

# The main important factors related to the growth of Vietnam

Group 1

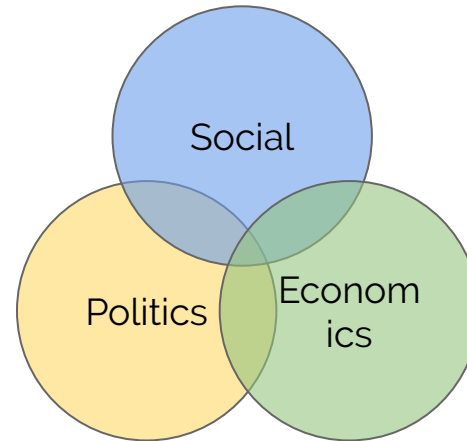


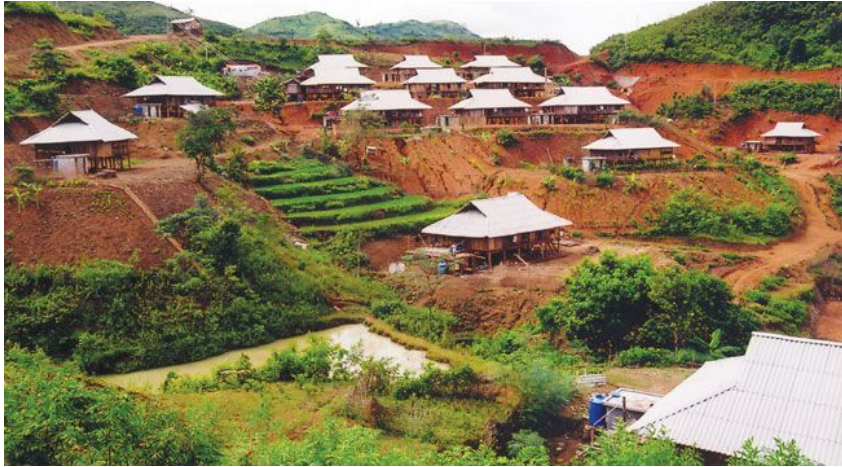
**DOI MOI**

**DOI MOI** is policy reforms initiated in Vietnam in 1986 with the goal of creating a "**socialist-oriented market economy**"



## Impact







Mid 19th Century  
(under French  
Colonization)

DOI MOI  
(1986)



Late 1990s till now




The background features a central teal band with the text 'Political Stability' in white. This band is flanked by dark teal shapes that resemble mountain peaks or hills, set against a light green background. The overall design is modern and minimalist.


# Political Stability

- President : Nguyun Phu Trong
- Prime Minster : Nguyun Xuan Phuc
- one - party state ruled by the Communist Party of Vietnam
- 4 royal pillars : CPV General Secretary, State President, Prime Minster, National Assembly Chair
- Party leaders and the leaders of government are selected every 5 years at the National Party Congress



- 
- 2007 January : Vietnam becomes the 150th member of World Trade Organization
  - 2007 February : Government approves plan to build a high-speed rail link between Hanoi and Ho Chi Minh city
  - 2008 April : Vietnam launches first communications satellite from French Guiana
  - 2008 November : Vietnam plans to enforce a two-child policy to control population growth
  - 2009 October : six democracy activists sentenced to up to six years in prison for spreading propaganda against the government
  - 2009 December : pro-democracy activist receives five-and-a-half-year jail sentence for subversion after allegedly publishing pro-democracy articles on internet

- 2010 July/August - The government arrests the chairman of shipbuilding corporation Vinashin, one of the country's largest state-owned companies, for allegedly nearly bankrupting the enterprise.
- 2011 January - Five-yearly congress of the Communist Party reappoints Prime Minister Nguyen Tan Dung and elects the head of the national assembly, Nguyen Phu Trong, as party secretary-general.
- 2011 June - Vietnam begins joint operation with the United States to clean up contamination from the toxic Agent Orange defoliant widely used by the US military during the Vietnam war.
- 2011 October - China and Vietnam sign an agreement to manage the South China Sea dispute.
- 2012 June: Vietnam surpasses Brazil to become the world's largest coffee exporter.
- 2012 November: The Communist-dominated parliament votes to require elected leaders, including the president and the prime minister, to face annual confidence votes.



