement, development, performance until completion of the project. Performers are FDI enterprises.

On the basis of macroeconomic management of host country, the efficiency of using FDI capital is the economic efficiency and social efficiency of FDI to the investment receiving country.

Thus, when evaluating the efficiency of using FDI capital on the basis of the receiving country, it is necessary to consider its impact on economy and society of the host country, whether or not it creates high added value, improves technology capacity, creates jobs, improves living standards of workers, and affects environment of the host country, because FDI is not just capital, but also knowledge, technology, management qualification

2.1.3.3. The efficiency of using FDI capital content

The efficiency of using FDI capital on perception of receiving countries is taken into consideration in terms of macroeconomic management, including economic efficiency of FDI and social efficiency of FDI.

2.1.3.4. Characteristics of the efficiency of using FDI capital

Firstly, the efficiency of using FDI capital for the host country is assessed on the basis of use of capital by FDI enterprises, which has significant economic and social impacts on the host country. .

Secondly, the efficiency of using FDI capital must be closely linked to the effect, spillover effects on domestic country's economy.

2.2. CRITERIA FOR EVALUATING THE EFFICIENCY OF ATTRACTING AND USING FDI

2.2.1. Criteria for assessing the efficiency of attracting and using FDI capital

2.2.1.1. Quantitative criteria: Three criteria: total FDI in total social investment, total FDI per capita and total realized FDI compared to registered FDI

2.2.1.2. Qualitative criteria: Five criteria: to which sectors and fields is attracted? Is it suitable with the planning, potential advantages of receiving locality and country? From which country is FDI attracted? Are they potential for finance, technology; which form of investment is FDI attracted to? Is it in line with investment orientation of receiving nation, locality; Contribution of attracted FDI

to the sector and internal sector economic structure movement; Comparing number of FDI projects and size of FDI projects attracted by specific phases

2.2.2. Criteria for assessing the efficiency of using FDI capital

2.2.2.1. Quantitative criteria

a. Evaluation of economic efficiency of FDI: Added value of FDI area, FDI area's contribution to economic growth, ratio of investment capital and economic growth of FDI area, labor productivity in FDI area, export value ratio of FDI area with total export value, export value ratio of FDI area with implemented FDI, Budget collection ratio of FDI with executed FDI

b. Evaluation of social efficiency of FDI: Ratio of employees working in FDI area to the total local labor, income increase rate of workers in FDI area

2.2.2.2. Qualitative criteria

a. Evaluation of economic efficiency of FDI: The connection between domestic and foreign enterprises in the global value chain and supporting industries development; Improvement of technology capacity of receiving country.

b. Evaluation of social efficiency of FDI: FDI project impacts on environment, resources, waste treatment.

2.3. FACTORS AFFECTING THE EFFICIENCY OF ATTRACTING AND USING FDI CAPITAL

2.3.1. Factors affecting the efficiency of attracting FDI capital

2.3.1.1 Objective factors: Strategic motivation of investors, investors' capacity, foreign investment promotion activities, regional economic integration.

2.3.1.2. Subjective factors: Economic-political-social stability, infrastructure; Flexibility and attractiveness of the system of foreign investment encouragement policies; Policies, tools, administrative procedures of local governments on investment and investment license; Investment plan with foreign direct investment of receiving localities, countries, purchase strength of the domestic market; Foreign investment promotion

2.3.2. Factors influencing the efficiency of using FDI capital: Development of domestic supporting industries; Legal environment; Human resources quality

2.4. EXPERIENCE IN ATTRACTION AND USE OF FDI

The thesis has analyzed experience of some countries in the world: China, Thailand and some localities in Vietnam: Da Nang, Ha Noi and Ha Tinh to draw lessons, success as well as limitations in FDI attraction. Accordingly, lessons for Hai Phong in the efficiency of attracting and using FDI capital are: creating a stable economic and social-political environment and strengthening the role of local government; Continuing administrative reform, building a simple and efficient FDI management apparatus; Concentrating on developing material and technical infrastructure to create favorable conditions for foreign investors; Strengthening support services to attract FDI; Focusing on planning and stepping up investment promotion activities; Actively selecting suitable projects, foreign investors and technology; Developing local industries on the basis of both cooperation and

competition with transnational companies; Fully exploiting strategic geographic location in FDI attraction; Training local high-quality human resources.

CHAPTER 3

CURRENT SITUATION OF THE EFFICIENCY OF ATTRACTING AND USING FOREIGN DIRECT INVESTMENT CAPITAL IN HAI PHONG CITY

3.1. HAI PHONG - POSITION, POTENTIALITY IN ATTRACTING FDI

Hai Phong is a centrally-governed city - national class 1 urban, the largest port city in the country. Its estimated GDP in the 5 years 2011-2015 on average increased by 9.07%, maintaining an increase of nearly 1.5 times over the whole country, GDP proportion of industrial, construction and service industries increased from 90.3% in 2011 to 92.37% in 2015. This is a very important advantage of the city in attracting foreign direct investment.

3.1.1. Geographic location and resources

3.1.1.1. Strategic geological location

Hai Phong is a coastal city, located on the East of the Northern Coast, 102 km from Hanoi to the South-East. Not only to Vietnam, Hai Phong port also plays an important role in economic exchange with southern provinces of China such as Yunnan and Guangxi. From its important role in the development of country, Hai Phong Port is defined as a gateway to the sea of the northern provinces and further expanded into a gateway port of Vietnam.

3.1.1.2. Resources

Hai Phong has abundant resources including: marine resource, forest resource, tourism resource.

3.1.2. Human Resource

Regarding labor norms: The labor force aged 15 and above in 2015 was about 1,138,820 people, accounting for 59.15% of population of the city. Haiphong's population structure is "young population", providing a plentiful and sustainable source of labor in the future.

