

Taiwanese Investment in Vietnam: Current Development and Issues

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Abstract: Taiwan is the 4th largest foreign investor in Vietnam. Taiwanese FDI on the one hand has contributed to Vietnam's economic development, on the other hand has raised some serious issues related to the country's sustainable development. In order to analyze the current development and emerging issues related to Taiwanese investment in Vietnam, this paper focused on the following contents: (i) Characteristics of Taiwanese FDI inflows in comparison with the FDI flows into Vietnam in general; (ii) Some issues arising during the operation of Taiwanese FDI enterprises in Vietnam and those arising in the context of Vietnam's international economic integration and economic restructuring; (iii) Opportunities to attract high-quality FDI from Taiwan towards sustainable development and some policy implications for Vietnam. The results show that FDI flows from Taiwan have increased significantly, especially since Vietnam joined the WTO. Taiwanese outward FDI into Vietnam focused mostly on labor-intensive sectors such as manufacturing of metals, chemicals and textiles. Taiwanese FDI contributed 2.2-2.3% of Vietnam's total social investment; created 1.2 million jobs and helped improve the industrial structure. However, Taiwanese FDI is also characterized by low and medium level technology; sharp increase in "dirty industries" classified by Mani and Wheeler (1997) and social problems related to local labor. In the context of Vietnam's shift to encourage development of high value added manufacturing and services sectors and the country's direction of sustainable development, IT, electronic products as well as education and training may be the most promising sectors for Taiwanese investment in Vietnam in the future.

Keywords: Foreign Direct Investment, Taiwan, Vietnam

1. Introduction

Since political and economic reforms ("Doi Moi") launched in 1986, Vietnam has gained remarkable economic development. Vietnam's average growth rate is 6.4% a year from 2000 until now. From being one of the poorest countries in the world with GDP per capita below USD 100 in 1990, Vietnam has joined

the group of lower middle-income country since 2010 and its GDP per capita reached about USD 2,100 by the end of 2015. Vietnam has also achieved most and in some cases surpassed a number of the Millennium Development Goals, particularly with the goals of poverty reduction¹.

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¹<http://www.worldbank.org/en/country/vietnam/overview>, last updated on 26th September, 2016.

To obtain such achievements, resources for development have been raised from many channels, among which foreign direct investment (FDI) is a very important one. Thanks to the country's process of economic integration, beginning with the promulgation of the Law on Investment in 1987, annual FDI inflows increased dramatically from USD 0.32 billion in 1988 to USD 14.5 billion of realized FDI in 2015 (Statistics of General Statistics Office 2016).

Among 110 countries and territories investing in Vietnam, Taiwan is one of the first comers and by the end of 2015 Taiwan ranked the 4th largest investors in Vietnam with 2478 still-valid projects and cumulative FDI inflows of nearly USD 31 billion, accounting for 11% of the total FDI inflows into Vietnam (Statistics of Vietnam's Ministry of Planning and Investment – MPI 2016). FDI inflows from Taiwan have contributed to Vietnam's economic growth, not only through providing investment capital but also stimulating export activities, creating jobs, transferring technology and generating other spill-over effects. However, besides positive impacts, FDI from Taiwan is still a controversial topic because of its negative impacts related to environmental and social issues in Vietnam recently.

In the current context of Vietnam's active participation in the international and regional economic integration (e.g. joining EU – Vietnam Free Trade Agreement - EVFTA, Trans Pacific Partnership - TPP, ASEAN Economic Community – AEC, etc.) and the country's process of restructuring, it is necessary to identify the opportunities for attracting more FDI of high quality from Taiwan towards sustainable development in Vietnam. For that purpose, this paper focuses on three main contents: (i) The current development of Taiwanese FDI in Vietnam; (ii) Emerging issues related to Taiwanese FDI in Vietnam and (iii) Conclusion and some implications.