2013 February : Twenty two people sentenced for trying to overthrow the government, in what is seen as a renewed clampdown on freedom of expression.

2013 September : Economy grows by 5.14% in first three quarters of year, marking return to growth after years of stagnation.

2014 March-April : Vietnam releases high-profile democracy campaigners amid Trans-Pacific Partnership free trade talks with the United States.

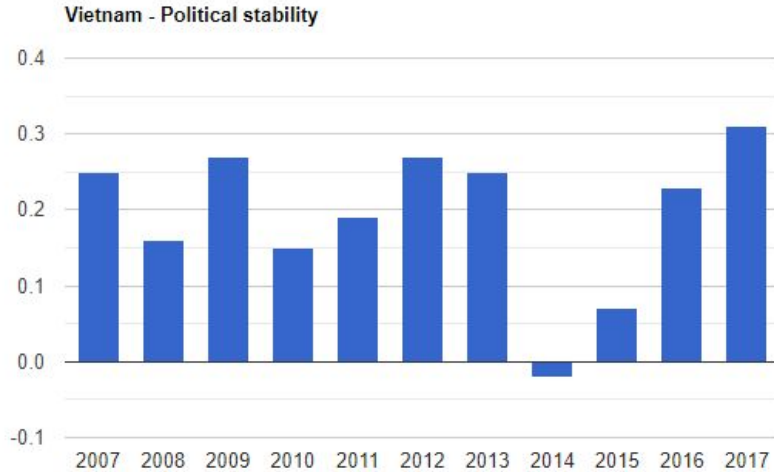
2014 August : The chairman of the US Joint Chiefs of Staff holds talks with Vietnamese leaders, in the highest level visit by an American military officer since the Vietnam war.

2016 January : Communist Party re-elects conservative Nguyen Phu Trong as general secretary for second term

2016 May : US lifts long-standing ban on selling weapons to Vietnam.

2019 : Vietnam has a free trade agreement with EU





Definition of Political stability - The index of Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

The average of the political stability index in 2017 was -0.05.

The highest value was 1.65 in Monaco

The lowest value was -2.96 in Yemen

Vietnam was ranked as 74 out of 195 countries.

The background consists of several overlapping, semi-transparent geometric shapes. A large teal shape is the central focus, with darker teal and lime green shapes layered above and below it, creating a sense of depth and movement. The overall aesthetic is modern and clean.

**Infrastructure**

## DOI MOI

In 2016, 99 percent of the population used electricity as their main source of lighting, up from 14 percent in 1993.

Rural access to clean water has also improved, up from 17 percent in 1993 to 70 percent in 2016.

Access to these services in urban areas is above 95 percent.



**DECISION**

APPROVING THE STRATEGY FOR DEVELOPMENT OF TRANSPORTATION SERVICES THROUGH 2020, AND ORIENTATIONS TOWARD 2030 (\*)

**THE PRIME MINISTER**

*Pursuant to the December 25, 2001 Law on Organization of the Government;*

*Pursuant to the Strategy for Vietnam's socio-economic development during 2011-2020 (the Documents of the XI<sup>th</sup> National Congress of the Communist Party of Vietnam);*

*Pursuant to the Prime Minister's Decision No. 173/QĐ-TTg of January 27, approving the overall strategy on development of Vietnam's service sector through 2020;*

*Pursuant to the Prime Minister's Decision No. 808/QĐ-TTg of June 29, 2012, promulgating the action program for implementing the overall strategy on development of Vietnam's service sector through 2020;*

*Pursuant to the Prime Minister's Decision No. 355/QĐ-TTg of February 25, 2013, approving the adjusted strategy for transport development through 2020, with a vision toward 2030;*

*At the proposal of the Ministry of Transport,*

**DECIDES:**

**Article 1.** To approve the Strategy for development of transportation services through 2020, and orientations toward 2030 (below referred to as the Strategy), with the following principal contents:

**I. VIEWPOINTS**

- The Strategy must conform to the socio-economic development strategy, the overall strategy on development of Vietnam's service sector, the transport development strategy and relevant sectoral development master plans.

- To improve institutions and policies on state management of transportation services with a view to establishing a favorable and transparent business environment to promote the development of transportation businesses forming a socialized, competitive, fair and sound transportation market.

