Current Situation of the Impacts of FDI on Import and Export Markets in Vietnam

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Abstract:
The objective of this paper is to assess the current situation of the impact of FDI on Vietnam's import and export markets. By collecting aggregated data from the General Department of Customs and the General Statistics Office, we have assessed the positive and negative impacts of FDI on Vietnam's export and import markets. Finally, we conduct an assessment of the advantages and disadvantages of FDI, thereby investigating the causes of negative impacts to propose solutions in the future.

***Keywords**: FDI, Vietnam, import, export.*

1. Introduction

The socio-economic situation of Vietnam in 2018 and the first half of 2019 takes place in the context of a slow-growing world economy and potentially unpredictable factors. Global trade increased more slowly than expected due to changes in US trade policy, the US-China trade war became more and more complicated, along with the increasing trend of trade protectionism. Small to import and export activities of Vietnam.

According to many economic organizations, Vietnam, along with Malaysia and India, are the top three countries on the list of supposedly benefiting from US-China trade tensions, however, the extent of Vietnam's benefits Male so far is not much. The total import-export value of the whole country in the first 7 months of 2019 was only about US $ 288.47 billion, up 7.9% compared to the same period in 2018.

According to a report of the General Department of Customs, in the first 7 months of 2019, crude oil exports reached about 2,494 thousand tons (about US $ 1,285 million), up 8.7% in volume and down 0.2% in value compared to with the same period in 2018. Meanwhile, the export turnover of wood and wood products reached about US $ 5.67 billion, up 16.4% over the same period in 2018. Textiles and garments reached US $ 18.34 billion, increased by 10.5% over the same period in 2018. Regarding footwear, the total export turnover reached US $ 10.44 billion, up 13.8% over the same period in 2018. Computers, electronic products and components also saw an impressive increase in the past 7 months. Accordingly, the total export value of this commodity group in the first 7 months of 2019 reached nearly US $ 18.62 billion, up 14.9% over the same period in 2018.

The paper analyzes the current situation of the impact of FDI on the import-export market in Vietnam. From there, we assess the positive and negative impacts of FDI on Vietnam's import and export markets. We have analyzed the causes of negative impacts on import and export activities of Vietnam.

2. Actual situation of FDI's impact on the import-export market in Vietnam

2.1. FDI contributes to expanding the scope of Vietnam's import-export market

The impact of FDI in expanding Vietnam's export and import markets through channels: (1) promoting international trade between Vietnam and the host countries; (2) distribution network of TNCs; (3) Import and export market information channel.

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Most of the countries having investment relations with Vietnam have had international trade relations with Vietnam due to the input and output constraints of the production and consumption processes. The more investors make foreign direct investment in Vietnam, the greater the scope of Vietnam's import-export market will expand. The impact of FDI on Vietnam's import and export market is positive and very clear.

Second, through the distribution network of TNCs

FDI helps to expand the scope of Vietnam's export market because the trend of FDI in this period is that of export-oriented FDI. In addition to the target of being the host country, FDI now also has the goal of exporting to the market of the investing country and especially the markets of third countries. Through FDI, Vietnamese goods can more easily penetrate into the world market because of the advantages

In terms of capital and technology, FDI enterprises have a large market network. FDI affects Vietnam's export markets through the distribution network of TNCs. The products of the TNCss after being produced in Vietnam will follow their network to be consumed all over the world. The prestige of TNCs has made importers and consumers abroad have a good impression on goods originating from Vietnam, helping Vietnamese goods to penetrate foreign markets quickly. more, easier. Vietnam's goods can through this network penetrate into markets. fastidious, demanding strict quality of goods such as market areas in developed countries including the US, Japan, EU ...

After Intel's first explosion in 2006 with a US $ 1 billion investment project, hundreds of large TNCs around the world have chosen Vietnam as a long-term investment destination. Many corporations have decided to build in Vietnam large technology complexes, which are considered as important production and distribution bases on their global business map. As evidence, more and more foreign investors, including the world's leading names, have invested in Vietnam such as Honda, Samsung, LG, Microsoft, Canon ... Vietnam has become and is becoming The center of the world in producing a number of electronic products such as tablets, mobile phones, consumer electronics, electronic chips ... With the extensive and prestigious distribution channel of TNCs, the Products made in Vietnam easily can be found in many countries around the world, thereby helping to expand Vietnam's export market.

According to the UNCTAD World Investment Report 2016, based on the results of the 164 TNCs survey in the world, Vietnam ranked 9th in the world for the level of investment attraction, up 2 ranks compared to 2015. Also according to The survey results of about 200 TNCs are customers of 2016 Frontier Strategy Group (USA), Vietnam is one of the three countries that are most interested in TNCs of Europe and the US in emerging markets. . This is the reason for the expansion of Vietnam's export market in recent years.

Third, import and export market information channel

FDI enterprises are often present in many countries and operate under the distribution network of TNCs. Therefore, FDI enterprises will be the best and fastest suppliers of information about import-export markets in foreign countries and foreign customers.