2. The current development of Taiwanese FDI in Vietnam

Right after the promulgation of the Law on Foreign Investment in 1987, Taiwan's companies were among the earliest foreign investors in Vietnam. Since then Vietnam's FDI inflows from Taiwan has developed rapidly. By the end of 2015, Taiwan is the 4th largest investor in Vietnam in terms of accumulated registered capital. During the period of 1991-2015, the total registered investment capital of Taiwan reached nearly USD 31 billion, accounting for 11% of the total registered FDI inflows into Vietnam. In terms of the number of projects, Taiwan ranks the 3rd with a total of 2478 projects. In terms of the average scale of FDI projects, Taiwanese projects are relatively small (USD 12.51 million) in comparison with those of other countries and territories (the average value of all FDI projects is USD 14.04 million) (Table 2.1).

During 1991-2015, the registered FDI from Taiwan into Vietnam increased 86 times, from only USD 17 million in 1991 up to USD 1468 million in 2015. In 1993, Taiwanese approved outward FDI to Vietnam surged to USD 158 million, resulting from the signing of Agreement on promotion and protection of investments between Vietnam Economic and Cultural Office in Taipei and Taipei Economic and Cultural Office in Hanoi in the same year. However, a decline in Vietnam's FDI inflows from Taiwan was witnessed during 1994-2002 mainly due to the Asian financial crisis in 1997; except for the year of 1998 when the two partners signed the Agreement on avoidance of double taxation. The trend during 2003-2007 was relatively stable with around USD 95-160 million of total registered FDI per year. In 2008, Taiwanese FDI inflows into Vietnam boomed to USD 639 million as a result of Vietnam's becoming a member of WTO in 2007 as well as Taiwan's "Southward Strategy" to diversify Taiwan's outward FDI toward Southeast Asia. Since then, though being affected by the global economic downturn, the

registered FDI from Taiwan into Vietnam has generally followed a steep upward trend, reaching nearly USD 1.5 billion and accounting

for 9% of Vietnam's total FDI inflows in 2015 (Figure 2.1).

Table 2.1. Top 10 of countries and territories having FDI in Vietnam, accumulated by 31st December 2015

Rank	Investors	Number of Projects	Registered investment capital (Million USD)	Share of total registered investment capital (%)	Average value per project (Million USD)
1	South Korea	4970	45191.10	16.0	9.09
2	Japan	2914	38973.63	13.8	13.37
3	Singapore	1544	35148.51	12.5	22.76
4	Taiwan	2478	30997.43	11.0	12.51
5	British Virgin Islands	623	19275.31	6.8	30.94
6	Hong Kong	975	15546.76	5.5	15.95
7	Malaysia	523	13420.05	4.8	25.66
8	The United States	781	11301.82	4.0	14.47
9	China	1296	10174.22	3.6	7.85
10	Netherlands	255	8264.55	2.9	32.41
	Others	3710	53589.09	19.1	14.44
	Total	20069	281882.47	100.0	14.04

Source: Statistics of Vietnam MPI Foreign Investment Agency, 2016.

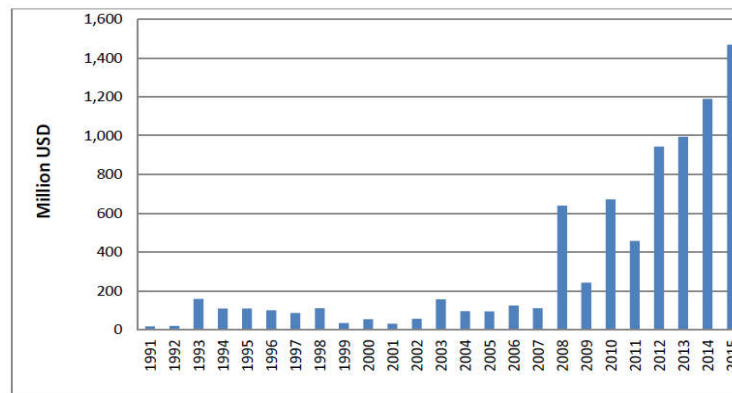


Figure 2.1. Taiwanese FDI inflows in Vietnam, 1991-2015 (Million USD).

Source: Authors' calculation from [1].

