

Attraction of Foreign Direct Investment in Mekong Delta, Vietnam: The Hinder Factors

Author's Details:

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Abstract

Sustainable development is an important goal of countries around the world. For Vietnam in general and the Mekong Delta in particular, in the period of innovation and international integration deepening, the foreign direct investment (FDI) sector has formed and developed strongly since 1986, Vietnam carried out the renovation and especially after Vietnam joined ASEAN in 1995. The Mekong Delta region has its own policy such as Resolution No.120/NQ-CP dated November 17, 2017 of the Government on sustainable development of the Mekong Delta to adapt to climate change. In particular, the Government encourages investment attraction in areas such as infrastructure development, combined with tourism development, prioritizes allocating resources for projects and works with regional linkage, serving the objectives, combine transportation, irrigation, smart use of water resources, limit adverse impacts due to climate change, water-related disasters. However, FDI results in the Mekong Delta are not comparable to other regions. There are many reasons that reduce FDI inflow to the Mekong Delta; it is necessary to research in order to provide reliable scientific arguments to help provinces/cities in this region to overcome and innovation. There may be breakthrough initiatives to attract FDI.

Keywords: FDI; the hinder factors; solution; the Mekong Delta.

1. Introduction

The FDI sector contributes positively to the gross domestic product (GDP) with its contribution increasing gradually over the years, namely 15.15% (2010), 18.7% (2015), and 20.13%³ (2020). Therefore, the FDI sector is always considered to be the most dynamic developing region of the economy when the GDP growth rate in the FDI sector is always higher than the GDP growth rate of the whole country (in 2011: GDP of the FDI sector increased by 7, 69% while the GDP of the whole country increased by 6.24%; this rate was 7.42% and 5.25% respectively in 2012; 7.86% and 5.42% in 2013; 8.45% and 5.98% in 2014; 10.71% and 6.68% in 2015; 9.55% and 6.21% in 2016⁴...

Since the implementation of Resolution No.120/NQ-CP of the Government on sustainable development of the Mekong Delta to adapt to climate change⁵, in 2018, 2019 and 2020, foreign direct investment in the region respectively reached 2.55 billion USD, 2.059 billion USD and 6.082 billion USD, which accounted for 7.2%, 5.4% and 21.32% of the total investment capital of the country. Especially in 2020, there are a number of localities with a very strong increase in FDI, due to large investment projects here, which has strongly promoted capital flows into this area.

However, besides the advantages of natural conditions as well as the positive effects of its own policy mechanism, the efficiency and results of attracting investment in the FDI sector in the recent period of the Mekong Delta has revealed many limitations and inadequacies. Specifically, the Mekong Delta is proud to be the largest economic and agricultural region in the country, but the export is not equal to that of Dong Nai province. The investment field without local choice like Bac Lieu with the big project "*Bac Lieu Liquefied Natural Gas Power Plant Project*" with an investment capital of 4 billion USD. However, that project also cannot change the face of the production industry as well as the expectations in this province. Another problem is that FDI inflows are mainly concentrated in Long An, accounting for nearly 30% of the region, while Can Tho city is the center of the region, but FDI is very modest. Therefore, on the basis of some of the above analysis, the objective of this article is to study and identify the factors that hinder the attraction of FDI into the Mekong Delta region to make some recommendations to improve the situation and create

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³ The General Statistics Office of Vietnam (2020), Statistical Yearbook

⁴ The General Statistics Office of Vietnam, The report of socio-economic in the period of 2011-2016.

⁵ The Government (2017), Resolution No.120/NQ-CP dated November 17, 2017 of the Government on sustainable development of the Mekong Delta to adapt to climate change.

conditions to attract more FDI into the region.

2. Theory of factors affecting the results of FDI attraction

There are a number of domestic and foreign studies interested in the benefits of attracting FDI. Asian Development Bank Institute (2006) believes that FDI contributes many resources to the economic development of the host country, specifically, FDI enterprises have high technology, good management expertise, experience and know-how. and other issues that are not easily accessible to FDI recipient countries. Therefore, FDI is likely to play an important catalytic role for countries in the transition from a centrally planned economy to a market-oriented economy like Vietnam.