In addition, on the distribution channels of goods in foreign markets ... Through production and business links with FDI enterprises, domestic import-export enterprises will have the opportunity to obtain information on the domestic market. import and export and thus have access to import and export markets. Thus, FDI not only helps expand the scope of export and import markets, market share for domestic enterprises but also helps to expand the scope of international trade of Vietnam.

2.2. FDI has the effect of changing the structure of Vietnam's import-export market

Changing export market structure of Vietnam

Before 1990, Vietnam's main export market was a group of Socialist countries. By 2000, Vietnam mainly exported goods to ASEAN countries. However, starting in 2008, after Vietnam joined the WTO, the wave of foreign direct investment in Vietnam exploded with the appearance of many big investors from China and especially countries. Regarding the development in the world, the structure of Vietnam's export market has changed significantly. The US, EU and China became the three main export markets of Vietnam. Thus, the change in the structure of FDI investors has led to a change. device structure g. export. c.h.power force. of Vietnam. The statistics on Vietnam's export turnover by major markets during 2008-2018 in Table 1 below clearly show this change.

Table 1: Vietnam's main export markets in the 2008-2018 period

Year	Exports									
	ASEAN		Japan		China		USA		EU	
	Value (Tỷ USD)	*Proportiong (%)*	*Value (Tỷ USD)*	*Proportiong (%)*	*Value (Tỷ USD)*	*Proportiong (%)*	*Value (Tỷ USD)*	*Proportiong (%)*	*Value (Tỷ USD)*	*Proportiong (%)*
2008	10,19	16,26	8,54	13,62	4,54	7,24	11,87	18,94	10,85	17,31
2009	8,59	15,04	6,29	11,02	4,91	8,60	11,36	19,90	9,38	16,43
2010	9,17	12,69	7,73	10,70	7,38	10,22	14,24	19,71	11,39	15,77
2011	15,80	16,30	11,66	12,03	11,06	11,41	17,56	18,12	18,13	18,71
2012	17,69	15,45	13,06	11,40	12,39	10,82	19,66	17,17	20,31	17,73
2013	18,47	13,98	13,65	10,33	13,26	10,04	23,87	18,06	24,33	18,41
2014	18,86	12,56	14,70	9,79	14,93	9,94	28,64	19,07	27,90	18,57
2015	18,16	11,21	14,14	8,73	17,14	10,58	33,48	20,66	30,94	19,10
2016	17,47	9,89	14,68	8,31	21,97	12,44	38,46	21,77	33,98	19,24
2017	21,68	10,13	16,84	7,87	35,46	16,57	41,61	19,44	38,28	17,89
2018	24,52	10,07	18,85	7,74	41,27	16,95	47,53	19,52	41,88	17,19

Source: General Department of Customs

Through the statistics in Table 1, in the period of 2008-2018, Vietnam's export market has changed significantly, the previous major markets of ASEAN, Japan and South Korea gradually gave way to. New markets like the US, EU and more recently China. This is clearly shown by the export value of the markets and the proportion of Vietnam's total export turnover.

ASEAN market, the proportion of Vietnam's export turnover to this market tended to decrease continuously from 2008 to 2016, from 16.26% in 2008 to 9.89% in 2016. In 2017, this proportion had increased but not significantly. In 2018, the proportion of export turnover to ASEAN decreased compared to 2017, from 10.13% to 10.07%.

The Japanese market, the proportion of Vietnam's export turnover to this market also continuously decreased during the period of 2008-2018, from 13.62% in 2008 to 7.74% in 2018.

The US market has a continuous growth in terms of export value during the period of 2008-2018, in 2008, Vietnam's export turnover to this market was 11.87 billion USD, in 2018 it reached 47.53 billion USD and always accounts for the highest proportion of the country's total export turnover.

The EU market also showed continuous growth in value over the period 2008-2018, from 10.58 billion USD in 2008 to 41.88 billion USD in 2018 and always maintaining the second position. in total exports of the country.

The Chinese market in recent years has had impressive growth both in terms of export value and proportion of total export turnover of the country. If in 2008, Vietnam's export value to China was only 4.54 billion USD, accounting for 7.24%, by 2018, the export value to this market would have reached 41.27 billion USD. accounting for 16.95% of total national export turnover. China has surpassed ASEAN, Japan and South Korea to become the third largest export market of Vietnam in 2018.

FDI has impacted to change the structure of Vietnam's main export markets in recent years due to the increasing presence of FDI enterprises in the two main export sectors of Vietnam, namely the textile and garment industry. and leather shoes. Meanwhile, the three largest markets of these two industries in Vietnam are the United States, the EU and the recent rise of China.

The emergence of FDI enterprises in the textile industry (55% of FDI enterprises in the textile industry) and the footwear industry (77% of FDI enterprises in the footwear industry) have made the export value of these two industries incessantly. increase in recent years, thereby increasing exports of the FDI sector in particular and the country in general. An increase in export value

These two industries have led to a change in Vietnam's key export market. Instead of markets like ASEAN, Japan, Korea, ... USA, EU and China recently became the main export markets of Vietnam in 2018.