Regarding to the field of investment, as of 2013 nearly 90% of Taiwanese OFDI into Vietnam poured into manufacturing sector, followed by Financial and insurance services, Wholesale and retail trade, and Construction with 6.67%, 1.8% and 0.56% respectively (Figure 2.2.a). Other sectors account for a very small portion, less than 0.5% for each. In

manufacturing sector, manufacturing of basic metal, chemical materials, textile mills, non-metallic and mineral products, fabricated metal products were among subsectors that attracted the most FDI flows from Taiwan, with 29.9%, 13.8%, 12.7%, 11% and 7% respectively (Figure 2.2.b).

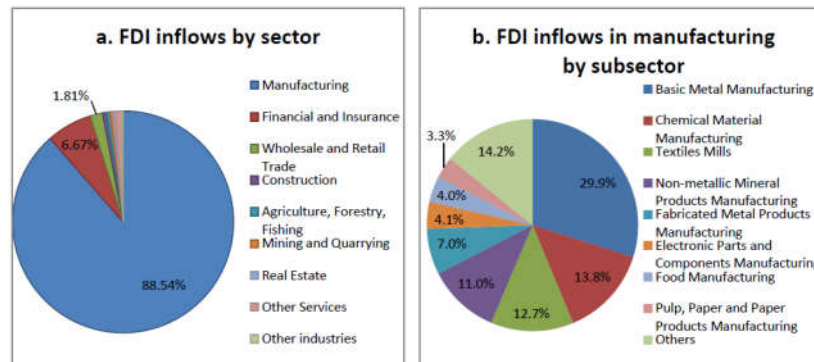


Figure 2.2. Taiwanese FDI in Vietnam by sector and sub-sector as of 2013 (%).
Source: Authors' calculation from [2].

It can be seen that most of Taiwanese FDI manufacturing projects in Vietnam concentrates on labor-intensive and environmental-sensitive subsectors. By the end of 2013, electronic parts and components manufacturing contributed to only 4.1% of the total Taiwanese OFDI into Vietnam meanwhile this is the largest subsector that Taiwan invested overseas, contributing to 37.6% of the total Taiwanese OFDI in 2015 [1].

Taiwan seems to have a significant shift in its OFDI towards Southeast Asia in general and Vietnam in particular. Not considering Mainland China (receiving nearly 2/3 of the total Taiwanese OFDI), the share of Taiwanese OFDI into Vietnam increased dramatically from 2.8% during 1991-2007 to 14.5% during 2008-2015 [1]. Vietnam even accounted for 33% of Taiwan's world total OFDI flows in 2013 [2]. This is attributed to some following factors.

First, Taiwan's industrialization strategy focusing on high-tech industries and tends to shift the labor-intensive production to developing economies, especially to Southeast Asia countries. According to Vietnam MPI Foreign Investment Agency, Taiwan's investors chose Vietnam as investment destination because of (i) low labor costs, (ii) low land rent, tariff preferences and other incentives and (iii) exploitation of market potential².

²<http://www.ipcs.vn/vn/dong-co-dau-tu-cua-dai-loan-tai-viet-nam-W222.htm>, accessed on 15th August 2016.

Second, Vietnam's economic integration also promotes Taiwanese investment in order to make use of the advantages (tariff removal, trade facilitation, etc.) that Vietnam being awarded by other members joining in the same FTA. This can explain the surge of FDI inflows from Taiwan into Vietnam since 2008. The fact that Vietnam has signed or concluded negotiations of many important FTAs (EVFTA, TPP, AEC, etc.) therefore leads to expectation of a continuing increase in Vietnam's FDI inflows from Taiwan in the future.

Third, to comply with international and regional commitments that Vietnam has made, the country reviewed, promulgated or amended legal documents towards a freer and fairer investment regime. In specific, Vietnam promulgated the Law on Investment in 2005³, remarking the first time Vietnam had a common Law on Investment applied to both domestic and foreign investors (replacing the Law on Foreign Investment in 1987, revised in 1990, 1992, 1996, 2000 and the Law on Promotion of Domestic Investment in 1998). More recently, the Law on Investment in 2014⁴ was enacted to replace the Law on Investment in 2005. This Law further enhances the protection of the

³ The National Assembly, Law on Investment No. 59-2005-QH11 on 29 November 2005.

