No. 8 / 2014

Mekong Institute

Research Working Paper Series 2014

A Study of Foreign Direct Investment in Myanmar and Vietnam

Zaw Yadanar Hein

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme

PAPER NO. 8 / 2014

Mekong Institute

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A Study of Foreign Direct Investment in Myanmar and Vietnam

Zaw Yadanar Hein

December, 2014

Zaw Yadanar Hein – is working for Asia 21 MJ Co., Ltd as a research associate in the field of social science and also acting as an assistant to the company's CEO. She is currently pursuing economics under the Robert R. Nathan Foundation's 2014 Fellowships for Myanmar Economists Program in Washington DC, USA.

This publication of Working Paper Series is part of the Mekong Institute – New Zealand Ambassador's Scholarship (MINZAS) program. The project and the papers published under this series are part of a capacity-building program to enhance the research skills of young researchers in the GMS countries.

For more information, please contact the Communications and Knowledge Management Department of Mekong Institute, Khon Kaen, Thailand.

Telephone: +66 43 202411-2
Fax: + 66 43 343131
Email: library@mekonginstitute.org

Technical Editors: Dr. Khin Thida Nyein, Department of Economics, Yangon University of Economics, Myanmar

Dr. Jean-Pierre A. Verbiest, Acting Director, Mekong Institute

Language Editor: Dr. Vilailuk Tiranutti

MINZAS Program Coordinator: Mr. Seang Sopheak, Project Coordinator, Mekong Institute

Comments on this paper should be sent to the author
Zaw Yadanar Hein: No. 39, 6th Street Zaykalay, Kyeemyindine, Yangon, Myanmar.
Tel: + 95 9250024026, E-mail: zawyadanarhein17@gmail.com

or

Communications and Knowledge Management Department, Mekong Institute

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List of Abbreviations

ADB	:	Asia Development Bank
ACIF	:	ASEAN Community in Figure
ASEAN	:	Association of South East Asian Nations
C.S.O	:	Central Statistical Organization
DICA	:	Directorate of Investment and Company Administration
FDI	:	Foreign Direct Investment
FIL	:	Foreign Investment Law
GDP	:	Gross Domestic Product
IMF	:	International Monetary Fund
MNPED	:	Ministry of National Planning and Economic Development
U.K	:	United Kingdom
USA	:	United States of America
WEO	:	World Economic Outlook

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Acknowledgements

I would like to take this opportunity to give my most sincere gratitude to the following people. Firstly, I would like to express my sincere gratitude to both of my supervisors, Dr. Khin Thida Nyein and Dr. Jean-Pierre A. Verbiest who have provided me with guidance, insightful, constructive criticism and valuable suggestions in getting this study completed. .

I would like to acknowledge Professor Dr. Khin Naing Oo; Rector of Yangon University of Economics, and Professor Dr. Lay Kyi, Pro-Rector (Retired), Yangon University of Economics for their permission for the study. My special thanks go to Professor Dr. Thida Kyu; Head of Department of Economics, Professor Dr. Ni Lar Myint Htoo; Department of Economics for granting permission to write this thesis in this field of study.

Words cannot express the gratitude I feel for Mekong Institute for giving me the opportunity to learn more about research methodology at the Mekong Institute, Khon Kaen University. I feel much obliged to the New Zealand Ambassador, Embassy of New Zealand in Bangkok for providing research grants to the MINZAS program. I also would like to acknowledge all my professors, lecturers and colleagues for their guidance and help throughout the course work as well as in preparation of this thesis.

Last but not least; I owe special debt to my mother. I have no words to express my sincere gratitude to her. And I also would like to thank all the people who helped me in preparation of this thesis.

Abstract

Many countries have recognized that FDI is an important source of economic growth of a country. Myanmar also highly appreciates FDI as a key solution for the reduction of the country’s development gap towards leading ASEAN countries. Thus, it is important to investigate the factors that help attracting FDI into the country. Vietnam, which is compared to Myanmar economically in a similar situation has altered its economy from a centralized system to a market-oriented one in the mid- 1980s. Both countries have favorable investment environments, offering abundant cheap labor, natural resources and investment-friendly policies. This paper intends to analyze how both countries strive to attract FDI, and which variables determine the inflow of FDI into Myanmar and Vietnam during the period 1989 to 2012 by using linear regression analyses.