Table 2: The three largest export markets of Vietnam's textile and footwear industry in 2018

Market	Textile industry			Leather and footwear industry		
	Value *(Tỷ USD)*	*Speed increased compared to 2016 (%)*	*Proportion (%)*	*Value* *(Tỷ USD)*	*Speed increased compared to 2016 (%)*	*Proportion (%)*
Hoa Kỳ	12,50	7,14	39,32	5,1	14,1	34,9
EU	3,99	6,46	12,56	4,6	10,1	31,5
Trung Quốc	3,48	25,57	10,84	1,1	26,1	7,5

Source: General Department of Customs

Through these two sectors, it is evident that the impact of FDI on changing the structure of Vietnam's main export markets. This is a very positive impact and in line with the State's export orientation because the US and EU are two huge markets of the world in terms of both buying and purchasing power. Most countries with export-oriented economic development consider the US and EU as target markets to target. Besides, China is also an extremely potential market of Vietnam. If knowing that China's textile and garment export turnover in 2017 reached US $ 260 billion, then see the great significance of bringing Vietnamese textiles and garments into this large market.

Table 3: Year of FDI investors - Vietnam's largest import market during 1995-2006

Unit: Billion USD

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total	Ranking	
Singapore															
FDI	1,06	3,07	0,64	1,30	0,31	0,06	0,51	0,09	0,15	0,40	0,25	0,68	8,49	1	
KNNK	1,43	2,03	2,13	1,96	1,88	2,69	2,48	2,53	2,88	3,62	4,48	6,27	34,38		1
Korea															
FDI	0,59	0,83	0,89	0,10	0,18	0,10	0,20	0,56	0,48	0,49	0,93	3,11	8,45	2	
KNNK	1,25	1,78	1,56	1,42	1,49	1,75	1,89	2,28	2,63	3,36	3,59	3,91	26,91		3
Japan															
FDI	1,09	0,91	0,88	0,34	0,17	0,11	0,69	0,41	0,29	0,87	0,95	1,49	8,21	3	
KNNK	0,92	1,26	1,51	1,48	1,62	2,30	2,18	2,50	2,98	3,55	4,07	4,70	29,08		2
Hong Kong															
FDI	0,53	0,83	0,29	0,30	0,10	0,10	0,25	0,24	0,31	0,26	0,56	1,69	5,46	4	
KNNK	0,42	0,80	0,60	0,56	0,50	0,60	0,54	0,80	0,99	1,07	1,24	1,44	9,56		4
Malaysia															
FDI	0,19	0,13	0,26	0,02	0,02	0,07	0,04	0,12	0,09	0,19	0,26	0,09	1,48	5	
KNNK	0,19	0,20	0,23	0,25	0,31	0,39	0,46	0,68	0,93	1,22	1,26	1,48	7,59		5

Source: Ministry of Planning and Investment

Thus, before 2007 Vietnam's largest FDI investors were Singapore, South Korea, Japan, Hong Kong and Malaysia, the largest import markets of Vietnam in this period were those countries. , led by Singapore, Japan, Korea, Hong Kong and Malaysia.

Period of 2007-2018: In the period of 2007-2018, along with the increasing attraction of foreign investors from many countries and territories around the world, Vietnam's import market is also diversified. more with new strategic partners. During this period, the order of Vietnam's main import markets changed, China became the largest import market of Vietnam due to its geographical advantage and price competitiveness. The next positions are South Korea, Japan, Thailand and the United States. It is worth mentioning that these are also the largest FDI investors in Vietnam in the 2007-2018 period. Thus, it is clear that the restructuring of FDI investors has changed the structure of Vietnam's main import market in recent years.

Table 4: Year of FDI investors - Vietnam's largest import market during 2007-2018

Unit: Billion USD

Năm	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total	Ranking	
Korea															
FDI	5,40	4,91	1,91	2,55	1,54	1,29	4,47	0,49	6,98	7,97	8,72	7,32	53,53	1	
KNNK	5,34	7,26	6,71	9,76	13,18	15,54	20,68	21,73	27,58	31,16	46,73	47,50	253,15		2
Japan															
FDI	1,39	8,04	0,71	2,40	2,62	5,59	5,88	2,30	1,80	3,04	9,20	8,94	51,91	2	
KNNK	6,19	8,24	6,84	9,02	10,40	11,60	11,56	12,86	14,23	15,06	16,59	19,01	141,59		3
Thailand															
FDI	0,29	4,02	0,10	0,17	0,21	0,20	0,20	0.23	0,34	0,73	0,62	0,76	7,88	5	
KNNK	3,74	4,91	4,47	5,60	6,38	5,79	6,28	7,05	8,28	8,85	10,40	10,01	81,77		4
China															
FDI	0,57	0,73	0,38	0,68	0,76	0,37	2,34	0,50	0,74	2,14	2,14	2,53	13,89	4	
KNNK	12,71	15,97	15,41	20,20	24,87	29,04	36,89	43,65	49,46	50,02	58,23	65,44	421,88		1
USA															
FDI	0,39	1,95	9,95	1,94	0,30	0,16	0,13	0,31	0,22	0,43	0,87	0,56	17,21	3	
KNNK	1,70	2,65	2,71	3,77	4,53	4,83	5,23	6,29	7,79	9,70	9,20	12,75	71,14		5