⁴ The National Assembly, Law on Investment No. 67/2014/QH13 on 26 November 2014

investors' ownership of assets, invested capital and revenue as well as their other lawful rights and interests; shortens and simplifies investment procedures; and clarifies priority investment sectors. Along with the Law on Enterprise in 2014, Vietnam has built a legal framework in the direction of non-discrimination treatment among domestic and foreign investors.

Finally, Vietnam always strives to improve the domestic investment environment and offers incentives for prioritized business lines in order to attract FDI inflows, including many FDI projects of Taiwan. Some forms of incentives comprises of (i) preferential corporate tax policy, e.g. Exemption of corporate income tax in the first 2-4 years; Reduction of 50% of the corporate income tax in up to 4-9 years later; Preferential rate of corporate income tax of 10-20% within 15 years vs. standard rate of 22%; (ii) exemption of the import tax on necessary goods serving for the FDI project; (iii) allowing switching losses within 5 years; (iv) exemption and fee reduction of land rent or water surface⁵. According to VCCI's PCI annual surveys, low tax is always one of Vietnam's advantages when the foreign investors consider the investment location.

3. Some emerging issues related to Taiwanese FDI in Vietnam

3.1. Issues arising from Taiwanese FDI activities in Vietnam

During the last three decades, FDI inflows in general and FDI from Taiwan in particular have significantly contributed to Vietnam's economic growth. In 2015, the total FDI inflows supplemented 23.3% of Vietnam's total social investment, in which FDI from Taiwan contributed about 2.2-2.3%⁶. By the end of 2013, among 3.7 million jobs created by FDI

sector⁷ was there 1.2 million jobs created by Taiwanese FDI⁸. FDI inflows also help improve Vietnam's industry structure towards increasing the proportion of manufacturing and services and reducing the proportion of agriculture. As of 2015, FDI in manufacturing sector accounted for 57.7% and that in agriculture sector 1.3%⁹. Meanwhile, as of 2013 Taiwan's FDI in manufacturing sector even contributed nearly 90% and agriculture did only less than 0.5%¹⁰.

Besides positive impacts, however, there are still some problems arising from the operation of Taiwanese investors in Vietnam.

Table 3.1. Top 10 Pollution-intensive Industries (3-digit Standard Industrial Classification level)

Rank	SIC sectors*	Overall (Air + Water + Metals)
1	371	Iron and Steel
2	372	Non-Ferrous Metals
3	351	Industrial Chemicals
4	353	Petroleum Refineries
5	369	Non-Metallic Mineral Products
6	341	Pulp and Paper
7	352	Other Chemicals
8	355	Rubber Products
9	323	Leather Products
10	381	Metal Products

Source: [3]

First, Taiwanese FDI in Vietnam concentrated in environmental-sensitive industries. Table 3.1 shows the top 10 pollution-intensive industries based on the levels of abatement expenditure per unit of output (introduced by Mani and Wheeler in 1997). Considering these 10 industries as dirty

⁷ <http://www.antv.gov.vn/tin-tuc/kinh-te/tac-dong-cua-dau-tu-truc-tiep-nuoc-ngoai-den-kinh-te-viet-nam-145112.html>

⁸ IPCS 2016, <http://www.ipcs.vn/vn/chu-trong-cai-thien-moi-truong-dau-tu-de-thu-hut-von-fdi-dai-loan-W453.htm>

⁹ Authors' calculation from statistics of MPI Foreign Investment Agency 2016

¹⁰ Authors' calculation from statistics of MOEI Investment Commission 2014

⁵ <http://fia.mpi.gov.vn/trangtin/157/Uu-dai-dau-tu>, accessed on 15th August 2016.