According to our analysis for Myanmar, the growth rate of GDP, the labor force, the inflation rate and the exchange rate affect the inflow of FDI. For Vietnam, only openness of the trade is statistically significant at the percent level implying that Vietnam’s FDI policies have a positive effect in attracting FDI.

1. Introduction

1.1. Research Rationale

Many countries have recognized that Foreign Direct Investment (FDI) is an important source of economic growth of a country. FDI provides capital, managerial and technological skills, and employment opportunities among others. These factors can facilitate the improvement of the living standards of the entire population, and certainly contributes to the economic growth of the country. Therefore, most developing countries have tried to design and execute relevant policies to create a hospitable and open environment for FDI.

In late 1998, Myanmar transformed its economy from an economic system of central planning towards a market-oriented one. After the transformation, Myanmar carried out many economic reforms and also accepted foreign direct investment into the country. The government undertook many efforts to create a favorable investment environment aiming to create more employment opportunities for its citizens, develop human resources, and facilitate economic growth in the country.

Myanmar's Foreign Investment Law was enacted in 1988 soon after the adoption of a market-oriented economic system to accelerate the flow of FDI into the country. Myanmar had signed and entered many agreements in regard to the ASEAN Investment Area to collaborate with the member countries and to enhance free flows of investments into Myanmar. Myanmar has carried out a series of FDI development initiatives: (1) adoption of market oriented economy, (2) passing FDI related laws, (3) encouraging private investments and entrepreneurial activities, (4) taking necessary action for the promotion of foreign investments, (5) opening the economy for foreign trade and investment and (6) establishing special economic zones.

The Myanmar government has implemented the Foreign Investment Law in 2012 which allow 100% foreign equity ownership for foreign investors, with a minimum amount of foreign capital of US$ 500,000 for the industry sector investment and US$ 300,000 for service sector investments, a tax holiday of three years and exemption from customs duty and other internal taxes have been granted on imported capital, equipment and materials among others.

Vietnam whose economic situation had many characteristics in common with Myanmar t underwent already in the 1980s a similar transition as is now envisioned by the current government in Myanmar. In 1986, the government introduced the so-called Doi Moi policy which involved many political and economic reforms in order to strengthen the country's economy, because the Vietnamese government has recognized that foreign direct investment is a crucial to the development of the country. Thus, Vietnam established a new foreign investment law in 1987. Starting that year, the government has put in place many favorable economic and investment facilitation regimes. In 1990; the government encouraged the private sector to participate pro-actively in foreign investments. And in 1992, the government established procedures for granting licenses for FDI in an easier fashion by reducing various restrictions on FDI.

Moreover, the government created a connection between investors and authorities by establishing a one-stop agency. Furthermore, various investment incentives were granted and license requirements for FDI were also erased. Vietnam, which started the investment facilitation, programs at around the same time as Myanmar, received according to World Bank the overall amount of FDI of $ 8.9 billion in 2013. However, FDI inflow in Myanmar amounted to $ 2.6 billion in2013.

Both countries have favorable investment environments such as low labor costs, abundant natural resources, and favorable investment policies. This paper intends to analyze how both countries strive to attract FDI, and which variables determine the inflow of FDI into Myanmar and Vietnam during the period of 1989 and 2012.

1.2. Problem Statement

According to many scholars, Foreign Direct Investment (FDI) is an important source of economic growth of a country. Consequently, both Myanmar and Vietnam have been striving to get a hold of a large amount of FDI from the world over the last two decades. Respectively, foreign direct investments started to flow into Myanmar after the country was transformed into a market oriented economy. Likewise, it is significantly to see that Vietnam has been getting a hold on a considerable amount of direct investment from abroad after the Doi Moi policy was implemented. Myanmar is now in the process of a rapid democratic transition. Due to economic sanctions by Western countries and domestic mismanagement issues, FDI in Myanmar was mainly invested into the sectors of extracting natural resources. The country needs to identify strategies in order to develop a different, new FDI policy platform, laws and policies as well as agencies, which particularly are concerned with management issues in order to attract more FDI to the country. In this regard, Myanmar would definitely need to learn from Vietnam, which is, however, ruled according to a different political style. Comparing the two countries, this paper addresses the question of how the determinants of Myanmar FDI work and what factors and/or sectors should be emphasized in order improve the overall situation the Myanmar people.