Hệ thống CSDL Văn bản Pháp luật  
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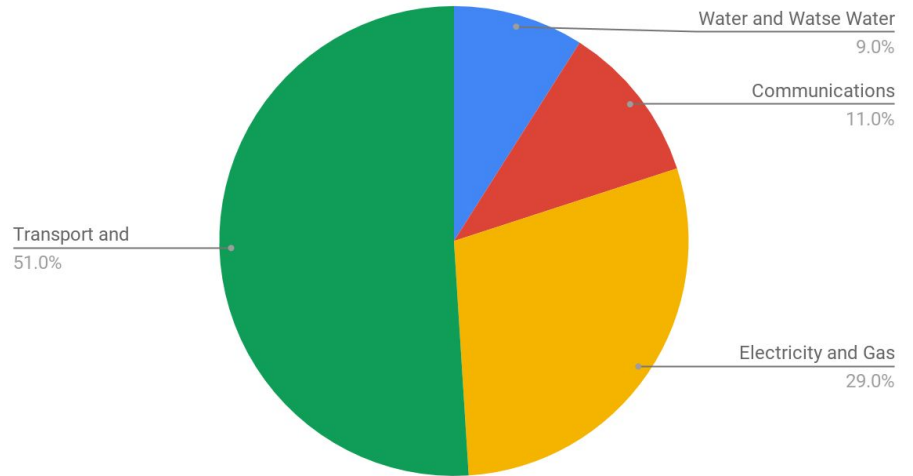


## “Strategy for development of transportation services through 2020, and orientations toward 2030”

“To improve the quality of transportation services, reduce transportation costs, ensure traffic order and safety and environmental protection, timely and fully satisfy cargo and passenger transportation demands and raise economic competitiveness for gradually turning Vietnam into a cargo and passenger transshipment center of the region, making great contributions to successfully implementing the socio-economic development strategy and ensuring national defense and security.”

- successfully sustained a high level of infrastructure investment at 8% of GDP on annual average between 2008 and 2015
- increased in nominal terms by about 50% from \$10.2 billion in 2008 to \$15.4 billion in 2015

### Level of Infrastructure Investment



Source: GSO and Author's Analysis



## Infrastructure Vietnam 2019

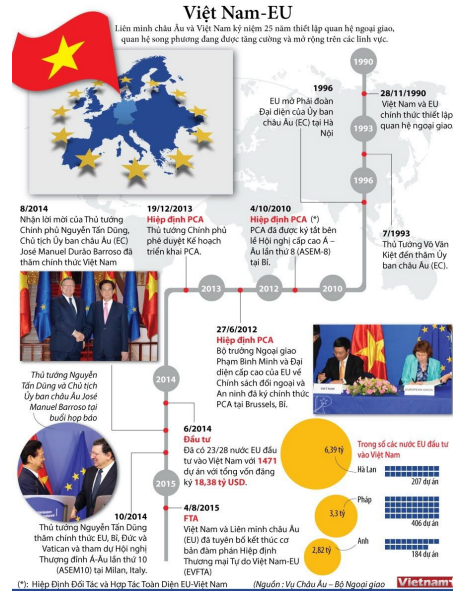
provide an interactive platform for potential investors and key players of the industry to gather in Vietnam and get updated on the new directions, investment policies and market potential of the construction and infrastructure sectors in Vietnam