⁶ Authors' calculation from statistics of GSO 2016

industries and all the rest as clean industries, a clear trend of increasing dirty FDI inflows from Taiwan to Vietnam can be observed (Figure 3.1).

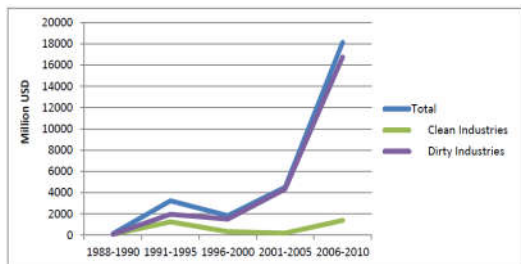


Figure 3.1. Taiwanese investment in Vietnam by clean and dirty industries, 1988-2010.

Source: Authors' calculation from [4].

During the operation in Vietnam, at least two FDI projects of Taiwan are regarded as environmental disasters to Vietnam. The first case relates to *Vedan Vietnam*, a Taiwanese company established in Dong Nai Province in 1991 and implemented production of Monosodium glutamate, starch and glucose syrup, etc. In 2008, Vedan Vietnam was caught discharging untreated effluents directly into the Thi Vai River in Dong Nai Province through a secret pipe. It had been doing this for 14 years, inflicting serious damage on aquaculture and riverside crops; a river area of 10 km was contaminated with black stink. According to the result of the investigation, Vedan had violated many discharge standards (e.g. the pigment, COD, BODS, TSS levels were found 3675, 2975, 1075, 100 times higher than permissible levels) and must take responsibility for that environment accidents. Finally, in 2010 Vedan approved the compensation of USD 5.2 million to about 7000 affected farmers¹¹.

The second case involves Formosa Ha Tinh Steel Company (FHS)'s project of steel production. FHS was established in Ha Tinh Province in 2008 with the total planned investment of USD 28.5 billion. As the largest FDI project in Vietnam at that time, FHS

enjoyed the highest incentives that Vietnam could offer a foreign investor¹². However, contrary to Vietnam's expectation, in the early 2016 Formosa's activities caused an unprecedented incident in Vietnam - 70 tons of fish dead across 200 km of the coast of Vietnam's 04 central provinces. As a result, FHS was forced to pay compensation of USD 500 million.

Serious incidents caused by these two companies raised an alarm for the awareness and responsibility of foreign investors in environmental issues as well as left lessons for Vietnam's government in selecting and attracting FDI towards the country's sustainable development.

Second, social issues related to the relations among foreign bosses and local workers are also emerging in recent years. During 2006-2012, there were more than 3600 strikes, equivalent to an average of more than 500 cases each year. The strike rate and frequency in FDI companies from Taiwan, South Korea, Japan and China are often high because most of these companies are labor-intensive. Only from the beginning of 2016, there are several strikes occurring in Taiwanese companies in Vietnam, e.g. more than 1000 workers participating two strikes in Formosa Textile Company located in Ho Chi Minh City; and more than 2000 workers in Kai Yang Company. The common reasons of strikes include too long working time (which may up to 12-18 hours/day), too low income and inappropriate remuneration, etc.

Third, the quality of Vietnam's FDI inflows from Taiwan in particular is still limited. Technology level of FDI enterprises in general and those from Taiwan in particular are of medium and low level. According to MPI report in 2012, the share of FDI projects using high technology was only 5-6%; meanwhile

¹¹<http://www.amchamvietnam.com/boycott-fear-forces-vedan-to-pay-for-polluting-thi-vai-river-over-14-years/>

¹² Exemption of corporate income tax in the first 4 years; Reduction of 50% of the corporate income tax in the next 9 years; Corporate income tax of 10% within 15 years; Exemption of the import tax on inputs; Switching losses within 5 years; Land rents in 70 years; Exemption of land rent in 15 years; Reduction of 50% of individual tax applied for high income people working in Formosa.

FDI using average technology accounted for over 80% and low technology 14%. Therefore Vietnam had quite few opportunities to improve the country's technology through technology transferring and learning process from FDI enterprises.