1.3. Research Objectives

The objectives of the thesis are:

- the analysis of direct investment flowing into Myanmar and Vietnam,
- the identification of specific determinants that would influence the inflow of FDI into Myanmar, and Vietnam.

1.4. Scope and Limitations of the Study

This study focuses on the inflows of foreign direct investment into Myanmar and Vietnam. The investment policies of both countries are presented. Vietnam and Myanmar enacted Foreign Investment Laws in 1987 and 1988 respectively. Therefore the period from 1989 to 2012 is designated as the study period.

1.5. Method of Study

This study mainly relies on a descriptive method, but uses statistical data and secondary data from reliable sources where available. An econometric analysis of foreign direct investment in each country was carried out. The data were obtained from the World Bank, key indicators for Asia and the Pacific published by ADB, IMF, and WEO database, ACIF, Central Statistics Organization of Myanmar and Statistical Yearbook of Vietnam.

2. Literature Review

2.1. Definitions of FDI

The International Monetary Fund (1997) defines FDI as "an investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise"[1]

According to UNCTAD definition, FDI is defined as an investment involving management control of a resident entity in one economy by an enterprise resident in another country.[2]

Agiomirganakis et al. (2003) defined FDI as the flow of capital resulting from the behavior of multinational companies. Thus, the factors which affect the MNC's behavior will also some impact upon the direction and magnitude of FDI.

Ohlin (1933) assumes that if the host countries have lower interest rates for investment and higher rates of profitability in growing markets for investors, then there is a higher motivation for FDI in these countries.

2.1.1. Types of FDI

Dunning (1993) states that there are three main types of FDI of which the first one is called market-seeking or horizontal FDI. This category involves specialization of production facilities in the host country and its main purpose is to provide products and services to local and regional markets. This type of FDI is a little different from Tariff-jumping or export-substituting FDI because the purpose of horizontal FDI is to supply host country's markets with local products. Market size and market growth in the host country play important roles. Barriers to enter local markets such as tariffs and transport costs promote this type of FDI.

A second type of FDI called resource-seeking FDI emerges when firms invest in other countries to obtain resources which are not available in their own countries such as natural resources, raw materials or cheap labor. When MNCs directly invest for export purposes,

[1] http://scholar.lib.vt.edu/theses/available/etd-05072002-000731/unrestricted/ch3-LitReview.pdf (accessed on 1.7.2014)
[2] http://unctad.org/en/docs/wir2007p4_en.pdf (accessed on 20.6.2014)

they have to consider the factor costs in the manufacturing sector. The main point distinguishing the second type of FDI from horizontal FDI is this: vertical or export-oriented FDI includes relocating parts of the production chain to the host country. In export-oriented FDI, availability of cheap labor costs is the most essential driver. The third type of FDI is called efficiency-seeking FDI which occurs when the firm can get economies of scale in doing business.

2.2. Previous Studies

In the World Investment Report (1998), UNCTAD (1998) the determinants of FDI were classified into three groups. They are political, economic and business facilitation factors. Theoretical literature describes a number of variables such as market size, degree of development, labor cost, economic growth, openness, trade barriers, trade balance, exchange rate, tax, infrastructure development, macroeconomic stability, political instability of the host country and human capital which act as determinants of FDI inflows.

- **Market Size**

Actual market size, which is one of the most important determinants of FDI, is usually measured by real GDP of a country. Buckley et al., (2007) states that market size and labor force are the most important factors for determining FDI. Lionel Artige (2005) found that market size is one of the suitable determinants for FDI, especially for market seeking FDI. Jordan (2004) stated that a country has a larger market when multinational firms can engage in investments and can receive a higher rate of return on those investments. In those cases there is a positive relationship between market size and FDI inflows to that country. Chakrabarti (2001) as well claimed that there is a positive relationship between market size of a country and FDI inflows. Ang (2008) finds that real GDP has a positive and significant impact on FDI inflows. Concerning the potential market size, growth rates of GDP are considered. Pärletun (2008) states that the larger the host country’s market size the more FDI will be attracted to the country’s economy. Vadlamannati (2008) also found that growth rates of GDP are important for FDI inflows into a country.