By surveying data from several investors, Asiedu. E. (2006)⁶ showed that macroeconomic instability, investment restrictions, corruption and political instability have a negative impact on foreign direct investment (FDI) in Africa. The study examines the impact of factors including: natural resources, market size, government policies, political instability and the quality of host country institutions on FDI. As a result, two factors that strongly affect FDI promotion are natural resources and market size. In addition, other factors such as: lower inflation, good infrastructure, educated population, openness of the country, less corruption, political stability and reliable legal system are also have a similar effect on FDI. These results suggest that small or lacking in natural resources countries are can attract FDI by improving their institutional and policy environment.

According to Minh (2012)⁷, the Mekong Delta needs to attract FDI with its own characteristics. Over the past years, FDI has contributed to the flow of economic resources and contributed to the economic restructuring towards industrialization, however, this area still has limitations. Thus, FDI attraction has not been commensurate with the region's potentials and strengths, which is due to the following reasons: (i) Lack of transparent information in policies, (ii) Poor technical infrastructure (transport, logistics, energy, telecommunications) makes investors unsatisfied, (iii) The management civil servant is not professional, lacks communication skills to care for investors, foreign languages... (iv) Lack of quality labor force, most workers are untrained.

Giao et al (2015)⁸ researched the factors affecting the attraction of investment capital to Ca Mau province. Research on 3 areas: Agriculture-Forestry-Fishery, Industry-construction, Trade-service. The authors propose the main factors affecting investment activities in Ca Mau province: group of economic factors; group of resource factor and geographical location; group of infrastructure factors; group of policy factors; group of factors linking regions. The research results found that the factors affecting the attraction of investment capital into the agricultural - forestry - fishery sector of Ca Mau are: (i) decisions of local authorities and support policies, (ii) market, (iii) position geographical location and aquatic resources. Factors affecting the attraction of investment capital into the industry - construction sector of Ca Mau include: (i) decisions of local authorities, (ii) investment policies and support work, (iii) market. Factors such as: (i) market; (ii) investment costs; (iii) reliable partner; (iv) convenient location for warehousing activities; (v) economic zones.. all have an impact on attracting investment capital into the trade - service sector.

Phuoc (2015)⁹, *The reason why the Mekong Delta cannot attract foreign direct investment*, the author used the Harrod - Domar model, the economic growth model of Solow, Hecksher - Ohlin (H - O) on the movement of foreign investment capital and previous studies. The study presents 12 independent variables to determine the factors affecting FDI in the Mekong Delta in the context of comparison with the whole country. The study aimed to find out why the Mekong Delta failed to attract foreign direct investment. The

⁶ Asiedu, E. (2006) "Foreign direct investment in Africa: The role of natural resources, market size, government policy, institutions and political instability" (Foreign Direct Investment in Africa: The role of natural resources, market size, government policy, institutions, and political instability.), world development, (29(1), pp.63-77.

⁷ Nguyen Trong Minh (2012), "Attracting foreign direct investment in the Mekong Delta", Journal of Banking, No. 72, March 2012.

⁸ Ha Nam Khanh Giao et al. (2015), "Study on factors affecting investment attraction in Ca Mau province", Journal of Science – Ho Chi Minh City Open University (No. 5-44- 2015), pp.38-50.

⁹ Pham Kim Phuoc (2015), *The reasons why the Mekong Delta cannot attract foreign direct investment*, Journal of Science - Ho Chi Minh Open University–No. 10 (3)2015, p.109- 119

results found that the reason the Mekong Delta did not attract too much FDI because the infrastructure, investment capital of the state and the private sector in the country was still low. Other factors such as the openness of the economy and the labor force also affect FDI. Foreign investors care about GDP when deciding to invest in localities, but it does not mean that all provinces/cities with high GDP will attract a lot of FDI.

Dau Anh Tuan (2020)¹⁰, when researching the Provincial Competitiveness Index 2020, there was an additional integrated survey to get observations on the change of weather in the past 5 years in order to help businesses feel Climate change and disaster risks affect in the Mekong Delta. The results of the business community are not optimistic when investing in areas affected by climate change, according to the analysis in chart 1 of Appendix.

Based on the above studies, the author summarizes the theoretical factors hindering FDI and proposes the factors hindering FDI into the Mekong Delta in Table 1 below: according to the analysis in Table 1 below.