Source: Ministry of Planning and Investment

Along with the rise to become the fourth largest FDI investor of Vietnam in the period of 2007-2018, China has become the largest import market of Vietnam. However, China's becoming the largest import market of Vietnam is also an issue that needs to be carefully considered. According to a survey conducted by the Japan Trade and Investment Promotion Organization (JE.TRO), Vietnam has become the first choice of Japanese companies operating in China and looking to change direction. investing in a third country, especially after Vietnam joined the WTO. However, in Vietnam, they did not build material processing plants like they did in China but decided to import raw materials from Chinese facilities to Vietnam (because the two countries share a border). This has led to a sharp increase in exports from China to Vietnam, making Vietnam heavily dependent on China. In the coming time, if Vietnam does not have a plan to develop supporting industries, this negative impact will be greater.

3. Discuss the results of analyzing the impact of FDI on import and export in Vietnam for the period of 1988-2018

The appearance of FDI inflows had a great impact on import-export in Vietnam during 1988-2018 through both direct and indirect effects channels analyzed above. The author summarizes into three impact groups: (1) positive effects; (2) positive effects have not been as expected; (3) negative effects.

3.1. The positive effects

Firstly, FDI contributes to increasing export turnover and contributing to improving the trade balance of Vietnam

It is obvious that with the increasing contribution to total export turnover, FDI inflows as well as FDI enterprises have become an important lever to stimulate the development of Vietnam's export activities in recent years. As a result, Vietnam's exports always achieve miracles with important milestones. FDI has had a very positive impact on export turnover, increasing the country's export turnover through the increase in export value of the FDI sector. FDI inflows into Vietnam with export goals have been well implemented, the export production activities of FDI enterprises have also been relatively successful and contributed greatly to the growth of export turnover nationwide.

The statistics show that the trade balance of the inland area was always in deep deficit throughout the period of 1988-2018. This is the main reason leading to the continuous deficit of the country's trade balance. However, with the continuous increase in trade surplus of the FDI sector, Vietnam's trade balance has obviously improved, the country's trade deficit has decreased significantly and the trade surplus has started and the years have come. 2012, 2013, 2014, 2016, 2017, 2018 (Data in table 3.17). This is a very positive impact of FDI inflows on Vietnam's exports over the years.

Second, FDI contributes to replace imported goods with goods of FDI enterprises themselves

When the economy is backward, production activities are underdeveloped, Vietnam has to import many products, including basic consumer goods. However, since Vietnam opened its economy and attracted FDI, Vietnam's manufacturing has had positive changes. FDI enterprises have appeared in many industries and fields in Vietnam, producing many types of goods, many of which were previously imported such as electronics, computers, phones and pharmaceuticals. products, medical equipment, cars, motorbikes ... Thus, FDI has the ability to replace imported goods with goods of FDI enterprises manufactured in Vietnam, thereby contributing to the reduction of Vietnam's exports. Male.

Thirdly, FDI contributes to restructuring Vietnam's export goods in a positive way, increasing the proportion of processed - refined goods.

The appearance of FDI inflows in the manufacturing and processing industry in Vietnam has led to an increase in exports of this sector at an increasingly rapid growth. This rapid increase has increased the proportion of processed and refined goods in Vietnam's export goods structure. The proportion of the processing - refining group in total export turnover of Vietnam has continuously increased, in contrast, the proportion of the raw - processed goods group has been declining (Table 3.18). Thus, FDI plays an important role in improving the quality of Vietnam's export goods structure by increasing the proportion of processed - refined goods and reducing the proportion of raw - processed goods.

Fourthly, FDI helps to expand the scope of Vietnam's import-export market

FDI is likely to promote international trade between Vietnam and the host countries. Most of the countries having investment relations with Vietnam have had international trade relations with Vietnam due to the input and output constraints of the production and consumption processes. With the rapid increase of foreign investors in Vietnam, Vietnam's trading partners have also increased sharply. By the end of 2018, there were over 200 countries and territories around the world having trade relations with Vietnam.

3.2. The positive effects have not been as expected

In addition to the very positive effects of FDI on exports, the author also noticed some other positive effects of FDI on exports and imports in Vietnam but were not as expected, such as:

Firstly, the positive spillover effects of FDI to domestic exporters through the channel creates competitive pressure and the technology transfer channel is very limited.

Regarding the channel of creating competitive pressure: The appearance of FDI enterprises in Vietnam has created a great competitive pressure for domestic exporters, forcing these enterprises to invest in improving their competitiveness in production. export. The result is an increase in export opportunities and opportunities for domestic enterprises. However, the degree of impact is more or less dependent on the type of investment and the field of investment. In Vietnam, this positive spillover effect has only occurred in some sectors such as textile, footwear and food processing. In addition, the impact level is still very modest because foreign investors are not interested in joint ventures with domestic enterprises.

Regarding technology transfer channel: According to 2018 statistics of the Ministry of Planning and Investment, more than 80% of FDI enterprises use the world's average technology, about 5-6% use high technology and advanced technology (while the target is 35-40%), the rest use outdated technology. Thus, the goal of attracting and technology transfer through FDI in Vietnam is considered as "unsatisfactory". Therefore, the expectation of positive spillover effects from FDI to export production of domestic enterprises through technology transfer channel has not been achieved.