Regarding percentage of trained workers: The rate of labor force aged 15 and above who are working in the economy and trained in Hai Phong during 2011-2015 increased steadily over years, from 23.6% in 2011 to 27.59% in 2015. The educational level of Haiphong is relatively high, has been gradually increasing level of education for people at school age

3.1.3. Technical infrastructure

With a total investment of over US \$ 4.1 billion, Hai Phong city has a very diversified and synchronous infrastructure system, with all types of transportation, including land, inland waterway, railway and seaway

3.1.4. System of administrative services, legal services, banking and financial services.

Measures to reduce administrative procedures, build one-stop division and one-stop government model rank Hai Phong the second of 63 provinces. The implementation process at Hai Phong Department of Planning and Investment has made a reduction of over 40% of performance time. The city has a quite synchronous social infrastructure with system of banks, insurance

services, entertainment centers, trade centers, apartments and advanced offices of international standards, meeting to all requests of tourists and foreign investors

3.1.5. Haiphong's FDI attraction policy over time

Hai Phong has promulgated many preferential policies on taxes for enterprises in the economic zone: corporate income tax, personal income tax, export tax, added value tax, special income tax and action programs and resolutions to increase attraction and use of FDI

3.1.6. PCI Index of Hai Phong city

In 2007 – 2015 period, compared to the 10th point scale, Haiphong has only achieved an average of 5 to 6 points, the highlight in PCI component criteria of Hai Phong is market entry (7.35 - 8.56) but the dynamics have the lowest score (> 4). Comparison of PCI of Hai Phong with other provinces in the Red River Delta, Hai Phong's PCI is almost equivalent to Nam Dinh and Hai Duong. As can be seen, there is no clear distinction between Haiphong and the localities with the lowest PCI while there are significant differences with the largest PCI cities in the Red River Delta.

3.2. REALITY OF FDI ATTRACTION INTO HAI PHONG CITY EFFICIENCY

3.2.1 the efficiency of attracting FDI capital through comparison of project number and investment scale over time

a. 1989 – 1998 period

FDI flows to Hai Phong city increased sharply between 1994 and 1997 with the peak of 1997. Although in 1992, total registered FDI in Hai Phong was large, mainly due to Hai Phong – Chifon Cement Project with a total capital of \$ 283 million in total \$ 330.33 million.

b. 1998 - 2002 period

Due to the financial crisis in the region (1997), this is the most difficult period for attracting FDI. FDI has shown signs of recovery since 2001, especially in 2002, there were 25 new projects with a total registered capital of \$ 42,854,231. This represents an increase of 78.5% in number of projects and 39% in total capital compared to 2001. By the end of 2002, 15 FDI projects were licensed in Hai Phong with total registered capital of about \$ 1.8 billion. The average rate of attraction is approximately 20% per annum (higher than the national average). Particularly, in some year, the registered capital increased 2.3 times to the previous year.

c. 2005 - 2015 period

From attracting limited FDI (in 2009, Hai Phong attracted only US \$ 29 million), by 2013, Hai Phong risen to the second position with a total capital of 2.5 billion USD. In 2014, Hai Phong ranked the seventh out of 63 provinces and cities with FDI inflows in Vietnam with a total FDI inflow of \$ 1.1 billion. As of 2015, there are nearly 500 valid projects with nearly \$ 12 billion invested in Hai Phong.

Thus, comparing with the previous periods: 1988 - 1998 and 1999 - 2005, in 2005 - 2015 the efficiency of attracting FDI capital strongly increased in the number and size of registered projects. Large-scale projects are increasing, if the previous stage, the average capital for a project was 5 million USD, since 2005 onwards, the average capital / project on has reached \$ 10 million/project and especially after 2010 has increased to over \$ 50 million / project.

3.2.2. Investment partner

At present, FDI projects in Hai Phong are present in more than 30 countries and territories. The leading country investing in Hai Phong is Japan (124 projects, registered capital: 3853.8 million USD), the second is Korea (65 projects, registered capital: 3125.2 million USD). Investment capital in Hai Phong comes mainly from countries with new industrial countries in Asia: Hong Kong, Korea, Taiwan, Singapore and Japan. Western European and North American countries have invested in Haiphong not very much, focusing on trade and service sectors, mainly on exploiting the domestic market.

3.2.3. Investment lines

Production and fabrication are the most attractive sectors of foreign investment (302 projects with total capital of up to 2880.59 million USD), real estate business ranked the second (32 projects with total capital of \$ 814.88 million), followed by warehouse, yard shipping, accommodation and catering. In addition, some sectors have registered FDI capital but do not have executed FDI capital such as administrative and support services (1 registered project with a capital of US \$ 1.25 million), health and social relief (1 project with registered capital of 0.37 million USD), other sectors such as agriculture, forest and aquaculture; mining industry; finance, banking and insurance sectors have no registered project. If in the previous phases, the projects focus on exploiting domestic market, recently, investors pay more attention to processing, export product projects, especially ones employing a lot of workers, cheap labor. Trade, tourism and services get little attention. Compared with the socio-economic development plan of Hai Phong city from 2001 to 2020 (Annex 5 and 6), job and business line structure in attracting FDI has reflected and followed socio-economic development orientation in the direction of industrialization and modernization, in order to exploit all potentialities and advantages to build Hai Phong into a modern port city with focus on developing industry and service, high density in GDP.