TABLE 1: THE FACTORS IMPACT ON FDI RESULTS

Author	Factors	The author's view on the suitability to use for the article <i>"Attraction of foreign direct investment in the Mekong Delta, Vietnam: the hinder factors"</i>
Asiedu. E. (2006)	Natural resources	This factor has a positive effect on FDI in the Mekong Delta, so it is not within the scope of this article's research.
	Market size	This factor has a positive effect on FDI in the Mekong Delta, so it is not within the scope of this article's research.
	Inflationary	This is a macro factor, so the author does not approach this factor.
	The infrastructure	This factor has a negative impact on FDI in the Mekong Delta
	People's intellectual level	This factor has a negative impact on FDI in the Mekong Delta
	Corruption	This factor has a negative impact on FDI in the Mekong Delta
	Openness of the country	This is a macro factor, so the author does not approach this factor.
	Political stability	This is a macro factor, so the author does not approach this factor.
Minh, 2012	Trusted legal system	This is a macro factor, so the author does not approach this factor.
	Lack of transparent information in management	This factor has a negative impact on FDI in the Mekong Delta
	Technical infrastructure	This factor has a negative impact on FDI in the Mekong Delta
	The management team is not professional	This factor has a negative impact on FDI in the Mekong Delta
Giao et al (2015)	Poor quality labor	This factor has a negative impact on FDI in the Mekong Delta
	Supporting policies	This is a macro factor, so the author does not approach this factor.
	Market	This factor has a positive effect on FDI in the Mekong Delta, so it is not within the scope of this article's research.
	Geographical location	This factor has a negative impact on FDI in the Mekong Delta
Phuoc (2015),	Resources	This factor has a positive effect on FDI in the Mekong Delta, so it is not within the scope of this article's research.
	The infrastructure	This factor has a negative impact on FDI in the Mekong Delta
	Economic openness	This is a macro factor, so the author does not approach this factor.
Tuan (2020)	Labor force	This factor has a negative impact on FDI in the Mekong Delta
	Climate Change	This factor has a negative impact on FDI in the Mekong Delta
	Disaster risk	This factor has a negative impact on FDI in the Mekong Delta

As results, the author showed 4 groups of factors that hinder the attraction of FDI in the region as following:

The first group is the Geographical location factor: The distance is far from the centers of big cities.

The second group is the group of technical infrastructure factors: traffic, logistics, energy, telecommunications... that make investors unsatisfied.

The third group is human resources: due to the lack of quality labor resources, most of them are untrained.

The fourth group is a group of factors that come from the behavior of local authorities: The management team is not professional, limited in foreign languages; lack of communication skills to take care

¹⁰ Dau Anh Tuan (2020), Workshop on Business Environment in the Mekong Delta through the results of the Provincial Competitiveness Index (PCI).

of investors; Information is not transparent in management. That leads to corruption.

In addition, the article will approach initial assessments of *climate change, regional connectivity and local marketing* to consider in this study. Because by reference to the reasons that hinder FDI attraction of the Mekong Delta region that the article sets out, there are similarities with previous studies, but the article adds two newer factors. It's climate change and the lack of attention to local marketing, that has impacted businesses.

3. Comparative analysis of the current situation of attracting foreign direct investment in the Mekong Delta:

3.1. Comparative analysis of some indicators with the whole country

The Mekong Delta has an abundant labor force with a population of 17.8 million, accounting for about 18.8% of the country's population. Although the population accounts for only 18.8%, the labor force over the age of 15 accounted for 19.3% of the total labor force over the age of 15 in the country, only after the Red River Delta (accounting for 21.9%) and the North Central and Central Coast (accounting for 21.6%). There is a total natural land area of about 4.1 million ha (accounting for 12.3% of the natural area of the country). The land used for agricultural, forestry and fishery production in the region is 3.4 million ha, accounting for 83.3% of the total natural land area of the region. In which, land for growing annual crops accounts for 59.2%, mainly used for rice production (rice land accounts for 94.5% of annual crops); land for perennial crops accounted for 17.7%; aquaculture land accounts for 15.6%; The other is forestry land.

The Mekong Delta only contributes about 20% of GDP on average to the national economy. Despite its many advantages, the growth rate has always been lower than the GDP growth of the whole country in the past 10 years. From 2007 to 2019, the GDP of the whole country has always increased; the growth rate is getting higher and higher. In the period 2007 - 2012, an average annual increase of 5.8% while in the period 2013 - 2019, the average increase of 6.4%. However, the GDP growth rate in the Mekong Delta is decreasing. In the period 2007-2012, the region's GDP increased by an average of 5.7%, 0.1% lower than the whole country. In the period of 2013 - 2019, the Mekong Delta region only increased by an average of 5.5% per year, 0.9% lower than the whole country.