# Import and Export

# Agreement

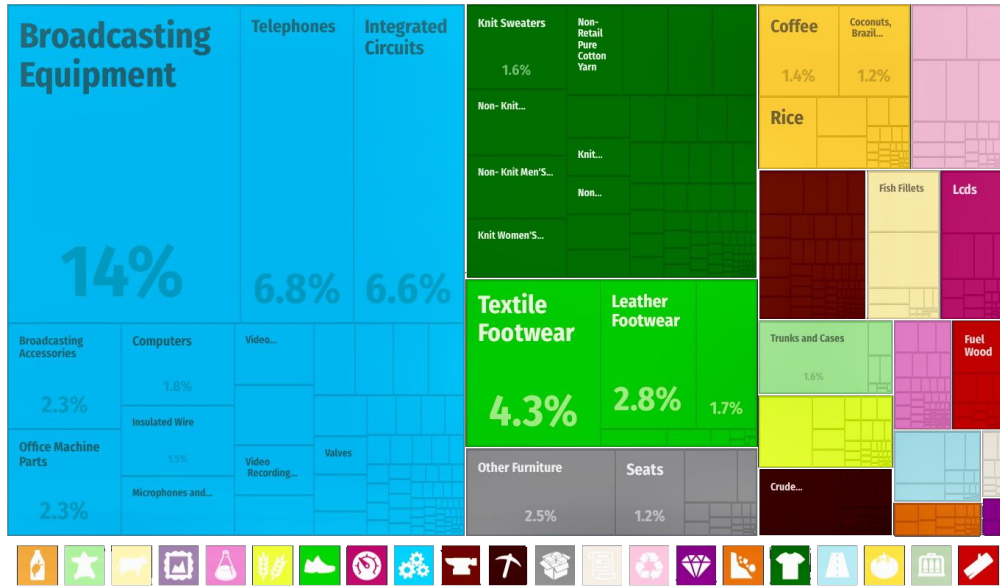
- the country's collection of free trade agreements (FTAs)
- the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- the Regional Comprehensive Economic Partnership (RCEP)



**"premier sourcing economy" - 0%**  
withholding tax on dividends remitted overseas and a low corporate income tax (CIT) rate of only 20%.



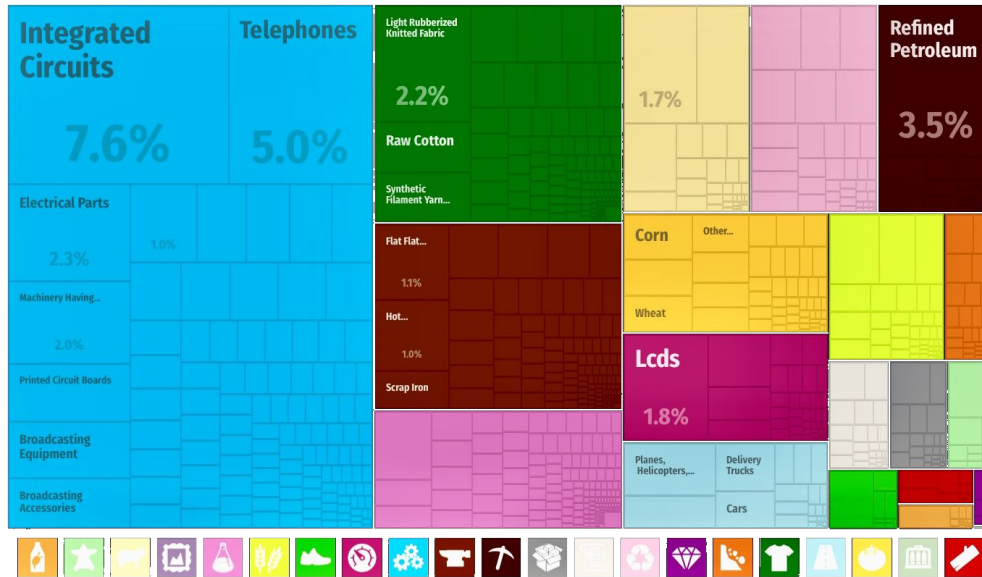
# Export



In 2017, Vietnam exported \$220B, making it the 21st largest exporter in the world. During the last five years the exports of Vietnam have increased at an annualized rate of 13.5%, from \$116B in 2012 to \$220B in 2017.