3.2. Issues arising from the new context of Vietnam's international economic integration and economic restructuring

The industrialization and integration of Viet Nam is embarking on a new stage. In the socio-economic development plan 2016-2020, Viet Nam is accelerating economic restructuring and transforming growth pattern towards more efficiency and sustainability. The year of 2015 marked a turning point in Vietnam's process of international economic integration with the formation of AEC in late 2015 and negotiation completions of a number of important FTAs (EVFTA and TPP). These FTAs are much expected to have deep and multi-faceted impacts on the development of Viet Nam in the medium and long run. These evolutions are significantly affecting FDI inflows in general and Taiwanese FDI into Viet Nam in particular.

First, accelerated restructuring and growth pattern transformation in Vietnam requires new thinking about the quality and sustainability of FDI inflows. Since the key drivers that powered robust growth of Viet Nam in the past three decades - a young, growing labor force and the transition from agriculture to manufacturing and services - are beginning to run out of steam, Viet Nam are now seeking new sources of growth. Under the socio-economic development plan 2016-2020, the Government strongly encourages and gives high priority to high value-added manufacturing and services sectors. Primary and extractive sectors are controlled more strictly, in particular the exploitation and export of raw materials are restricted or under the category of conditional business. Given abundant labor force, labor intensive industries are still important to Viet Nam at least in medium term. However, with the accelerated restructuring of the Vietnamese

economy, low-cost labor and low technology intensive industries will no longer gain as preference as in the past. These changes have much implication for Taiwanese investors because many of them investing in Viet Nam mainly seek the low-cost labor and natural resources. Therefore, those that plan to invest in Viet Nam and view Vietnam primarily as a low-cost economy with an abundance of workers may need to adjust their thinking.

Instead, more sophisticated manufacturing and service industries are very promising. The Law on Investment 2014 has concretized priority business sectors including (i) production of high tech products, green energy, IT products, key electronic, mechanical products, cars, car parts, etc. and production in labor-intensive sectors; (ii) services sectors such as collection, treatment and recycling of waste; public passenger transportation; preschool, compulsory education and vocational education; medical examination and treatment; protection and development of cultural heritage; people's credit funds and microfinance institutions; (iii) projects with capital of at least VND 6000 billion and disbursement within 03 years; (iv) projects in rural areas employing at least 500 labors; and (v) high tech enterprises. Clearly, more opportunities are open for Taiwanese investors in sophisticated manufacturing and services in Vietnam.

Among all of these priority business sectors, IT, electronic products as well as education and training may be the most promising sectors for bilateral cooperation between Taiwan and Vietnam. Because these sectors are the strength of Taiwan and at the same time are at high demand and potential in Vietnam. FDI in IT and electronics manufacturing play the most important role in Taiwanese OFDI meanwhile until now Taiwanese FDI inflows in Vietnam in this sector only account for about 4%. Education and training sector is also good investment opportunity as Vietnam is facing a serious shortage of skilled labor, qualified engineers

and middle managers, which are very important factors for Vietnam's process of economic restructuring. Any investors with long-run vision should not miss these potentials.

Not only focusing on industries restructuring, ensuring sustainable development is also becoming an increasingly important principle in Vietnam's development strategy. Environmental issues in investment will tend to be tightened in Viet Nam. Therefore, any project having environment risks or using non-environmental friendly technologies will have much higher possibility to be refused in Viet Nam. Potential investors, including those from Taiwan, having plans to invest in Viet Nam should take these evolutions into thorough consideration and pay more attention to environmental and technological issues.

Second, FTAs of new generations, especially TPP will be game changers to FDI flows into Viet Nam. The TPP is an important landmark in Vietnam's international economic integration process. Vietnam's participation in the agreement was driven by multiple economic, political and strategic considerations. In economic terms, the agreement is expected to help the country achieve faster GDP growth, expand its exports, and attract more foreign investment [5].