Secondly, expectations for the positive spillover effects of FDI to Vietnam's export turnover reduction through technology transfer and knowledge transfer have not been achieved.

Thanks to the spillover effects on technology and knowledge from FDI, Vietnam is expected to be able to produce machinery, technology, production inputs and supporting products, thereby reducing imports. Password. However, according to VCCI (2016) survey results in 10 industries in Vietnam (including 7 industries in the manufacturing and processing industry), the technology of the enterprises is mainly imported technology and Imported mainly from developing countries (accounting for 65%), of which up to 26.6% of technology originated from China. In addition, the statistics on Vietnam's major imports in 2018 (Figure 3.3) show that Vietnam has not been able to control machinery, equipment and input materials for some manufacturing industries. spearhead export. Therefore, the positive spillover effects on technology and knowledge from FDI have not been able to help Vietnam to gain autonomy over machinery, technology and input materials to limit imports.

Thirdly, the positive impact of FDI on the restructuring of Vietnam's export goods through increasing the proportion of goods with high content of gray matter technology is still very limited.

The appearance of FDI inflows into the high-tech sector in Vietnam is expected to contribute to increasing the proportion of high-tech products in the structure of export goods, thereby improving the quality. structure of export goods. However, this expectation has not been achieved so far. In fact, although Vietnam currently has many major export items with an annual export turnover of over US $ 1 billion, items with a high content of gray matter are still very limited. Some key export items such as phones of all kinds, computers, electronic products ... have only been implemented in processing and assembling. In addition, Vietnam's current investment technology is still mainly medium technology and low technology, the number of high-tech FDI projects is very limited. Therefore, the positive impact of FDI in increasing the share of high-tech products in Vietnam's export goods structure is not significant.

Fourthly, the positive impact of FDI on the increase of VA value added for Vietnamese exports remains negligible

One of the cases that increases VA for export goods is that intermediate goods are supplied immediately in the domestic market instead of having to import from abroad, thereby reducing the purchasing cost of the goods. Intermediate input (IC). In fact, in Vietnam, the positive impact of FDI on increasing VA for exports in this case is very limited, the ratio of ICs from imported raw materials of FDI sector in Vietnam is still very high. Exports of FDI sector increased but imports to create export goods increased equally, so, although export turnover increased sharply, VA and domestic proportion of Vietnam's exports did not increase, even also reduced. This shows that the positive impact of FDI on increasing VA for Vietnam's exports is not significant.

Fifthly, the positive impact of FDI on the restructuring of Vietnam's imported goods through reducing the proportion of consumer goods is still slow.

FDI has a positive impact on reducing the share of consumer goods through the channel of replacing imported goods with goods produced by FDI enterprises in Vietnam. In addition, through technology transfer and knowledge from the FDI sector to the domestic economic sector, domestic enterprises can also produce consumer goods that previously had to be imported. However, this positive impact has not been maximized in Vietnam because Vietnam still has to import consumer goods, there is still an increase in import value of consumer goods group despite the growth rate has decrease over time.

3.3. The negative effects

Besides the positive effects, there still exist some negative effects of FDI on import and export in Vietnam. Specifically:

Firstly, FDI increases Vietnam's export value due to import of FDI enterprises

This negative impact in Vietnam is very clear because Vietnam is a developing country, technology level is low, human resource level is limited, most FDI enterprises have to import machinery. equipment, technology, input materials and even high quality human resources from the host country and other countries. Besides, due to the weakness of supporting industry, the development of Vietnamese industry still depends heavily on the outside. FDI enterprises in Vietnam still have to import most of SI products to serve production and business activities. Thus, the increase of FDI enterprises in Vietnam will lead to an increase in imports of the FDI sector and thus increase the national export turnover.

Secondly, through the channel of competitive pressure, FDI has a negative impact on domestic exporters in Vietnam, especially small and medium-sized enterprises.

The presence of FDI enterprises with strong financial potential, high technology level and more qualified human resources has created too fierce competition pressure, causing many domestic exporters, especially enterprises. small and medium size, loss of input supply for production of export goods and loss of market for output products in the hands of FDI enterprises. Weaknesses in financial resources, technology, production scale, human resource level, experience and export markets have forced domestic enterprises to cut production, even is to withdraw from the market when the presence of FDI enterprises in the same field. In addition, the emergence of FDI enterprises with higher technology levels will create more market segments with demand for products with high content of gray matter technology, which creates competitive pressure. getting bigger and bigger for domestic businesses in Vietnam.

Thirdly, FDI causes the "brain drain" phenomenon of domestic export enterprises in Vietnam through the labor movement channel.