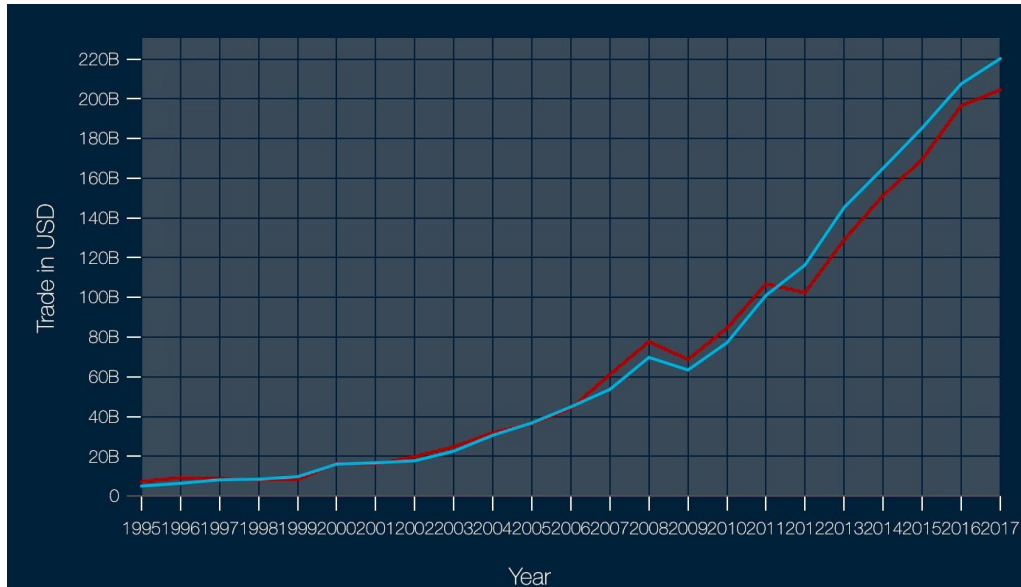


# Import



In 2017 Vietnam imported \$204B, making it the 21st largest importer in the world. During the last five years the imports of Vietnam have increased at an annualized rate of 14.4%, from \$102B in 2012 to \$204B in 2017.

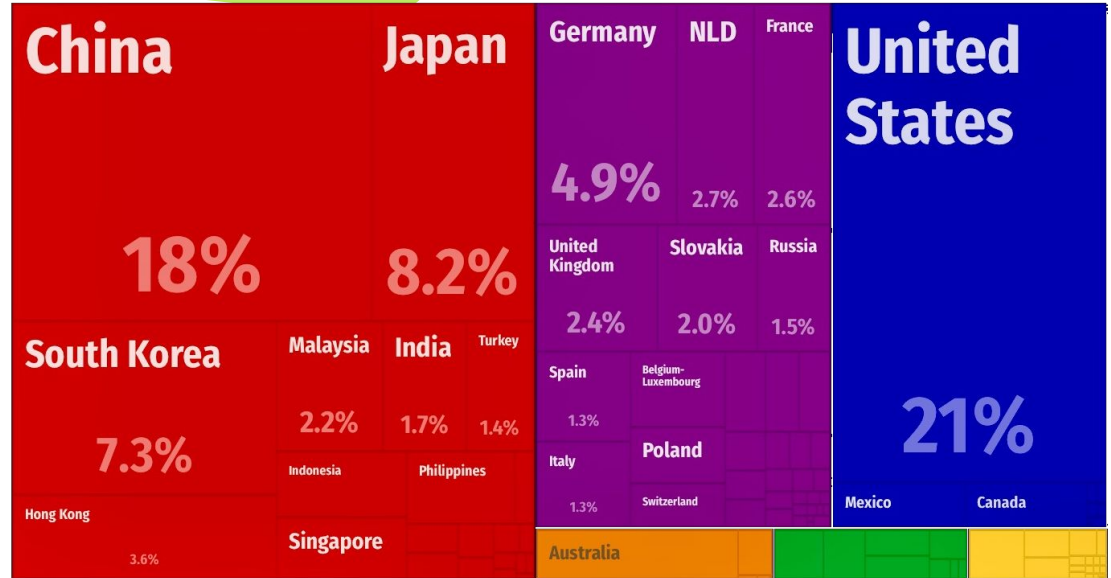
# Trade Balance



Vietnam had a positive trade balance in net exports.

# Export Destinations

The top export destinations of Vietnam are the United States (\$46.2B), China (\$39.9B), Japan (\$18.1B), South Korea (\$16.1B) and Germany (\$10.9B).