3.2. Overview of FDI attraction in the Mekong Delta

From the results of Table 1 according to data as of December 31, 2020, Long An province ranks first in the region in terms of the number of projects (1,243 projects) and total registered capital (over \$8.52 billion). Followed by Kien Giang, Tra Vinh, Tien Giang and Ben Tre are localities with FDI capital of over 1 billion USD, the article is temporarily called "Top 5" of the Mekong Delta. The latest discovery is that Can Tho city, with its position and role as determined by the Government, is the leading locality of the whole region, where the conditions and priority investment level of the state are the most, but by the time This cannot be compared with the group of 5 provinces mentioned above. Through the official data from the General Statistics Office, the article summarizes the descriptive statistics on the number of projects and the total registered FDI capital of 13 observations, 13 provinces/cities as shown in Table 2.

Thus, without considering the number of projects that the article will analyze deeply on the basis of total FDI capital, the region itself is quite far apart from 2 groups including "Top 5" and group of other provinces/cities. Specifically, Vinh Long with a total registered FDI capital of 741.6 million USD or Can Tho with 725.8 million USD are the top two localities in the lower group, but the total FDI capital is too small compared to the average value of 1,774, 25 million USD (table 2). The others like Ca Mau, Dong Thap... have negligible FDI, although these provinces have made great efforts to improve the business investment environment.

3.3. Comparing with FDI of the whole country

The data in Tables 3 and 4 showed that the capital of foreign direct investment in the Mekong Delta is still quite modest. In 2019, foreign direct investment in that region accounted for 5.4% of the total in Vietnam, compared to 80.6% in 2018 and decreased by 21.85% compared to 2017. Overall, FDI of the Mekong Delta decreased gradually in the period 2015 - 2019, starting to show signs of increasing in 2020.

However, because of the impact of the Covid-19 pandemic, FDI in the Mekong Delta and Vietnam has not been able to recover.

3.4. Comparative analysis of FDI with other regions

The results from Table 5, when compared with other regions in the country, the article showed the following findings: Accumulated to December 31, 2020, the Mekong Delta has 1,792 FDI projects with a total registered investment capital of 28.544 billion USD, ranking 4th of 5 regions of the countries (excluding the oil and gas industry). Thus, it can be analyzed that the total registered investment capital of the Mekong Delta is 7.76% compared to the whole country; equal to 48.52% compared to the North Central and Coastal regions; 26.99% compared to the Red River Delta, especially only 18.56% compared to the Southeast region. Through comparative analysis, it can be said that at this point, although there are policies of interest from the Government such as Resolution No.120/NQ-CP, this area still has some points that have not attracted foreign investors' attention.

3.5. Some typical projects

- Foreign investors invest in many projects in the Mekong Delta. However, this article only analyzes some typical projects. In particular, Bac Lieu liquefied natural gas (LNG) power plant project under Bac Lieu LNG Thermal Power Center (Singapore), with registered investment capital of 4 billion USD with the goal of producing electricity from liquefied natural gas LNG (2020). This is also the largest FDI project in the Mekong Delta ever, bringing a lot of opportunities for Bac Lieu as well as the Mekong Delta to develop, contributing to energy stability in the period of 2020 - 2030 and subsequent years. The project will contribute to balance the two-way trade between Vietnam and the US, import advanced technological equipment and a stable and quality source of LNG fuel from the US and thereby, help expand the market and export goods from Vietnam. Regarding project investment resources, the investor representative said that: The presence of a powerful team representing 30 famous corporations in the world with more than 1.5 million employees, total revenue of more than 900 billion USD and total assets up to trillions of USD.

- The project of Guizhou Advance Type Investment Co.,Ltd (China) invested in Advance Vietnam Tire Company Limited with a total capital of over 214 million USD serving the production and consumption of tires, rubber and other products related in Tien Giang province (2019). The project specializes in manufacturing and distributing product lines such as construction tires, light truck tires, agricultural tires, industrial tires, solid tires,... for export to more than 70 countries in the North America, Europe, Middle East, Australia, Southeast Asia,.... The project has invested in advanced machinery and equipment with a high rate of automation with extensive operating experience in China. The project will have modern factories, equipment, machines, etc. to meet the standards of advanced countries in the world and Vietnam. The project has a spillover effect on many other industries of the province to develop in the coming years and contributes positively to the process of socio-economic development of the locality.