- **Openness**

The degree of openness is measured by the ratio of exports plus imports in relationship to the GDP. Jordaan (2004) stated that the effect of the country's openness on FDI will differ according to the types of investment. "If investments are market-seeking, openness will definitely have a negative effect on FDI due to the tariff jumping hypothesis. Foreign firms that want to enter local markets may decide to establish subsidiaries in the host country if they have some difficulties to import their products to the country." If the investment is export-oriented, then openness has a positive effect on FDI, because protectionist trade policy causes higher transaction costs associated with the export of goods. Thus, multinational firms may then prefer to re-locate their production facilities to a more open economy. If a country's domestic economy has opened up, it will be easier to import raw materials or other capital goods, which are necessary for the investors and it also easier to export domestic products abroad. So, the degree of openness of the country's economy is expected to have a positive effect on FDIs. A country under stable macroeconomic conditions with high and sustained growth rates will receive more FDI inflows than a more volatile economy.

- **Infrastructure**

Infrastructure includes roads, ports, railways and telecommunication systems, etc. According to ODI (1997), poor infrastructure can be not only an obstacle but also an opportunity for foreign investment. Mainly for the low-income countries, infrastructure deficits are often assumed to be one of the major constraints of economic development. But if the host countries allow foreign investors to participate in the infrastructure sector, the host countries can attract FDI. Jordaan (2004) states that good quality and well-developed infrastructure can increase the productivity of investment in that country, which in turn, stimulates FDI flows towards the country. Infrastructure can be measured as expenditure on road transport, city lights, electricity consumption, per capita usage of energy, length of railways, and number of telephone mainlines per 1000 people.

- **Labor Cost**

Charkrabarti (2001) states that taking the wage as an indicator of labor costs is the most arguable of all the potential determinants of FDI. Studies hold different views in regard to the role of wages in attracting FDI. Goldsbrough (1979), Saunders (1982), Flamm (1984), Schneider and Frey (1985), Culem (1988) and Shamsuddin (1994) state that higher wages discourage FDI. In ODI (1997), it is stated that labor costs are statistically significant, mostly in labor-intensive and export-oriented investments. When the costs of labor vary just a little from one country to another, a skilled labor force is expected to have an impact on decisions of a FDI location.

- **Political Stability**

Political stability in the countries plays an important role in attracting FDI. Political instability of a country reduces the ability to attract foreign entrepreneurs and their investments to that country's economy. Singh and Jun (1995), Rahim M. Quazi (2004) and Wallace (1990) emphasized as well the significant of a negative impact of political instability on receiving FDI.

But there are other voices: Agarwai (1980 p.761) for example refers to a study by Green (1972) which found no significant relationship between US foreign investment and a host country's political instability.

- **Return on Investment in the Host Countries**

Countries with a higher return on capital can stimulate FDI. But an appropriate measure for the return on investment is difficult to obtain for developing countries. Edwards (1992) used the inverse of the real GDP per capita as a measure of return on investment in the host country. And they found a negative impact on FDI inflows. Inversely, and Pan-Long (1994) stated that the relationship between the two variables is positive for market seeking FDI. David (1995), Wei (2000) and Ricardo (2000) stated that the effect of investment on FDI is insignificant.

- **Human Capital**

Human capital in our case is defined as the educational level. This is normally measured by the secondary school enrolment rate and is considered as one of the key aspects of inward FDI, especially for efficiency-seeking FDI, which requires a skilled labor force (Dunning (1990, Farhad (2001) and Nunnenkamp (2002) found that the human capital has a positive and significant effect on FDI inflow. Bank (2003) and OECD (2002) also agreed that improving the human capital can increase FDI inflow through an indirect effect, which is obtained by strengthening civil liberties and health. Franklin (1979), Friedrich (1985), Hanson (1996) and Narula (1996) stated that the quality of human capital is not a necessary input for inward FDI. Deyo (1989) and Ritchie (2002) stated that if the investment is a market or resource seeking-FDI with a focus on low-value manufacturing types, then cheap labor and abundant natural resource would be more important.