An important implication of the TPP for Vietnam may be its deeper participation in the global/regional production network. The anticipated flows of investments by multinational corporations from non-TPP members, including Taiwan, into the country can help improve Vietnam's position in the network by expanding its production base and facilitating the establishment of industrial clusters, especially in the industries in that Vietnam have comparative advantages.

By eliminating or reducing around 18,000 tariff lines on industrial as well as agricultural products, greater access to major markets will boost the export of some major product categories, such as textile and apparel, seafood, aquaculture, agriculture and forestry products.

This advantage is offering a great opportunity for Taiwanese investors who view Viet Nam as a production base for export to huge markets of TPP members such as US, Japan, Canada, Mexico, etc. The fact shows that Taiwanese investors seem to be well prepared for this opportunity. According to the Viet Nam Foreign Investment Agency, in the first 04 months of 2016, Taiwan ranks 4th among 50 FDI investors in Viet Nam with 39 new projects and registered capital of 664 million USD, 90% of which were injected into processing and manufacturing sectors¹³.

Textile and apparel, currently attracting a significant portion of FDI flows in Viet Nam, is considered the biggest winner due to its well established position in the global supply chain and to Vietnam's relatively low labor costs. Both multinational and local firms will benefit from the expansion of Vietnam's textile and apparel exports. Officials from the Viet Nam Textile and Apparel Association (VITAS) estimate that once the TPP comes into effect, the industry's export turnover could be double¹⁴. The footwear industry is likely to play the same role as it is also expected to benefit significantly from the TPP.

However, to enjoy the market preference under the TPP through investment in Viet Nam, Taiwanese investors should take the following issues into consideration:

- *Ensuring origin rules.* Many Taiwanese investors in Viet Nam normally use imported materials and components from Taiwan or other supply countries for processing and/or assembling in Viet Nam and then export to a third market. However, this investment pattern must be changed if Taiwanese investors want to enjoy TPP tariff preference. Under the "yarn forward" rule of the TPP, any product gaining tariff preference must contain at least 40% value from TPP members. Therefore, Taiwanese instead of importing materials and

¹³<http://fia.mpi.gov.vn/tinbai/4648/Dau-tu-truc-tiep-cua-Dai-Loan-tai-Viet-Nam-4-thang-dau-nam-2016>

¹⁴https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2015_63.pdf

components from Taiwan or non-TPP members will pay much more attention to either seek supply sources in Viet Nam and/or TPP members or invest more in supporting industries in Viet Nam.

- *Labor regulations.* The TPP's labor regulations are actually drawn from the International Labor Organization's (ILO) 1998 Declaration, of which basic labor rights must be fully respected in laws and in reality. As Vietnam is a member of the ILO, its agreement to abide by the TPP's labor regulations is just a re-affirmation of commitments. But labor regulations under the TPP are compulsory and allow punishment tax to be applied for any violation. Workers completely have the right to get their unions to protect their basic rights. As a result, the Government is planning to revise labor related laws to ensure the conformity with the TPP. After the TPP takes valid, all investors in Viet Nam, regardless of local or foreign investors, shall have more responsibility in improving labor conditions within their companies. This will not only require employers to pay more expenditure on labor conditions but also change their behaviors to local workers.

4. Conclusion and some implications

Since Vietnam's Renovation in 1986, Taiwan has been always an important economic partner of Vietnam. Vietnam FDI inflows from Taiwan has increased significantly, especially since 2008 when Vietnam had become a WTO member and implemented a lot of measures towards a more liberal, transparent and non-discriminatory investment regime. Taiwan OFDI into Vietnam focuses mostly on manufacturing, among which production of metals, chemicals and textiles are the largest subsectors. These industries are often characterized by the high intensity of labor and pollution.

During the last three decades, FDI from Taiwan have contributed to Vietnam's economic growth through providing more than

2% of the total social capital, creating 1.2 million jobs and strongly supporting the country's industrial restructure. However, the quality of FDI from Taiwan is a big concern because the technology level of the most FDI projects is only of medium or low standards. Besides, some serious environmental and social issues have been arising during the operation of Taiwanese investors in Vietnam, all of which requires adequate adjustments from both Taiwanese investors and Vietnam's FDI policy and management.