In addition, this region also has other major projects such as: *Block B - O Mon gas pipeline project*, total registered investment capital of 1.27 billion USD, invested by Japanese investor in joint venture with PVN and PVGAS Vietnam with the goal of pipeline construction and operation Gas Block B – O Mon in Kien Giang province (2017). *Duyen Hai 2 Power Plant Project* with a total investment of 2.4 billion USD by Janakuasa Sdn. Bhd – Malaysia, invested in Tra Vinh province with the goal of design, construction, operation, and delivery of a coal-fired thermal power plant, with a capacity of about 1,200 MW (including two units with a design capacity of 600 MW/unit) (2015). *The project of Aquaculture Center for Export in Kien Giang province* of Mavin Group (Australia) has a total area of 2,000 hectares of sea surface, with aquaculture products of high economic value fish such as: striped bass, grouper, yellowfin pompano... This project can produce 30,000 tons of marine fish of all kinds per year. The total investment capital of the project is 30 million USD, is expected to officially come into stable operation from 2021. The project will use all modern marine farming technology of the world such as the technology of marine cages of Norway, feeding technology, farming control of France and fish harvesting technology of Australia. This is a marine farming project for export, so Mavin Group also pays special attention to the control of the farming environment and traceability, helping the project's fish exports to be convenient and meet the full range of European Community (EC) recommendations against illegal fishing (IUU).

In general, large-scale FDI projects in the Mekong River Delta focus mainly on the energy sector. Investment projects in the region's strengths are very few, without the attention of investors from FDI sector. The fields that attract large foreign investment capital are the textile and garment industry, the leather and footwear industry, the livestock, poultry and aquatic feed processing industry, the food and beverage processing, the manufacturing industry, etc. The most concentrated is Long An province, the other provinces/cities in the region just have some foreign investors.

4. Factors affecting FDI attraction in the Mekong Delta

4.1. The Geographical location

Investors usually choose the location where the investment is located near the centers. Considering the case of the Mekong Delta, localities with favorable conditions near Ho Chi Minh City will be favorable in attracting FDI. According to the author, this view is only relative because:

If it is explained that Long An, Tien Giang because it is close to Ho Chi Minh City and the Southeast region will have better conditions than the rest of the provinces, the article agrees with this point of view. However, in the case of Tra Vinh, this province has only 43 FDI projects with a total capital of more than 3.33 billion USD (nearly 5 times higher than Can Tho city). Although, in all aspects, this is a province with extremely difficult socio-economic conditions, poorer than other provinces, they have still succeeded in solving many obstacles in attracting FDI.

A quite successful case like Kien Giang is a province far from the centers, but the result of attracting FDI ranks second in the Mekong Delta, it is explained that despite being in the region, Kien Giang has made an outstanding compared to the others. Thus, it has initially reaped the results of attracting FDI (FDI of Phu Quoc Island only accounts for a negligible proportion of capital, about 5.8% of the province). But in the future, if Kien Giang takes a stable step as well as has good conditions in terms of technical infrastructure and human resources, especially continues to promote the good behavior and respect for investors that this locality has been and is doing. If so, it is certain that FDI inflows to this locality will be a breakthrough of the Mekong Delta.

4.2. Infrastructure and quality of human resources

There is a clear relationship between attracting investment with infrastructure and the quality of labor resources. Improving the quality of infrastructure is still the leading factor for improving the business environment and attracting investment.

The current infrastructure is not only transportation but also transaction systems on information networks and energy sources for businesses. Industrial zones are also considered a part of infrastructure including planned land, electricity and water, waste treatment and openness connecting with traffic axes, major ports, and large consumer markets.