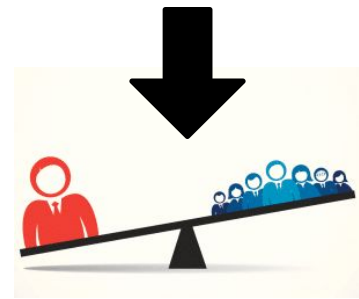
**FDI**

# FDI in Vietnam



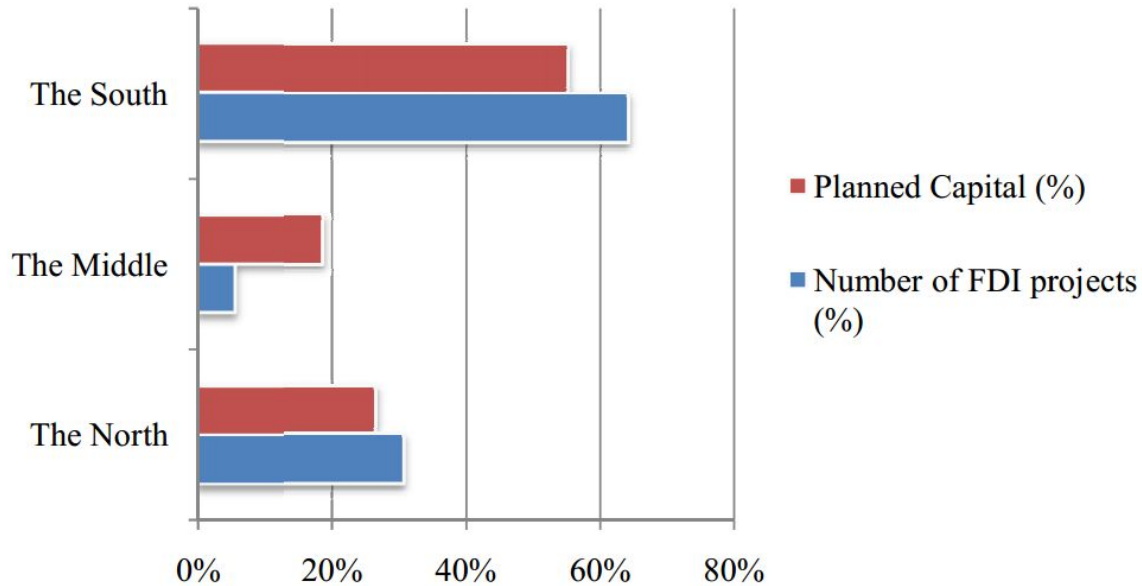
Early FDI went towards  
Southern part of Vietnam

“Ho Chi Minh City”



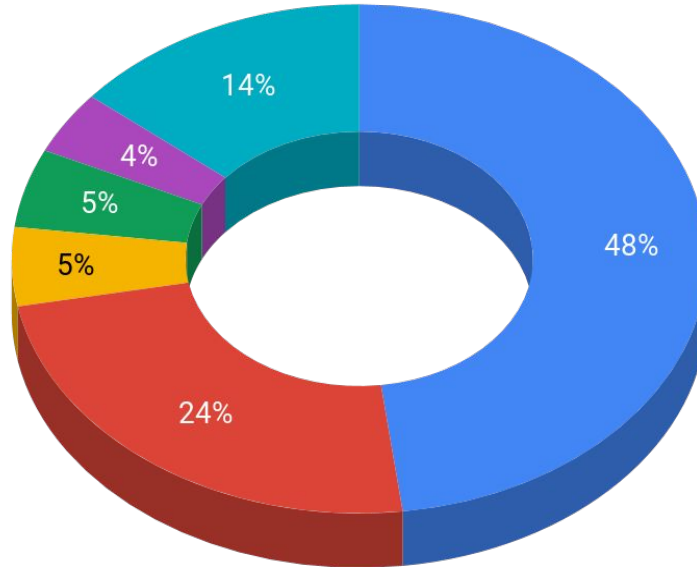
# FDI by regions

“ Infrastructure is one of the most factors considered for FDI ”



# FDI by sectors

- Manufacturing
- Real Estate
- Construction
- Accommodation and Food
- Electricity, gas supply
- Others



manufacturing industries have not reach the mature stage yet but have development potentials