3.2.4. Form of investment

2015 had 417 valid FDI projects in Hai Phong, including the following investment forms: joint venture enterprises, 100% foreign capital enterprises and business cooperation contracts. By the end of 2015, the form of investment through establishment of 100% foreign capital enterprises dominated (77.07%), joint venture enterprises accounted for a negligible proportion (22.81%) and business cooperation contracts accounted for 0.12% of total FDI registered in Hai Phong. The business co-operation contracts, joint ventures reduced because of the fact that these forms remain many disadvantages for investors and do not permit the establishment of new legal entities, so that the foreign partners have less control and management over subjects of their investment or the joint venture process often arise conflict of interest between investment partners

3.2.5. FDI contribution to the economic structure shift of the sector and the internal sector in Hai Phong

FDI in industry accounts for 70.54% of total effective FDI, contributing positively to the overall economic restructure of the city and the internal structure of the industry, especially in processing and fabrication. Not only growing fast in capital, FDI enterprises also invest in new fields such as automobile parts, industrial robots, steel pipes, electric cables, leatherette, safe gas bags, wind electronic generating turbines, medicine, photocopier, office stationeries... In the service

sector, the FDI area has also had positive impacts on internal restructure in the direction of increasing the advantage service sectors like port, maritime, shipping.

3.2.6. Some quantitative criteria to assess the efficiency of attracting FDI capital

3.2.6.1. Share of realized FDI in total social investment

In 2004 – 2012 period, the investment capital of FDI area was much lower than that of the SOEs in the non-state enterprises, with an average of 14% of the total social investment capital but constantly increased in the general trend of total social investment. However, 2013 - 2014 period marked the strong breakthrough of FDI capital, rapid increase nearly to the investment capital of domestic and non-state enterprises, accounting for more than 30% of total investment capital of the whole society in 2014. In 2015, the investment capital of the FDI area continued to increase, accounting for the highest rate (31.53%), while the investment capital of SOEs decreased sharply.

3.3.6.2. Total realized FDI compared to total registered FDI in Hai Phong

In 2005 and 2006, the ratio of realized capital to registered capital of Haiphong reached the highest rate of nearly 50%. However, in 2007 - 2011, this rate declined very fast, which indicated a decrease of FDI actually put into production. 2012 marked the return of FDI in Hai Phong, up to 47.08%. Recently in 2013-2015 period, the realized capital ratio decreased significantly, showing a large difference in the registered capital of investors and the capital actually put into production and business. Compared with Hanoi city, ratio of realized FDI to registered FDI is higher than that of Hai Phong, with an average of over 60%, with over 100% in years (2009, 2010). The reason is, Hanoi is capital, socio-cultural-economic center of the country, but Haiphong, with the advantages of seaports, the proportion of realized FDI and registered FDI is low - 28,85%.

3.3.6.3. Registered FDI per capita

Hai Phong's registered FDI per capita reached a good result, with an average of USD 551,992 per capita in 2011-2015 period, however, this was changed always due to change in registered FDI. Compared to Hanoi, the registered FDI per capita of Hanoi is 191.40652 USD/person, compared to 551,992 USD / person in Hai Phong, the difference is quite high. The reason is because the population of Hai Phong is low, only a quarter of Hanoi. Compared with Hanoi, the third place in the country in terms of attracting FDI, it can be seen that the efficiency of attracting FDI capital in Hai Phong has been satisfactory in terms of quantity.

3.3. REALITY OF THE EFFICIENCY OF USING FDI CAPITAL IN HAI PHONG CITY

3.3.1. Economic efficiency of FDI in Hai Phong

3.3.1.1. Added value of FDI area in Hai Phong

In 2005 – 2015 period, the added value of FDI area in Haiphong increased steadily, which showed that the economic efficiency of FDI had a clear trend of increase. If in 2005, the FDI area's VA was only 3121.1 billion VND, 10 years later, this number increased by 8 times, to 24237.5 billion. Especially, in 2010 – 2015 period, the added value of FDI area increased faster than the previous periods, from 8869.5 billion in 2010 to 24237.5 billion in 2015. However, the added value of FDI accounted for a small proportion compared with that of the state and non-state in Hai Phong, more than half of the added value of the public sector, and about one third of non-state sector.

3.3.1.2. Contribution of FDI area to economic growth of Hai Phong city

The FDI area has contributed positively and quite stably to the growth and development of Hai Phong over years. In 1995, the FDI area accounted for only 1.6% of the city's total GDP, in 1998, this rate rapidly increased to 11.2%, in 1999 it reached 13.4% and in 2000 it increased to 14.9%. Since 2001, the FDI area has had quite stable contributions to GDP growth of the city, with an average of 17.96% in 2005-2015 period. Since FDI increased sharply in Hai Phong, Hai Phong's growth rate has clearly improved. The growth rate was from 5.1% in 1990 to 10.64% in 2002. As a result, the city's average GDP growth rate was approximately 9%, which is an important part of the FDI area.

3.3.1.3. ICOR coefficient of FDI area in Hai Phong

ICOR of FDI area in Hai Phong is lower than the ICOR of the whole city and the whole country. If ICOR is in the range of 3 to 4, the capital using efficiency is acceptable, so the low ICOR as shown in the table below means that the capital using efficiency of FDI in Hai Phong is quite high and much higher than the city and the country in the above three sectors. In 2005 to 2015 period, ICOR of FDI area in Hai Phong always remained stable, however, in 2009, the decrease in realized FDI capital of 40.9 billion VND resulted in the ICOR's negative level of 0.06%. Considering the above period, the efficiency of using FDI capital in Hai Phong tended to increase, contributing to improving the efficiency of using FDI capital of the whole economy. On the other hand, the low ICOR coefficient in the FDI area is basis to attract foreign investors.