There is a relationship between infrastructure and the supply of labor according to demand. Apart from Long An, infrastructure in some provinces/cities are only in the middle and low level but attract better investment than many provinces/cities in the region like Tien Giang, Kien Giang, Tra Vinh, Bac Lieu. Ca Mau is a separate case because of the government's investment program and private investment. Bac Lieu is another example when FDI investors find the best opportunity for project implementation in the energy sector. In Tra Vinh, FDI investors find this place has a cheap labor source, meeting the requirements for some labor-intensive industries. But if there are more labor-intensive businesses here, the pressure will come immediately; the ability to increase investment projects is hindered by this blocking point. Tra Vinh is isolated from many provinces; it is difficult to recruit more workers from other provinces. Tien Giang has a local position close to Ho Chi Minh City, with highways and main traffic routes passing through, which can take advantage of this.

The problem is that due to not focusing on exploiting high-quality human resources for many years, the level of labor force in the region is always the lowest in the country. In recent years, due to unfavorable climatic conditions, the transformation of production activities that require workers to meet new conditions has promoted investment in education in the region to increase, improve labor level.

4.3. Climate Change

As can be seen from chart 1, in the Mekong Delta, FDI enterprises seem to be more worried than in other regions. Agriculture, forestry, and fishery are the industries that businesses are most affected by climate change, as VCCI said with the results of the business community being less optimistic when investing in the Mekong Delta.

4.4. Regional connectivity

Many researches about FDI attraction of the Mekong Delta gave many recommendations and solutions on mechanisms and policies to promote regional linkages and create motivations to bring this region to sustainable development, especially attract social investment, including FDI.

In recent years, regional connectivity has been carried out methodically by provinces/cities in the Mekong Delta, but has not seen any impact on FDI attraction. While the provinces have had spectacular FDI inflows such as the “Top 5”, although Can Tho plays a leading role in regional linkage programs, but the city has not yet made leading contributions in attracting FDI in the Mekong Delta. Thus, the article has a view that regional linkage activities have almost no impact on FDI attraction.

4.5. Lack of attention to local marketing

In addition to the existing obstacles in attracting FDI, the investment environment in the Mekong Delta has improved over the years. Many businesses are looking for investment locations in Vietnam, but lack of consideration to the Mekong Delta. In fact, the Mekong Delta still receives less foreign direct investment (FDI) than other regions in Vietnam due to lack of information. Many investors do not know that The Mekong Delta is the third largest industrial production area in the country after two big cities, namely Ho Chi Minh City and Hanoi. Transport connections to Ho Chi Minh City have greatly improved in recent years, and many provinces in the Mekong Delta now possess the perfect investment climate. This is particularly concerning, as potential investors in the northern part of the greater Ho Chi Minh City area are facing relatively high land costs, labor shortages and other challenges. At the same time, the Mekong Delta is shifting the focus of agriculture and aquaculture development from quantity to quality, with potential benefits from businesses, workers, and the environment.

A place that wants to be famous is sought by many investors to build images for it and it also takes a lot of time. Building a local image, promoting a positive local image is a way to attract investors and create a brand for their products. In this regard, the Mekong Delta has so far been quite weak. Although in recent years there have been many festivals, investment forums... every year, the media impact is not good.

4.6. Quality of local government governance

The set of Provincial Competitiveness Index (PCI), which measures and evaluates the actual quality of economic governance of provinces and cities in Vietnam, thereby promoting the development of the private economic sector of 63 provinces and cities in Vietnam. The PCI index can be considered as a "voice collection" of the private business community on the business environment in provinces and cities in Vietnam.

According to Nguyen Minh Ha and Le Cong Huong (2014) determine the impact relationship of the components of the Competitiveness Index (PCI) with the attraction of foreign direct investment in localities of Vietnam. Studying an econometric model with FDI as the dependent variable and 10 components of PCI and adding some other factors such as labor force, area, seaport, and airport. As a result, not all components of the PCI have an impact on FDI, but only two of them are “*Access to land and stability in land use; legal institutions*”. The other components have no impact on FDI¹¹.

So, whether PCI is related to FDI or not, the author does not object, but gives a comparative discussion in the Mekong Delta like Dong Thap, which is a very strong locality in PCI, always in the top group in the region for many years, but most of them attract negligible FDI.

5. Conclusions and recommendations

¹¹ Nguyen Minh Ha and Le Cong Huong (2014), “Components of the Provincial Competitiveness Index and Their Impact on Attracting Foreign Direct Investment in Localities of Vietnam”, *Journal of World Economy and Politics* (No. 5-217, 2014), pp. 52-61.