The current process of economic restructuring and deeper economic integration of Vietnam are the two important factors to accelerate such adjustments. Vietnam's shift to encourage development of high value added manufacturing and services will create more opportunities for attracting higher quality FDI. As for FDI from Taiwan, IT and electronic products as well as education and training may be the most promising investment sectors in the future. Vietnam's direction of sustainable development will also help limits FDI in general and FDI from Taiwan in particular in pollution intensive sectors. Meanwhile, Vietnam's participation in FTAs with important partners such as EU and TPP on one hand will encourage more Taiwan's investment in Vietnam, especially in supporting industries; on the other hand help improve the labor conditions for Vietnamese workers in Taiwanese FDI enterprises.

In conclusion, the investment cooperation between Vietnam and Taiwan are at a breakthrough stage. To enhance both the quantity and quality of FDI from Taiwan in the future, Vietnam should focus on following issues. *First*, the Government should strictly control the quality of FDI projects, especially from the aspects of environment and labor through: (i) comprehensively revising and even upgrading environment and technology rules and standards; (ii) being more selective in FDI attraction on the principles of sustainable development; and (iii) strengthening management and inspection of FDI projects to

ensure the observation of environment and labor law, etc. *Second*, the Government should offer competitive incentives to efficiently attract FDI in priority industries and implement measures to ensure that the incentives are properly transferred to the right subjects. *Finally*, Vietnam needs to prepare necessary conditions to meet the requirements of high quality FDI projects, such as the quality of human resources, technology development and other factors relating to investment environments (e.g. infrastructure, public services, etc.).

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Đầu tư của Đài Loan vào Việt Nam: Thực trạng và vấn đề

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Tóm tắt: Đài Loan là đối tác đầu tư nước ngoài lớn thứ tư của Việt Nam. FDI của Đài Loan có nhiều đóng góp cho nền kinh tế, song cũng gây ra một số ảnh hưởng tiêu cực tới phát triển bền vững (PTBV) của Việt Nam. Để làm rõ thực trạng và các vấn đề liên quan đến đầu tư của Đài Loan vào Việt Nam, bài viết này tập trung vào các nội dung sau: (i) Đặc điểm của dòng vốn FDI từ Đài Loan trong tương quan với dòng vốn FDI nói chung vào Việt Nam; (ii) Một số vấn đề nổi lên trong quá trình hoạt động của các doanh nghiệp FDI Đài Loan tại Việt Nam và các vấn đề phát sinh trong bối cảnh Việt Nam hội nhập kinh tế quốc tế và thực hiện tái cơ cấu nền kinh tế; (iii) Cơ hội thu hút FDI có chất lượng, đảm bảo PTBV từ Đài Loan và một số hàm ý chính sách cho Việt Nam. Kết quả cho thấy, FDI từ Đài Loan tăng nhanh đặc biệt từ khi Việt Nam gia nhập WTO. FDI tập trung vào các lĩnh vực đòi hỏi nhiều lao động như sản xuất kim loại, hóa chất và dệt may. FDI của Đài Loan đóng góp 2,2-2,3% tổng đầu tư xã hội, tạo ra 1,2 triệu việc làm và giúp cải thiện cơ cấu ngành kinh tế của Việt Nam. Tuy nhiên, FDI của Đài Loan có trình độ công nghệ thấp và trung bình; gia tăng mạnh vào các “ngành bẩn” theo phân loại của Mani và Wheeler (1997), cũng như gây ra một số vấn đề xã hội liên quan đến lao động. Trong bối cảnh Việt Nam hội nhập kinh tế và tái cơ cấu hướng ưu tiên vào các ngành sản xuất và dịch vụ có giá trị gia tăng cao, lấy tiêu chí bền vững làm trung tâm, một số ngành tiềm năng thu hút FDI từ Đài Loan trong thời gian tới như điện tử, IT và giáo dục đào tạo.

Từ khóa: Đầu tư trực tiếp nước ngoài, Đài Loan, Việt Nam.