3.3.1.4. FDI productivity in Hai Phong

In 2005-2015 period, in all economic sectors, the output of foreign invested sector is always on top, the highest in 2014 with 370 million dong (nearly equal to the labor productivity of the FDI area of the country - 384.7 million dong). In 2015, it reached 330 million VND (at current price), 1.18 times higher than the state sector (280 million VND) and 4.71 times over non-state sector. Increasing the presence of foreign enterprises in Hai Phong has had a positive impact on improving labor productivity through introduction of advanced manufacturing and management technologies in country. The growth of labor productivity in FDI area has improved significantly, tended to increase rapidly over years, but through labor productivity growth in the three regions in recent years, the labor productivity gap between the state sector and the FDI area is gradually narrow

3.3.1.5. The ratio of export value of FDI area to total export value of Hai Phong city

FDI enterprises have contributed significantly to the export value of Hai Phong, a high and stable export growth rate of over 20% per annum, an average of 54.46% in 2005-2015 period, 2015 reached over 65.64%. In 2015, the export value reached over \$ 2.7 billion, contributing significantly to the export turnover across the city, an average speed of 21.3% per year in the 2001-2005 period and 19.8%/year in 2006-2010 period

3.3.1.6. Export value ratio of FDI area compared to realized FDI

In 2005-2008 period, this rate averaged 4.085, but in the two years 2008-2009 this ratio increased to 33.26 and 57.24, due to the sharp decrease in realized FDI capital but the export value of the FDI area rises faster than the previous period. Similarly, in 2011-2013 period, realized FDI increased sharply, this rate fell to 2.92 and 9.42. In 2014-2015 period, realized FDI decreased, the export value ratio of FDI area compared to realized FDI increased to 33.93 and 43.61. The higher the export value ratio of FDI area is, the higher the FDI investment efficiency which creates export value is

3.3.1.7. Budget revenue ratio of FDI area compared to total state budget revenue of Hai Phong

In 2005-2015 period, FDI enterprises in Hai Phong contributed significantly to state budget revenues. The growth rate of FDI area in this period was 17.89%, higher than the growth rate of the whole city (16.97%), the lowest rate was in 2004 of 13.65% and the highest was in 2010, 20.75%. Haiphong's state budget revenue surpassed VND10,000 billion in 2015 due to the contribution of 19.55% from FDI area.

3.3.1.8. FDI area budget revenue and realized FDI ratio

Comparing Hanoi and Haiphong, the amount paid to the state budget by FDI firms in Hanoi is much higher than that of enterprises in Hai Phong. However, the proportion of budget revenue in the FDI area compared to the realized FDI capital of the two cities has a considerable difference: on average, in 2005-2015 period, this ratio of Haiphong is higher than that of Hanoi (0.915 and 0.66). This reflects that FDI effect based on budget contribution from FDI Haiphong enterprises higher than Hanoi; Especially in 2010 such ratio in Haiphong was 3.07 while Hanoi is only 0.66, in 2015 it was 1.84 in Hai Phong while 0.8 in Hanoi. This shows positive contributions to budget revenue of FDI enterprises in Hai Phong in the past period.

3.3.2. Social effect of FDI in Hai Phong

3.3.2.1. Total number of laborers working in FDI area to the total labor force of Hai Phong city

Percentage of labor working in FDI enterprises in Hai Phong is low, the lowest when compared to state-owned enterprises and non-state enterprises. However, in the period from 2005 to 2015, this rate tended to increase, from 2.12% in 2005 to 6.82 in 2015, but the growth rate is still very slow, no breakthrough

3.3.2.2 Environmental impacts of FDI projects in Hai Phong

FDI projects in Hai Phong city have implemented relatively well environmental protection. According to a survey of FDI enterprises in Hai Phong City, 98% of enterprises have implemented well the contents of environmental impact assessment reports with the objective of evaluating and forecasting environmental impacts, at the same time, giving solutions to prevent and mitigate negative impacts, respond to risks and incidents that may occur to the projects

3.4. EVALUATION OF REALITY OF THE EFFICIENCY OF ATTRACTING AND USING FDI CAPITAL IN HAI PHONG CITY

3.4.1. Success

3.4.1.1. The efficiency of attracting FDI capital

Good efficiency of attracting FDI capital is reflected by additional FDI for investment in socio-economic development in Hai Phong city; FDI has participation of large corporations; FDI promotes a shift in the overall economic structure, structural change within the industry and service sectors in Hai Phong; FDI contributes to the development of industrial parks and economic zones.

3.4.1.2. The efficiency of using FDI capital

Good efficiency of using FDI capital is reflected by: FDI contributes to increase production capacity and economic growth of priority sectors; FDI enterprises have contributed to expanding export markets and replacing import; FDI area increases the city budget revenue; FDI enterprises

create jobs, raise income for laborers and improve human resources; FDI area has had a spillover effect on the economic sectors in Hai Phong city; FDI enterprises stimulate competitiveness of domestic enterprises, facilitate participation in global production networks and value chains; FDI contributes to innovation in technology, equipment and management capacity.

3.4.2. Shortcomings, limitations and causes

3.4.2.1. Shortcomings

a. The efficiency of attracting FDI capital

Restrictions on the efficiency of attracting FDI capital in Hai Phong are reflected by: mobilization attraction has not met development requirements; Realized FDI to registered capital ratio is very low, fluctuated over years; FDI attraction structure has a considerable disparity between industry-agriculture and service; Investment partners in Hai Phong are not diversified.

b. The efficiency of using FDI capital

Not very good the efficiency of using FDI capital is reflected by: The spillover effects to other areas are poor; FDI enterprises' products have low added value, production is over-dependent on raw materials, auxiliary materials and semi-products from foreign countries; State management of foreign direct investment remains inadequate; Project implementation pace is still slow: the proportion of FDI projects dissolved ahead of schedule, projects applying for delay, slow projects are relatively high. Some FDI enterprises have performed transfer of price; The objective of improving labor quality through FDI has not been achieved as expected; FDI has not invested heavily in technology.