With the results approach, published works related to the factors that negatively affect the results of FDI attraction, considered the case of the Mekong Delta, combine data collection and analysis. FDI in the region is comparable with the whole country and other regions. It can be said that in the Mekong Delta region, FDI capital in recent years is still very modest compared to other places, despite its great potential, many favorable conditions, it has not been well exploited as well as by foreign investors. Foreign investors are unknown or they forget, or they are afraid of risks when investing in this area, including areas where the Mekong Delta is strong. In recent years, several mega-projects have been implemented, but mainly in the field of renewable energy, which cannot serve as a fulcrum as well as a guide for domestic enterprises to participate in the world's production chain.

Through the above analysis, from the point of view of the article, the reasons for hindering FDI attraction of the Mekong Delta are summarized by the author through a few studies for this region as follows:

The geographical location factor, although an unfavorable condition for the region, but as demonstrated above, some remote provinces still have solutions to attract beyond the provinces/cities with good locations. Therefore, this is also one of the factors that need attention, but cannot be improved because natural conditions cannot be changed.

Infrastructure factors and the quality of human resources are the core causes of FDI bottlenecks. In terms of infrastructure, this area has the lowest investment in the country, so it is difficult to convince foreign investors to decide to come here. On the other hand, human resources is still the most difficult stage that provinces/cities have tried a lot, but it takes a long way to shorten the gap with other regions.

Climate change is a new factor that has arisen in recent years. However, this is not only a regional problem, but also affects the whole country and the world. Businesses are very concerned when the consequences of climate change will change the natural laws of the region, it will be very risky to invest in the long term.

The issue of regional connectivity, although there are many studies that suggest that provinces/cities must link together in all socio-economic activities. According to the author, there are many programs and plans on this issue, but have not seen the common act of the provinces/cities in the Mekong Delta.

Local marketing has not been paid attention, although this is one of the most important factors. According to the author, local marketing activities usually only focus on investment promotion, have not invested in building and implementing a scientific and effective local marketing process.

Governance quality of local government, the author used the study on PCI with FDI, but almost do not have any impact. Therefore, the article believes that the local government does a good job of administrative reform, creating a modern administration, and dealing well with businesses is the most necessary thing./.