- **Macroeconomic Conditions**

Macroeconomic stability of a host country is important for foreign investors when they consider future investments in a country, because stability can increase business certainty and also reduces related transaction cost (Mooya, 2003). It cannot be denied that sound macro-economic policies play a decisive role in influencing FDI inflows. Young Seok Ahn (1998) carried out research on the relationship between exchange rate, inflation and FDI over the period 1970 to 1981 in developing countries. Their research showed that high inflation rates reduced significantly FDIs. He and his colleagues also found that the more the country's exchange rate is overvalued, the higher is the inflation rate of that country. When firms make investment in a host country, this country's depreciation of exchange rate will be unfavorable to the investor when profits are transferred home. In that case an investor may hesitate to invest in such a host country. A high rate of inflation indicates a sign of weak economic management of the country, and this demonstrates a negative relationship with FDI (Friedrich Schneider, 1985). The inflation rate has been taken as a proxy for macroeconomic stability (Friedman, 1977). But recent studies have used the real exchange rate as an indicator for macroeconomic stability of a country (Steven B. Kamin, 2000) and (Aasim M. Husain, 2004).

- **Labor Force**

The research of Rahmah (2003) discussed the question of how labor market competitiveness affects the inflows of FDI into the ASEAN economies based on a regression model, which uses times series data. The results show that an increase of 1% of the labor force of Thailand will increase the inflow of FDI by about 10%. This means that the size of labor force can play an important role in attracting FDI, but the data for the Malaysian case contradict that conclusion. The authors assume that labor force is important not only for attracting FDI, but also for economic development of the country in order to reduce a country's reliance on foreign labor. After adopting the well-known open-door policy, China has succeeded in attracting FDI due to its abundant cheap labor and a large domestic market. In Vinit (2011) analysis of "FDI Inflow Determinants in BRIC countries", the author states that the total labor force as one of the determinants of FDI and the result showed that the total labor force did not support the inflow of FDI in BRIC countries during the period of 1975 to 2009. Tin Tin Mu (2012) identified the factors that had played an important role in attracting FDI to Myanmar over a 20 year period. In their analysis two linear regression models were used. In the first analytical model, World Bank data were applied, whereas the Myanmar CSO dataset was used for the second model. In both analyses, the result showed that labor force has a positive effect on the inflow of FDI into Myanmar.

3. Investment Environment in Myanmar and Vietnam

3.1. Foreign Investment Policies in Myanmar

After transforming the economy into a market oriented model, the government enacted new laws in various areas in order to foster economic development. Some of the existing laws that were no longer suitable for the changing economic environment have been amended. The government encouraged private sector participation in foreign trade activities. The first Myanmar Foreign Investment Law (FIL) was promulgated in 1988. Policy objectives of the FIL are: (1) promotion and expansion of exports; (2) exploitation of natural resources which require heavy investment; (3) acquisition of high technology; (4) supporting and assisting production and services requiring large amounts of capital; (5) opening up of more employment opportunities; (6) development of works which would save energy consumption and (7) promotion of regional development. Foreign investors can organize their business activities either in the form of a wholly foreign-owned company or a joint venture with any partner.

The government revised the FIL of 1988 in the year of 2012. The new text of that law extends from the income tax exemption which is available to a foreign company from three years to five years. Moreover, the investors can as well receive exemptions from the payment of import duty on machinery and equipment used in the enterprise and on raw materials imported in the first three years of production[3]. According to the 1988 text of the FIL, foreign investors did not have the right to lease the land for more than a year. But in the revised version of the FIL, the government allowed foreign investors to obtain a leasehold of real property for about fifty years, extendable up to two additional ten years periods depending upon the size of the investment. The lease can be granted for a term longer than 50 years for projects in less developed areas with poor infrastructure and access to communications[4]. In the previous FIL, the foreign investment ratio is restricted to 50 % maximum and 35 minimum in 13 restricted sectors. But in the new FIL, the ratio can be negotiated between the investors. Foreign investors cannot fully own the enterprise without a local partner. In the new law, the government banned 100% foreign ownership of ventures in some sectors. The government guarantees that an enterprise formed under the permit shall not be nationalized within the term of contract or the extended term if such term is extended.