3.4.2.2. Reasons for shortcomings

a. Objective reasons

First, the world financial crisis in 2008-2009 has led the country to adjust investment structure, corporations and companies around the world to restructure business, adjust development orientation, leading changes in the investment strategy in the direction of greater interest in intensive investment, reduction of expansive and overseas investment

Second, our country's law system for FDI is not synchronous, overlapping and inconsistent. The investment incentive policies are scattered in many legal and decree system, making it difficult to understand and apply, some certain conditions for investment incentives are inconsistent with Vietnam's commitments with WTO.

Third, the competition among countries in attracting FDI is increasingly severe while the business environment of Vietnam has not really improved, the competitiveness of Vietnam is considered more limited than neighboring countries.

Fourth, the fierce competition of neighboring provinces in attracting FDI.

b, Subjective reasons

First, the planning is in shortage of vision, overlaps and contains contradiction

Second, the competitiveness of the city is not good, the administrative reform is not comprehensive nor solid.

Third, the infrastructure system of the city is not synchronous, less connected, not keeping pace with the development of the city.

Fourth, FDI inflow to agriculture, forestry and aquaculture is limited because of low profit for foreign investors.

Fifth, supportive and auxiliary industries have not really been developed.

Sixth, high quality human resources do not meet requirements. Vietnam's labor market is considered quite plentiful and cheap.

Seventh, investment promotion activities are spread out, not much focused and less cared by the city leaders.

CHAPTER 4

SOLUTION TO ENHANCE THE EFFICIENCY OF ATTRACTING AND USING FOREIGN DIRECT INVESTMENT CAPITAL IN HAI PHONG CITY TO 2020 AND VISION TO 2030

4.1. FDI TO VIETNAM TREND IN THE COMING TIME AND PERCEPTIONS, OBJECTIVES AND DIRECTIONS FOR USE AND ATTRACTION OF FDI IN HAI PHONG CITY TO 2020, VISION TO 2030

4.1.1. FDI to Vietnam trend in the coming time

4.1.1.1. FDI trend in the world

The recognized FDI flow has shown growth in all groups of countries: Developed, developing and in-transition economies. By region, Asia is still the world's leading investment destination with FDI flow to developing countries of \$426 billion, it is estimated that FDI to rich countries will increase by 35% in 2017 and in 2020 will account for 52% of total global FDI. Capital flows from emerging economies, particularly the BRIC group (Brazil, Russia, India and China) continue to increase. In addition, sustainable development and green growth are the tendency many countries are moving towards, this is a significant issue for Vietnam because of the current global carbon leakage situation in the trend of shifting from tightly managed places to loosen ones

4.1.1.2. FDI into Vietnam trend in the coming time

a. Regarding scale of investment and capital structure by sectors

By investment in Vietnam, investors can access and enjoy tariff preferences from major markets Vietnam has signed FTAs such as ASEAN, China, Korea, India ... Beside the implementation of commitments in the new generation FTAs will make the investment environment in Vietnam more open, transparent and more favorable which will attract more investment capital. The sector that foreign investors consider as the strength of Vietnam is processing industry. In the coming time, Vietnam will continue to prioritize investment projects in the field of supporting industries, projects with advanced technology, environmentally friendly and efficient use of natural resources, minerals, land, facilitate and strengthen links with domestic enterprises.

b. Regarding investment partners

Data from the Foreign Investment Agency under the Ministry of Planning and Investment show that there has been a recent swing in position of foreign investors investing in Vietnam. If in 2016, Korea almost leads all countries and territories with investment projects in Vietnam, in the first two months of this year, this position belongs to Singapore. For Korea, if in January/2017, still ranks the second after Singapore, in February it suddenly dropped to the third and the rise of Chinese investors was cause of this change. It is possible to forecast that FDI in Vietnam will tend to increase if Vietnam still offers current incentives, especially China is becoming one of the largest foreign direct investors in Vietnam. However, FDI from China is seldom high technology but backward technology, this is what Vietnam should be cautious about.

c. Regarding form of investment

Foreign investors are still expressing their need to seek new investment opportunities in Vietnam. Legal changes related to investment and business are creating new investment channels for foreign capital flows. A series of FDI investment deals through M&A in the last two years shows M&A development trend as foreign companies expand their production in Vietnam.

d. R&D center building trend of FDI enterprises in Vietnam

R&D investment is focused on new sectors such as hardware information technology, automobiles, pharmaceuticals, biotechnology. R&D facilities thrive all over the world, especially developing countries are construction places of R&D centers of large corporations. In Vietnam, there will be an increasing number of FDI projects in the field of research and development (R&D) in the coming time

4.1.2. Socio-economic development goals of Hai Phong to 2020, vision to 2030

4.1.2.1. Overall objectives

To build Hai Phong city into a green, civilized and modern port city, a large and highly competitive industrial and service center; a key point of marine economic development of the country, the center of education - training, health and science - technology of the northern coastal area; the important traffic hub of the country, sea gate of the northern provinces and is the driving force of the North in development of services, industry and tourism, especially port services. The city will have a modern economic structure with industry-construction and service with a density of 94-95% of the city's GDP by 2020 and 97-98% by 2030;

4.1.2.2. Specific goals

a. Economy

GDP growth: 2016-2020 period: over 10% / year; Share of GDP in service, industry - construction and agriculture, forestry and aquaculture will reach 57.9%; 36.8% and 5.3% respectively by 2020 (national targets are 45%, 40% and 15%). The city's economic structure in 2030 is 56.5%, 40.9% and 2.5%, respectively. Shifting the investment structure towards reducing direct investment from the state budget, increasing investment of inhabitants and non-state enterprises to 60% in 2016-2020 period and 65-70% in 2021-2030; At the same time, ensuring attraction of foreign investments at 25-30% of total social investment.