APPENDIX

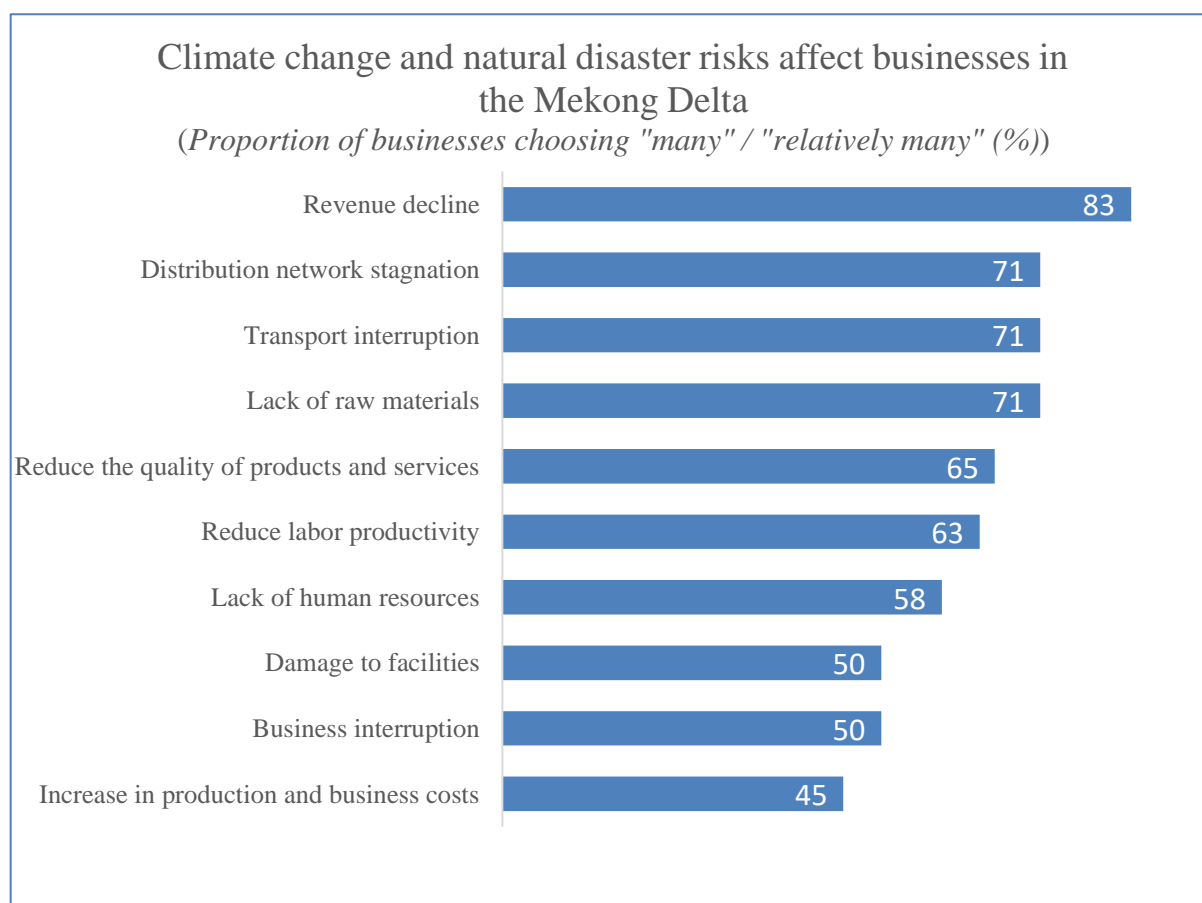


Table 1: Climate change and natural disaster risks affect businesses in the Mekong Delta
Source: VCCI-USAID, PCI survey 2020. Question G3 of private enterprise survey questionnaire.

Table 1: Number of foreign direct investment projects licensed in the Mekong Delta
(Accumulation of projects valid until December 31, 2020)

No.	Province	Number of Projects	Total registered investment capital (billion USD)
1	Long An	1,243	8,520.65
2	Kien Giang	62	4,808.15
3	Bac Lieu	13	4,551.00
4	Tra Vinh	42	3,332.36
5	Tien Giang	126	2,745.80
6	Ben Tre	63	1,612.33
7	Vinh Long	64	819.22
8	Can Tho	83	739.39
9	Hau Giang	23	522.54
10	Soc Trang	17	299.05
11	An Giang	27	270.94
12	Dong Thap	19	172.12
13	Ca Mau	10	150.14
	Total	1,792	28,544

Source: General Statistics Office

Table 2: Descriptive statistics of the number of projects and Total registered investment capital of 13 provinces, the Mekong Delta

Analytical Indicators	Number of Projects	Total registered investment Capital (billion USD)
Mean	138	2,195.7
Standard Error	93	701.2
Median	42	819.2
Standard Deviation	334	2,528.3
Sample Variance	111,387	6,392,362.7
Kurtosis	13	2.0
Skewness	4	1.5
Range	1,233	8,370.5
Minimum	10	150.1
Maximum	1,243	8,520.6
Sum	1,792	28,543.7
Count	13	13

Source: self-calculated

Table 3: Total FDI capital in the period of 2010-2020

Unit: Billion USD

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vietnam	19,886	15,598	16,348	22,352	21,922	24,115	26,891	35,601	35,466	38,019	28,530
The Mekong Delta	1,822	1,038	604	709	992	3,656	2,335	2,635	2,554	2,059	6,081

Source: Foreign Investment Agency – Ministry of Planning and Investment

Table 4: Percentage of capital of the Mekong Delta compared to Vietnam (2010-2020) Unit: %

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other provinces	90.84	93.35	96.31	96.83	95.47	84.84	91.32	92.60	92.80	94.58	78.68
The Mekong Delta	9.16	6.65	3.69	3.17	4.53	15.16	8.68	7.40	7.20	5.42	21.32

Source: Foreign Investment Agency – Ministry of Planning and Investment

Table 5: Number of licensed FDI projects by region (Accumulation of projects valid until December 31, 2020)

No.	Region	Number of projects	Total registered investment capital (billion USD)
1	South East	15,707	153,782.3
2	Red river delta	10,315	105,758.9
3	North Central and Central Coast	1,970	58,823.9
4	Mekong Delta	1,792	28,544.0
5	Northern Midlands and Mountains	1,047	18,178.3
6	Oil and Gas	50	2,768.7
	TOTAL	30,796	362,377.5

Source: General Statistics Office