The movement of labor from domestic export enterprises to FDI enterprises has been taking place very strongly in Vietnam. Many Vietnamese workers after working for a long time and gaining experience in domestic export enterprises have moved to work for FDI enterprises. This is the phenomenon of "brain drain" of domestic export enterprises. For example, in the field of information technology, it is a fact that in areas with FDI enterprises, especially in areas near Samsung factories, domestic enterprises in Vietnam are difficult to recruit workers. The risk of competition in R&D human resources is even higher. Major foreign technology companies such as Samsung, LG have entered many prestigious universities such as Polytechnic, Information Technology to support scholarships for good students and graduates will be recruited immediately. In addition, domestic enterprises are difficult to retain R&D personnel because they themselves have been trained by the remuneration and remuneration policies of FDI enterprises. This phenomenon may cause negative impacts on export production activities of domestic enterprises due to loss of manpower, especially quality human resources and experience in producing export goods. This is one of the negative effects of FDI on domestic export enterprises in Vietnam, reducing the competitiveness, reducing export production capacity, thereby reducing the export value of domestic enterprises. .

Fourth, receiving technology transfer mainly from Asian investors, especially from China, may cause negative impacts on exports in particular and Vietnam's economy in general.

The foreign direct investment partners that carry out technology transfer for Vietnam are still mainly Asian partners, most of them are China with the majority of medium and low-level technologies. North America and Europe are the source markets of high technology and modern equipment, which have a great impact on domestic technological and technological innovation, while the trade surplus is on the contrary, while Vietnam has a huge trade deficit from Asian markets, especially from China, are mostly low and medium technology. The proportion of Vietnam's imports from China is increasing, if in 2005 the share of imports from China was only about 16%, by 2015 this proportion would have increased to 30%, of which more than 90% of imports would be for production (about 60% are input materials and more than 30% are machinery and equipment). Therefore, learning and receiving technology transfer from investment partners with average and outdated technology level will not help domestic exporters to improve technology. As a result, goods produced with these technologies have low economic value and low competitiveness in export markets in the context of today's increasingly modern production technology. This negatively affects exports in particular and Vietnam's economy in general.

3.4. The cause of negative impacts and positive impacts has not been as expected

The creation of negative effects and some positive effects of FDI have not been as expected to import and export in Vietnam in recent years, according to the author are due to the following main reasons:

Firstly, the majority of domestic exporters are small and medium-sized enterprises, so their financial capacity is limited

According to a report of the General Statistics Office in 2018, there were more than 702,000 enterprises in the whole country in the forms, of which the number of small and medium enterprises accounted for 98%, large enterprises only accounted for a very small rate of 2%. Among small and medium enterprises, nearly 98% are small and micro enterprises, only 2% of medium enterprises. Thus, the vast majority of Vietnamese enterprises in general and domestic export enterprises in particular are small and micro enterprises with very limited financial capacity (under VND 20 billion under Decree 56 / 2009 / ND-CP).

The limited financial capacity of domestic export enterprises makes these enterprises unable to compete with FDI enterprises in the same field with strong financial potential, leading to the loss of production input supply. and losing markets for output products to FDI enterprises. This forces domestic exporters to cut production or even withdraw from the market due to the competitive pressure created by FDI enterprises.

The limitation of financial capacity is also the main reason for the positive spillover effects of FDI to export production activities of domestic enterprises through the channel of creating competitive pressure that has not been as expected. . The emergence of FDI enterprises is expected to create great competitive pressure on domestic exporters, forcing them to invest in improving competitiveness in export production, resulting in increase opportunities and export ability of domestic enterprises. However, due to limited financial capacity, the majority of domestic export enterprises were unable to invest in improving their competitiveness to compete with FDI enterprises. Therefore, this positive impact of FDI on domestic enterprises' exports has not been fully exploited.

Receiving technology transfer mainly from Asian countries, especially China, in part because they are big investment partners of Vietnam and they can request capital contribution by technology, secondly and owner. This is mainly due to the limited financial capacity of domestic enterprises. Because of accepting technology import from countries with low and medium technology level, the spillover effect of FDI to export of domestic enterprises through technology transfer channel has not been achieved.

The limitation of financial capacity is also one of the main causes leading to the "brain drain" phenomenon of domestic exporters. Due to the thin financial potential, the remuneration regime is not satisfactory, nor can it be strong in organizing officials' programs and training of talents. Meanwhile, with better compensation, better environment and working conditions, better training plans and more appropriate labor arrangements, FDI enterprises can easily recruit employees. excellent. This "brain drain" phenomenon will reduce the competitiveness, reduce export production capacity and thus reduce export value of domestic enterprises.

Secondly, the quality of Vietnamese human resources is still low

According to the results of the 2015 Census, Vietnam's population has surpassed 90 million, ranking 13th in the world, 7th in Asia and 3rd in Southeast Asia. The Vietnamese labor force accounts for about 59.67%. Regarding technical and professional qualifications, the percentage of trained workers in the labor force aged 15 and over is very low, about 17%. The quality of human resources is not high, leading to a low labor productivity in Vietnam. According to the International Labor Organization (ILO), Vietnam ranks among the lowest labor productivity groups in Asia and the Pacific. Vietnam's labor productivity is only 1/5 of that of

Malaysia, 2/5 of Thailand, 1/10 of South Korea, and 1/11 of Japan. Also in a recent study of ILO and ABD, experts of ILO and ADB said that Vietnamese workers are currently lacking in professional, untrained, and skills are not suitable to market requirements. schools and many workers have to retrain.