b. Society

The urban unemployment is under 3.5% in 2020 and under 2% in 2030. The working time of rural workers is 85% in 2020 and 90% and 95% in 2025 and 2030 respectively

c. Urban and environmental protection

Building a civilized, modern and high-quality ecological urban center. Maintaining and investing in consolidating landscape of the city, soon reaching 100% criteria of category I urban

4.1.3. Haiphong's view, objectives and orientations for FDI attraction and use in the period up to 2020, vision to 2030

4.1.3.1. View

Always thoroughly understand the view of the Party and the State which considers the foreign-invested economy to be an important component of the national economy and to be encouraged to develop permanently in a sustainable manner with other economic sectors. Foreign direct investment with Hai Phong is both an objective and a solution to speed up restructuring of the economic structure, renewing growth model of the city. Connect foreign direct investment attraction and sustainable development, FDI capital attraction with technology transfer, renovation of equipment as well as solving environmental and social issues, attracting investment selectively and conditionally.

4.1.3.2. Target

Take initiative in international economic integration and export orientation, effectively connect with the world market. By 2020, raise contribution from foreign-invested sector to 20% of GDP; 25-30% of total social investment; 60-65% of total export turnover; 25-30% of total domestic budget revenue; 8-10% of employed workers. Create qualitative changes in FDI activities, raise attracting rate of large-scale projects, high investment rate, modern, advanced and environmentally friendly technologies, highly competitive products. Carry out high-value-added processes in the value chain.

4.1.3.3. Orientation

- a. Oriented by sector, investment field
- b. Oriented by area
- c. Oriented by investment partners

4.2 SOLUTION TO INCREASE THE EFFICIENCY OF ATTRACTING AND USING FDI CAPITAL IN HAI PHONG CITY TO 2020 AND VISION TO 2030

4.2.1. Solutions to improve FDI attraction efficiency in Hai Phong

4.2.1.1. Improving the quality and efficiency of FDI attraction planning, associated with socio-economic development and economic restructuring targets

- Accelerate the planning speech in line with the socio-economic development of the city.
- Create conditions for people to participate in building, reviewing and supervising the planning work

- The planning agencies have responsibility to urge and closely monitor the planning process of consultancy agencies.
- From the master plan for socio-economic development, detailed plans for each area are required
- Publicize the approved plans on mass media so that people and investors understand the city's direction and build up the appropriate investment plans.

4.2.1.2. Accelerating administrative reform

- Adjust the granting of investment certificates in the direction of promoting the flexibility and self-control of localities and granting certificates of foreign investment to projects investing in Vietnam for the first time (according to the Investment Law as Revised in 2014), at the same time ensuring unified management of the Central Agency. For large-scale, socially impacted projects, the investment certificate issuing agencies must consider and determine measures to guarantee project's conformity with the investor's committed schedule
- Review and amend the city's regulations on investment management, promote decentralization, authorization, intensify inspection and examination of investment.
- Strengthen post-inspection work
- Publicize and clarify regulations on administrative procedures
- Speed up the establishment of e-government with adequate, up-to-date and convenient information, application of information technology in administrative agencies; raise quality of administrative services, public delivery services. Build and improve quality of cadres, civil servants and officials
- Create conditions for enterprises to participate in the policy making process.
- Maintain regular dialogue between local leaders and investors at annual conferences, forums held in the city.

4.2.1.3. Developing specific incentives for high technology, environmentally friendly, large value-added FDI projects, R&D projects and projects in high-tech agriculture.

- Preferential policies must be properly focused on such priority areas as high technology, supporting industries in the fields of textile, mechanical engineering, electronics and informatics, production projects in the global value chain, especially in high technology agriculture, and must be attractive, differentiated.
- Preferential policies are built on the basis that FDI enterprises in the industrial parks receive more incentives than those outside the industrial parks and move FDI enterprises into sector-specialized intensively industrial parks.
- Stronger policies are needed to encourage or oblige foreign investors to set up R&D centers in Hai Phong.
- Have preferential policies to attract FDI into hi-tech agriculture

4.2.1.4. Developing and improving technical infrastructure and social infrastructure system

- a. Focus on development of technical infrastructure and social infrastructure inside and outside sector or investment partner-based intensively industrial parks.
- b. Develop modern and synchronous transportation and communication infrastructure
- c. Focus on attracting all investment capital sources to seaport system and related services in a modern and sustainable manner.

4.2.1.5. Stepping up investment promotion, renovate and raise quality of investment promotion

First, continue to improve publications on investment environment, maximize the exploitation of foreign investment website of Hai Phong Department of Planning and Investment, Hai Phong Economic Zone Management Unit on the principle of unifying sources of information and general advertising materials on Hai Phong. In addition, it is necessary to complete investment advisory services, prepare detailed information to provide domestic and foreign investors in the process of research, preparation and implementation of projects, aiming at reducing costs for investors, thereby increasing FDI attractiveness of Hai Phong city; Attach importance to raising professional qualifications, qualities and foreign language skills of officials engaged in investment promotion.

Second, in terms of investment partners: take initiative in coordinating with the Foreign Investment Agency (Ministry of Planning and Investment), Department of Trade Promotion (MOIT) in study of partners, investment market

Focus on attracting big and multinational corporations to Hai Phong and attach importance to promoting investment from small and medium enterprises of countries with developed auxiliary industries as G7, G20, Japan, Korea.