The Special Economic Zone Law *SEZL* (2011) and Dawei Special Economic Zone Law *DSEZL* (2011) were enacted and provide various incentives such as tax holiday for a five years period and grant 50 % relief of income tax for oversea sale products for another five years period. There is three step processes for foreign investors who wish to invest in the country. The first step requires a permit from the MIC granting the approval of an investment project in the country, the second step issues a permit of trading right and the last one asks for the completion of formalities at the Companies Registration Office.

In January 2013, the MNPED amended the 2012 FIL rules. The MNPED is assigned with the design of policies in question. The MIC, which is a division of the MNPED, implements the policies and offers advice to the government in facilitating and promoting domestic and foreign investments.

3.2. Foreign Investment Policies in Vietnam

Vietnam started its reformprocessin1986 and transformed its economy from a socialist economy into a market oriented system and adopted an open-door policy in regard to foreign investments. After 1990, the private sector was allowed to participate in FDI projects since then; the government has carried out various measures to attract foreign investment to the

[3] "Foreign Investment Law Myanmar "ebookbrowse.net/my/ myanmar-foreign-investment-law
[4] http://www.wfw.com/Publications/Publication1183/$File/WFW-MyanmarFDILaw.pdf (accessed on 13.6.2014)

country. The first investment law was introduced in 1987 and revised in the years 1990, 1992, 1996 and 2000 with various favorable investment incentives. And, the country also lifted restrictions on foreign trade. In 1992, the country has simplified the procedures for the registration of foreign enterprises compared to the previous periods. The government provided a more level-playing field between foreign and domestic investors. The government welcomed FDI in all sectors of the economy.

Foreign investors can establish enterprises in Vietnam and can choose between three legal entities: (1) Business cooperation on the basis of a business contract; (2) joint venture enterprise; and (3) enterprise with one hundred percent owned capital.[5] In Article 21 of the law on foreign investment (2000), the government guarantees foreign investors that an enterprise shall not be nationalized. In Article 22 of the law on investment in 2000, the foreign investors are entitled to transfer their profit and other sources of receipts without restrictions. There are no minimal requirements for investment capital. In Article 36 of the 2005 version of the law on investment, the government limits the land use for an investment project normally to fifty years, but for some projects which invest in areas with especially difficult socio-economic conditions and which would request longer leases of land, the government has extended the lease of land to seventy years.

Vietnam offers a two-year tax exemption, and for another two years, the investors just have to pay half of the regular tax rates. For some priority categories, the government offers a preferential income tax between 10-15% for FDI. Companies are exempted from import duties if they import raw materials, machinery and other inputs which are used in export industries. In order to attract foreign investors to the country, Vietnam has established industrial zones (IZs) and export processing zones (EPZs). Foreign investors can receive preferential treatment if they establish their enterprises in one of those areas. The government offers corporate income tax rates of 10 %, 15% and 20% for the whole investment project duration.

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[5] "Law on Foreign Investment in Vietnam"
http://www.vietnamlaws.com/freelaws/LFIna12Nov96%28aa9Jun00%29%5BI1%5D.pdf
(accessed on 12.6.2014)