The shortage of high-quality human resources is one of the main reasons why the positive spillover effects of FDI on the reduction of exports through technology transfer and knowledge have not been achieved. Technology transfer and knowledge from FDI enterprises to domestic export enterprises through labor movement channels is limited because the ability to absorb and absorb technology and knowledge of domestic workers is generally low. . Vietnam has not been able to maximize this positive impact of FDI to be able to produce technologies, equipment, and production inputs. As a result, Vietnam has not been able to control the technology, machinery, equipment and production inputs to limit imports.

The low quality of human resources is also the reason for the positive impact of FDI on improving the quality of export goods structure by increasing the proportion of goods with high gray matter content and increasing VA for Vietnam's export goods are not significant. Lack of qualified labor is a difficult problem affecting export production activities of exporting enterprises. Firstly, enterprises cannot increase VA for export products. Second, enterprises do not create many export items with a high content of gray matter technology, which require higher qualifications of workers in accessing more modern production technologies. Therefore, it is difficult for enterprises to participate in higher-value production stages in the world value chain. For businesses exporting high-tech products such as electronics, computers ..., labor force in Vietnam is very abundant but not high quality. Trained labors make up the majority but lack practical and applied skills, lack of research and development skills. This is also the reason that explains why some key export items such as phones, computers, electronic products of FDI enterprises have been implemented mainly in processing and assembling.

Due to the low level of human resources, domestic suppliers cannot use and improve technology and the products do not meet the conditions and standards of FDI enterprises. Even when technology-assisted FDI enterprises, very few domestic suppliers have the ability to produce in large and stable quantities, meeting the requirements of FDI enterprises. Restrictions on the quality of human resources of domestic enterprises also greatly affect the ability of FDI enterprises to become important and long-term partners.

Third, the technological background of domestic enterprises in particular and of Vietnam in general is very limited

The main reason why Vietnam has to import such technology is that the domestic technology base is still low and the domestic technology supply is very limited. Although the number of science and technology research organizations in Vietnam is relatively large, the research results have not been linked to the actual needs of enterprises. On the other hand, due to the limited research capacity and investment capital for scientific research, we have not been able to create breakthrough technology products for production activities, especially is export production. Therefore, Vietnam still has to import technology mainly from abroad.

The weakness in technology level is also one of the main reasons why FDI investors have not yet come to Vietnam as a destination for R&D activities. Although there have been a number of large TNCs such as Nissan, Samsung, HP, Bosch, Panasonic ... establishing R&D facilities in Vietnam in recent years, but in general, only very small quantities such as broken salt and R&D activities in FDI enterprises are just limited to small, simple technologies or research to improve adaptation to Vietnamese conditions. Therefore, spillover effects on technology from FDI to export production in Vietnam have not achieved the expected results.

Fourthly, the degree of linkage between Vietnamese domestic enterprises and FDI enterprises is still scarce and loose, Vietnamese domestic enterprises are still largely outside the global supply chain.

According to the Foreign Investment Agency - Ministry of Planning and Investment, by the end of 2018, FDI into Vietnam through the form of 100% foreign investment still accounted for the highest proportion up to 71.39% of the total. FDI projects, joint venture enterprises only accounted for a modest figure of 23.2% of the total FDI projects. This fact shows that in Vietnam today, the number of domestic enterprises with strong capacity to attract foreign investors to set up joint ventures is limited, especially in the field of public goods production. High-tech technology. The lack of interest of foreign investors in joint ventures and associates with domestic enterprises in Vietnam makes the positive impact of FDI on exports of domestic enterprises through technology transfer and knowledge channel. limited by this impact is promoted in the joint venture enterprises much better than the enterprises with 100% foreign capital.

The reality in Vietnam shows that the vast majority of FDI enterprises operating in Vietnam carry out export activities. Raw materials, raw materials and components for FDI enterprises' production activities all have to be imported from the outside, the production, business and export activities of FDI enterprises are quite isolated from domestic enterprises. almost all sectors and fields. Therefore, the lack of joint ventures with FDI enterprises is the main reason that makes Vietnam's domestic export enterprises almost still outside the supply chain of FDI enterprises.

Fifthly, the underdeveloped domestic supporting industry has caused Vietnam's imports to increase along with the increase of FDI inflows.

According to the Report of the Ministry of Industry and Trade, Vietnam's supporting industry is still underdeveloped. The supporting industry enterprises in Vietnam currently only participate in providing packaging and packaging stages. According to the World Bank, the supporting industry of Vietnam is still in the 1st stage in the 5 development stages of supporting industry.

Underdeveloped domestic supporting industry is the main reason leading to the negative impact of FDI in increasing Vietnam's exports as FDI enterprises have to import most of the supporting industry products that the country has not yet met. Most of the auxiliary materials for export production of FDI enterprises in particular and Vietnam in general have to be imported (80-85%), the localization rate in most industries. are at very low level, only from 5-10%. Thus, the increase of FDI enterprises in Vietnam will lead to an increase in imports of the FDI sector and thus increase the national export turnover.