Third, investment promotion method: Build close relationships with Vietnamese diplomatic agency and investment promotion satellites of the Ministry of Planning and Investment in key markets: USA, Japan, Korea, Australia, Germany, Netherlands, Italy...in close cooperation with JICA, JETRO, Japan Business Association, JCCI, KOIKA and KOTRA, Taipei Economic and Cultural Office, Taiwan Business Association, Euro Cham, Mitsubishi Bank, Japan. ... to take use of support as well as capital provided to the city and promote investment promotion and investment preparation for projects. Investment promotion by area and sector should: call on investment in industrial zones, Dinh Vu - Cat Hai economic zone and industrial zones – with approved plans; Identify priority areas and areas to be attracted which are hi-tech manufacturing projects, supporting industries and projects in the fields of port services, aviation, tourism, logistics, marine economics and shipping; Attract investment towards clean and environmentally friendly technologies, renewable technologies, waste treatment technologies, energy and raw materials saving technologies; Construct amusement parks, entertainment complex, 5 star international standard hotel in urban areas

4.2.2. Solutions to improve the efficiency of using FDI capital in Hai Phong

4.2.2.1. Strengthen FDI management

- Strengthen post-inspection of FDI projects that have been granted investment license with the main task of assessing nature of the projects, between initial registrations, investors' commitment to reality; Check whether the investor has met the set criteria, fulfilled his commitment and deserves preferential treatment in the course of operation, especially environmental and technological

commitments; Inspect the observance of regulations on business, investment, commitment to environmental protection ...

- Strengthen regular inspection, including the implementation of the investment certificate; charter capital / investment capital contribution schedule; legal capital contribution of branches with compulsory legal capital; project progress; the performance and transfer of science, technology as committed; the fulfillment of financial obligations to the state (taxes, charges, fees, land rental, water surface rental etc); the implementation of regulations on labor, foreign exchange control, environmental protection, land lease and land use.

- Inspect financial status of the currently operating foreign-invested enterprises, including value of assets contributed by the parties; use of imported machines and equipment to create fixed assets subjected to import tax exemption; enterprise valuation result; transactions with overseas parent companies or related companies, performance of debts, distribution of profits to the State capital in joint ventures, etc.

- Improve the efficiency of the decentralized management of FDI

- Strengthen the inspection, examination and supervision in accordance with the law on investment and specialized law for large-scale FDI projects, land use, real estate projects, projects with use of energy, potential danger of environmental pollution, ...

- Completely review and handle delayed or non-implemented projects; inspect and supervise activities of the investment certificate granting bodies and perform State management function over FDI activities.

4.2.2.2. Creating reasonable links between domestic enterprises and FDI enterprises, participating in value chain and international supply chain

First, domestic enterprises may develop towards becoming satellites supplying raw materials, processing details, assemblies and packages for FDI enterprises.

Second, increase the interaction, linkage and cooperation in production and business between domestic and foreign enterprises. Promote the trend of connection with foreign invested enterprises to innovate technology instead of importing technology from abroad.

Third, improve thinking and awareness of the city's small and medium enterprises in the international division of labor, joining in the international value chain to proactively invest, joint venture and associate with big enterprises

Fourth, develop and implement the mechanism of attracting the investment projects, form network of business, production, supporting industries to form the value chain.

4.2.2.3. Formulation of strategies and routes for acquiring technique and technologies

- Encourage enterprises to invest in R&D (Nipro Pharma, Bridgestone, LG Electronics, Y-TEC) or spend appropriate capital on research and development or R&D through appropriate incentives.

- Spend the highest incentives and support on high technology projects, modern services, renewable energy, new materials, biotechnology, environmental treatment ...

- Apply appropriate and specific incentives to high technology enterprises

- Build technical barriers in line with international commitments to limit low-tech projects, obsolete technologies and environmental pollution.
- Perform a close evaluation of technology of FDI projects, and at the same time have accurate verification after the equipment and technology chains are imported into Vietnam and installed in factories.
- Develop an appropriate roadmap to gradually increase equipment replacement, maintenance and production in Vietnam. Encourage research institutes and designers to coordinate with domestic enterprises in manufacturing equipment and spare parts.

4.2.2.4. Development of spearhead supporting industries

To develop supporting industries, the city needs to: develop SIs, develop industrial clusters, concentrate on developing and attracting SIs within the production network of the existing assembly enterprises in Vietnam; promulgate preferential policies for small and medium enterprises to develop supporting industries

4.2.2.5. Development of human resource

- Implement synchronously and efficiently the planning on human resource development in Hai Phong city in the 2011-2020 period.

- Formulate specific mechanisms and policies for development as well as attracting talents and high-quality human resources. Build and strengthen learning society model; create a lifelong learning environment, develop community learning model, not only "spread red carpet" to attract talented people, but create a proper working environment with clear mechanism, exchange bridges, specific projects to promote their capabilities.

- Make full use of resources and forms of training at home and abroad, promote the socialization of training (special attention and priority given to training of skilled workers, managers); Enhance international cooperation in vocational training, send officials and teachers to Japan and other developed countries for short-term study and practice; apply the curriculum, teaching methods and management capacity of Japan as well as developed countries;

- Training must be associated with using demand, creating the business lines in need. Issue preferential policies and mechanisms and encourage all economic sectors to participate in vocational training. Conduct a combination of training at the centers and technology transfer. Encourage enterprises, research institutes and foreign partners to conduct technical exchanges and exchange of R&D programs.

- Support laborers through preferential policies, encouraging enterprises to build dwelling houses and apartments for lease in areas near big projects, industrial parks and economic zones; provide good food, accommodation, living, medical and recreational conditions to laborers.

- Promote foreign language training for laborers, especially English and Japanese by linking universities and FDI enterprises in need; Continue to implement the pilot Japanese training project at Hai Phong Industrial College, Viettronics Electronics College; soon complete the Project and expanse the pilot implementation of Japanese language teaching in schools.