3.3. Foreign Direct Investment in Myanmar

After transforming the economy from a centrally-planned system to a market-oriented one, the government implemented a series of liberalization measures in order to promote and raise the level of investments in almost every sector of the economy. In particular the government encouraged the private sector to participate pro-actively in foreign direct investment activities. The government tried to attract FDI by enacting the Foreign Investment Law (FIL) in November 1988, which allows 100 % ownership for foreign companies. After the foreign investment law was enacted, the government has attracted 18 foreign enterprises with the total investment of $ 449.487 million in 1989-1990 period, 22 foreign enterprises with $ 280.573 million in 1990-1991, and 4 enterprises with $ 5.893 million in 1991-1992.In brief, FDI inflows into the country gradually increased from 1989 to 1996. But the amount of inflows decreased continuously from the year 1996-1997 due to the Asian Financial Crisis in that time. However, the amount increased again in 2004-2005and 2005-2006 periods due to major investments in the power sector made by Thailand. In 2008-2009, the total investment increased to an amount of $ 984.446 million and rose sharply again in 2011 with the amount of$ 19997.968 million. All the investments during this period came mainly from Asia, the UK and Russia. The approved amount of FDI inflows are shown in the following table 1.

Table 1: Inflow of Foreign Direct Investment into Myanmar

(US $ Million)

Year	No of Enterprises	Approved Investment
1989-90	18	449.487
1990-91	22	280.573
1991- 92	4	5.893
1992- 93	23	103.785
1993- 94	27	377.184
1994-95	36	1352.295
1995-96	39	668.166
1996-97	78	2814.245
1997-98	56	1012.917
1998-99	10	54.396

Year	No of Enterprises	Approved Investment
1999-00	14	58.150
2000-01	28	217.687
2001-02	7	19.002
2002-03	9	86.948
2003-04	8	91.170
2004-05	15	158.283
2005-06	5	6065.675
2006-07	12	752.700
2007-08	7	172.720
2008-09	5	984.996
2009-10	7	302.350
2010-11	25	19997.968
2011-12	13	4644.460
2012-13	94	1419.467
Total	562	42090.858

Source: Central Statistical Organization of Myanmar, Various Issues

The distribution of FDI among the various economic sectors is depicted in table (2).Until1994-1995, the sector receiving the highest FDI was the oil and gas sector followed by fisheries, hotel and tourism and the manufacturing sector. As shown in table (2), the manufacturing sector received foreign investments almost every year since 1989-1990, amounting to $923.561 million in 1996-97, because Myanmar is resource-rich country and labor costs per worker are low. Before the Asian Financial Crisis in 1997-1998, the picture was a slightly different one: the largest investment receiving sector then was the manufacturing sector followed by oil and gas sector. Due to the economic sanctions by US and Western countries, the amount of FDI in the manufacturing sector decreased significantly after 2002-03 period. Companies in the garment industry are the main FDI recipient in the manufacturing sector, and the FDI-inflows declined sharply after US economic sanctions were put in place. In November 2013, the manufacturing sector was ranked third in terms of FDI with 294 projects and US $3455 million.

Since Myanmar is rich in oil and gas, the government invited foreign investors to carry out oil and gas exploration after 1989. As a result, a large amount of investment flowed into the sector. The inflow of FDI into the oil and gas sector amounted to $ 298.045 million in 1989-90.But the inflows declined to US $172.100 million in 1997-98.Despitethe US-sanctions in 2003theinvestment in the oil and gas sector still dominated the FDI-statistics in that year with a total capital of US $ 44.00 million. Myanmar offers a good potential to exploit its rich onshore gas fields with the most advanced technology. Thus large amounts of foreign investment became vital for the development of that sector and increasing the country's foreign trade revenue. The amount of investment totaled US $ 10179.300 million in 2010-11. In 2013-14, the total amount of investment reached up to US $14,372 million, and thus became the sector ranked second in terms of FDI.

The power sector accounted for nearly US $ 6030.00 million in 2005-06, and the cumulative amount of total investments in the power sector was the highest amount in the year 2013-14 with US $ 19284 million, because the distribution of electricity was still low for domestic consumption purposes. In regard to the mining sector, the inflows of FDI were US $54.100 million in 1988-89. But that amount decreased continuously until 1994-95. The Myanmar Mining Law was enacted in 1994, and the amount of FDI inflows then increased again in 1995-96 with the total amount of US $155.779 million. This sector was ranked fourth in terms of FDI in 2013-14 with US $2834 million. According to the Central Statistical Organization of Myanmar (CSO) in 2013, the power sector accounting for the highest FDI followed by oil and gas, manufacturing, mining, hotel and tourism and the real estate sector. The agricultural sector only received the total amount of US $192 million in 2013-14.