The underdeveloped domestic supporting industry is also one of the main reasons that make the positive impact of FDI on improving the quality of export goods through increasing VA for Vietnam's export goods is still negligible. Exports of FDI sector increased but imports to create export goods increased equally, so, although export turnover increased sharply, VA and domestic proportion of Vietnam's exports did not increase, even also reduced.

Underdeveloped domestic supporting industry is also a cause to reduce the linkage between FDI enterprises and domestic enterprises. Due to the underdeveloped domestic supporting industry, foreign investors are not interested in associating with these enterprises because they still have to import products to support production activities from foreign countries to ensure the requirements. in terms of quantity and quality. Therefore, domestic enterprises of Vietnam are still outside the supply chain of FDI enterprises, making the positive spillover effects of FDI to Vietnam's import and export activities have not been maximized.

Sixth, Vietnam's infrastructure is still weak

Infrastructure is one of the top factors that foreign investors consider when deciding where to invest. For investors with export purposes, in addition to normal infrastructure, they are particularly interested in infrastructure serving import and export activities, especially transportation infrastructure system serving for trade in goods domestically and across countries. According to the Global Competitiveness Report of WEF, the quality of transport infrastructure in Vietnam is very limited and behind many countries in the region in terms of road quality, railways, seaport system and airway. This greatly affects the investment decisions in Vietnam of foreign investors, especially those with export targets.

Table 5: Global competitive rankings for quality of transport infrastructure

Country	Roadway	Rail	Port system	Airline
Singapore	2	7	1	1
Malaysia	18	18	15	20
Thailand	37	63	47	32
Indonesia	83	52	103	80
Vietnam	123	71	111	95

Source: Nguyen Bich Ngoc 2017 (page 105)

The seaport system, especially deep-water ports, has not been focused on investment in general. Vietnam also does not have an international transshipment port, so Vietnam's import and export goods cannot be transported directly from Vietnam to the importing country or vice versa, but must be transported through a transshipment port of the country. other. The main weakness and lack of transport infrastructure system of Vietnam has caused many inconveniences, increasing transport costs of import and export goods, thereby

affecting investment decisions in Vietnam by foreign investors, especially investors with export goals.

Seventhly, policies to attract FDI are still inadequate, making the positive spillover effects of FDI on import and export in Vietnam have not been as expected

Policies to attract FDI in Vietnam in recent years also race to attract in terms of quantity. Attracting massively, massively accepted FDI, everyone accepts and attracts to set up achievements, to fill up industrial zones at all costs. FDI inflows to Vietnam in recent years are mainly driven by the search of commodity markets and low-cost production inputs such as cheap labor, exploitation of natural resources, financial incentives such as taxes and land rent ... FDI inflows with high technology content have not yet come to Vietnam. Therefore, the positive impact of FDI on improving the quality of import and export goods structure has not been promoted significantly. The proportion of commodities with high gray matter content in the structure of export goods of Vietnam has not been improved much, the growth rate is slow. In addition, consumer goods with a high content of gray matter technology still occupy a high proportion in the structure of imported goods of Vietnam in recent years. It is time to set up a strategy to attract FDI capital in the direction of "hunting" quality investors to maximize the positive impact and limit the negative impact of this capital inflow to the economy. In general, import and export of Vietnam in particular.

FDI enterprises invest in Vietnam mainly with the purpose of finding consumption markets and taking advantage of Vietnam's resources to maximize profits, not the purpose of technology transfer for domestic enterprises. Although the Law on Foreign Investment was enacted in 1987 and the Laws Amending the Law on Investment, other related laws clearly show the view to encourage foreign organizations and individuals to invest capital and technology in Vietnam, but regulations and policies on technology transfer through foreign investment activities are not clear, the binding is not strong enough. Regulations on the localization rate of export goods only apply to some industries and the requirement is low. There is no provision in the Law on technology transfer to regulate the role of state management agencies in technology appraisal and verification of technologies transferred from abroad to prevent public flows. Technology banned and outdated technology into Vietnam.

The issue of attracting FDI into supporting industries in recent years has focused on large corporations, creating many jobs and creating great industrial production value. The majority of large corporations in manufacturing industries are assembly enterprises, very low VA, without pervasive impact on domestic enterprises. While SI companies often have small and medium scale, the demand for renting small production areas is almost not paid attention when attracting foreign investment. In addition, the projects of supporting industry production have been favored and encouraged by the Government of Vietnam in recent years such as Intel, Foxconn ... most of them are producing spare parts for 100% export. Input materials and components of these projects are almost

100% imported. Manufacturers of supporting industries of this kind have little localization motive.

Policies to encourage foreign direct investment in the agricultural sector have not been focused, and the strategic direction to attract FDI into agriculture is unclear. On the other hand, arbitrary changes in planning and policies in many localities are also major obstacles that make foreign investors not interested in agriculture. The strategy to attract FDI into agriculture still fails because it does not solve the problem of benefits in investment cooperation, which is the benefit between enterprises and foreign investors and the interests of farmers. In addition, FDI related to this industry is also "limited" to many State agencies in terms of coordination in terms of investment policies (Ha Thanh, 2015). These are also the main reasons leading to limited FDI inflows into agriculture, very low export value, Vietnam still has to import many agricultural products while agriculture is Vietnam's strength.

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