- Create favorable conditions for building universities such as Maritime University to become a national key university serving the national marine economic development strategy. Develop

vocational colleges: Industry, Technology, Coastal, Vinashin with training of international level and strive to upgrade at least one university into a technical university, rapidly increase number of highly qualified lecturers (both theoretically and practically) in universities. Further promote promotion and encouragement of international investment in the field of education and training; by 2020, Hai Phong will have international universities and 1-2 vocational training schools under international programs.

4.3. Recommendations to the Government and Ministries

First, concerning tax policy: Perfect the tax system in a simple, more tax-friendly and easy-to-implement manner. Review and revise shortcomings of the tax incentives (incentives for investment projects and expansion projects), and at the same time, reform the tax system to become more attractive and competitive compared to other countries in the area

Second, develop a strategy for attracting FDI towards sustainable development. The policy of "sustainable development" is a demand throughout the strategy of attracting FDI, directing FDI flows strongly into the areas contributing to increase added value, reducing assembly and increasing proportion in manufacturing industry, high technology, supporting industry, strictly following environmental standards when issuing investment license.

Third, consider amendment and supplementation to provisions in the Investment Law, Land Law, Natural Resources Law, Environmental Protection Law, and the Law on Intellectual Property which should be carefully prepared and regulating sponsoring time for domestic and foreign investors' feeling secured when investing in technology transfer and developing new products based on R&D

Fourth, it is necessary to issue a set of criteria for appraising and verifying projects such as criteria for appraising high technology, added value, use of green energy, contributions to the state budget, verification of environmental impacts, creating premise for determining to grant investment certificates.

Fifth, the Prime Minister may consider allowing Haiphong to develop and implement a suitable special mechanism to attract FDI in development of marine infrastructure or marine economy.

CONCLUSION

Attracting and using FDI and external resources is a consistent and long-term policy of the Party and State in order to enhance diversified motives for economic development and increasing the bridge between domestic business and production with the world through a series of economic and technical relationships, forms of production organization and other economic relations. However, attracting FDI capital should avoid the idea of running after scale, speed and attraction at all costs. It is necessary to assess the efficiency of attracting FDI capital in parallel with the efficiency of using FDI capital in association with sustainable development, firmly and properly handling the relationship between economic growth and environmental protection and raising people's life quality.

In 2005-2015 period, foreign direct investment contributed to the investment capital for economic and social development of Hai Phong city, the attracted FDI proportion in Hai Phong compared to the total investment capital in recent years is quite high (in 2013 - 29.72%, in 2014 - 30.96%, in 2015 - 31.53%) 20% more than the demand for foreign investment in socio-economic development plan including many large, important projects from large corporations and companies in the world such as the project of building factories, assembling high-tech electric and electronic products. Foreign direct investment promotes an overall economic structure, structural change within the industry and service sectors; contributes to the development of industrial zones and economic zones in Hai Phong; contributes to increase production capacity, promotes economic growth in priority sectors with better use of capital than other domestic economic sectors. FDI enterprises in Hai Phong contribute to expanding export market and replacing import, creating a large number of jobs for the city labor force. In addition to adopting industrial style, these workers also capture new technology and advanced management techniques from foreign enterprises. Good performance of FDI area has had a spillover effect on other components through the linkage between this area and other areas in Hai Phong City, contributing to promoting innovation of technology, equipment and management capacity. However, the efficiency of attracting and using FDI so far has not met the targets set by the city's expectation, specifically, the realized capital to registered capital ratio is very low, FDI structure has a significant gap between industry-agriculture and service, investment partners in Hai Phong are not diversified. The spillover effects to other areas are poor; FDI enterprises' products have low added value, production is over-dependent on raw materials, auxiliary materials and semi-products from foreign countries; State management of foreign direct investment remains inadequate; Project implementation pace is still slow: the proportion of FDI projects dissolved ahead of schedule, projects applying for delay, slow projects are relatively high. Some FDI enterprises have performed transfer of price; The objective of improving labor quality through FDI has not been achieved as expected; even though the proportion of labor in FDI area has increased annually. The technology introduced into FDI enterprises is quite good, many projects have advanced technology level, but these technologies are of the later part, not source technology, initial product design technology, or research and development work has not been paid much attention.

In the period up to 2020, with a vision to 2030, in order to improve the efficiency of attracting and using FDI, Hai Phong city should: Improve quality and efficiency of planning, link planning with economic restructure, innovation, growth model; Develop and perfect technical and social infrastructure system, especially concentrated industrial zone infrastructure and seaport infrastructure; Formulate preferential policies for high-technology, environmentally-friendly high-

technology projects, R&D projects and investment in hi-tech agriculture; To step up investment promotion activities, renovate modes and raise the quality of investment promotion; Create reasonable links between domestic enterprises and FDI enterprises; Promote supporting industries, participate in the value chain, international supply chain; Develop technical and technological acquisition route for investment attraction; Actively train human resource for investment and foreign investment projects; Strengthen state management with attracting and using FDI; Develop supporting industries and finally continue to accelerate reform of administrative procedures in state management agencies. The State and Ministries should set up orientation to attract FDI, amend and supplement some laws and promulgate a set of evaluation criteria on technology and environment with FDI projects, allowing Hai Phong to develop and implement preferential policies suitable to attract FDI in developing seaport infrastructure and arine economy.

For socio-economic development, it is important to be aware that internal resources are decisive, but the use of external capital is very important. The development of policies and regimes which are suitable for the country and the city as well as the international requirements to improve the efficiency of attracting and using FDI in both quantity and quality is an immediate and long-term requirement, facilitating an increase in the total investment of the whole society, contributing to the country's economic and social development, poverty reduction, and achievement of goals Hai Phong has set for the new development stage

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