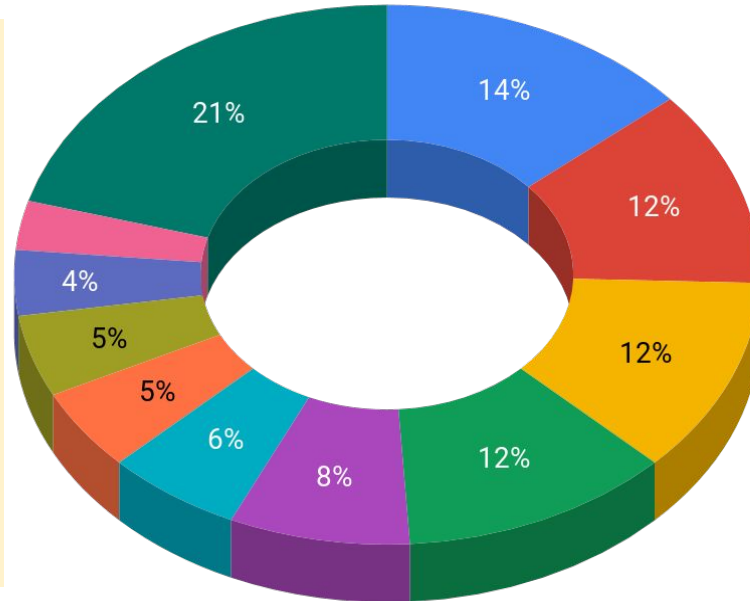
- high growth rate
- high purchasing power
- high demand for consumer goods

# FDI by countries

## Gravity Model

Asian countries are much closer to Vietnam either in terms of geography, culture, or economic states

Size-related factors are directly proportional to FDI flows while FDI responds negatively to distance factors.

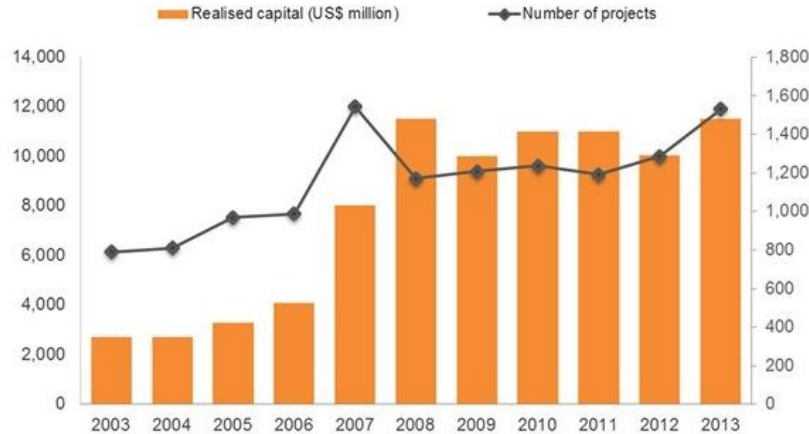


- Japan
- Taiwan
- Korea
- Singapore
- British Virgin Islands
- Hong Kong
- Malaysia
- United States
- Cayman Islands
- Thailand
- Others

# FDI boom period

## Foreign direct investment in Vietnam

Realised investment



Source: General Statistics Office of Vietnam

Just only 5 years from 2007 to 2011. Vietnam attract around 144 billion dollar FDI capital

# What attracts FDI ?

1. Cheap labour : 53.6 millions workers
2. A limited market entry barrier : Low tax rate
3. Extended legislation : Protect legalise of foreigners



1995



1998

**Asia-Pacific  
Economic Cooperation**



2007

**Top 10 countries and territories with highest FDI into Vietnam as of end-2016**

Country	Registered FDI
South Korea	\$50.7 billion
Japan	\$42 billion
Singapore	\$37.8 billion
Taiwan	\$31.56 billion
British Virgin Islands	\$21.15 billion
Hong Kong	\$16.93 billion
Malaysia	\$12.29 billion
China	\$10.5 billion
US	\$10.14 billion
Thailand	\$7.8 billion

The background features a series of overlapping, angular shapes in various shades of green and teal. A prominent dark teal shape is at the top, with a lighter green shape below it. A large, central teal shape contains the text. Below this, there are more overlapping shapes in dark teal and light green, creating a layered, mountain-like effect.

# Government Suggestion

## **“DOI MOI 4.0”**

- Remove bottlenecks for private sector investment
- Enhance public sector institutions
- Invest in 21st century skills of the workforce
- Regulation in Housing Market

## **“Distribution of Infrastructure”**

- More on Central Area

## **“Freedom of Expression, Opinion, and Speech”**