Table 2: Yearly ApprovedInvestment Total by Sectors in Myanmar (See appendix-2)

In 2014, a total of 684 foreign enterprises in 12 sectors from 32 countries were permitted to invest US $ 46.225.570 million up to the end of March 31. China is the leading investor with the total amount of US $ 14237.589 million followed by Thailand and Hong Kong, accounting for 30.80%, 21.85 %, and 14.06 % respectively of the amount being allowed to invest. It is clear that China is still the biggest investor in Myanmar and being engaged in almost all sectors of the economy, such as livestock and fisheries, manufacturing, mining, oil and gas and the power sectors. The sector favored by China was the mining sector receiving nearly US $ 868.388 million from 11 enterprises, and the power sector was ranked second with the amount of US $ 281.222 million for the Shweli (1) hydropower project and a joint venture with department of hydropower implementation. The oil and gas sector received US $ 174.509 million for exploration and production of petroleum and gas from China. The sources of FDI invested in Myanmar are coming mostly from ASEAN countries. Those sources of FDI are shown in table 3.

Table 3: Foreign Investment of Permitted Enterprises by Countries in Myanmar (See appendix-2)

3.4. Foreign Direct Investment in Vietnam

Being reunified again after the end of the Vietnam-war in 1975, the country started the process of transformed its economy from a centrally planned system to a market oriented one in 1986.Those economic reforms which are called “Doi Moi” were introduced that year. The country’s gross domestic product GDP, GDP per capita, export and also foreign investment increased after 1986. Now, Vietnam’s economy is one of the fastest growing economies in ASEAN. Foreign direct investments are the most important factor during the industrialization and modernization of the country’s economy. FDI offers to a country not only investment capital but also technological advancement, enhanced managerial skills, and more job opportunities. Vietnam has attracted foreign investors into the country after the first “law on foreign investment” was introduced in 1986. Since then, large amounts of FDI were flowing into the country.

Table 4 shows the overall inflows of FDI into the country from the year 1988 to 2012. During the period of 1988 to 1990, the country attracted in total 211 investment projects with a registered capital $1603.5 million. The total registered capital has increased continuously from 1991 ($1284.4 million) to 1995 ($9635.3 million). After amending the law on foreign investment in 1996, the registered capital rose to $9635.3 million with 372 investment projects during that year. The inflows of capital dropped gradually from $ 4873.4million in the year 1997 to$2762.8million in1999due to the Asian Financial crisis in 1997-98 .In the period 2000-2004, the investments still flew into the country, but did not account for a significant amount.

The new FDI law was once more amended in 2005 with offering more favorable conditions to foreign investors. This amended law led to a rapid increase in FDI inflows in 2005 and in2006with total registered capital of $ 12004.5 million and$ 12004.5 million. Moreover, in 2006, Vietnam was regarded as one of the top developing-country recipients of FDI in the world. After that, the registered FDI was increasing year after year and in 2012, there were 1287 projects with the registered capital amount of $ 16348.0 million. From 1988 to 2012, Vietnam could attract significant FDI throughout the entire above mentioned period with only the years from 1999 to 2004 being an exception due to the 1997-1998 East Asian crises. In general, Vietnam started to receive significant amounts of foreign investment after its first law of investment in 1986 has been passed. The registered capital in 1996 was the highest amount of capital inflow during 1988 to2005, and this hugely increased amount of capital was caused by the government's new amendment of the investment law in the same year. The overall foreign direct investment licensed in the period 1988 to 2012 is illustrated in table 4.

Table 4: Inflow of Foreign Direct Investment into Vietnam

(US $ Million)

Year	Number of Projects	Total Registered Capital
1988-1990	211	1603.5
1991	152	1284.4
1992	196	2077.6
1993	274	2829.8
1994	372	4262.1
1995	415	7925.2
1996	372	9635.3
1997	349	5955.6
1998	285	4873.4
1999	327	2282.5
2000	391	2762.8
2001	555	3265.7
2002	808	2993.4
2003	791	3172.7
2004	811	4534.3

Year	Number of Projects	Total Registered Capital
2005	970	6840.0
2006	987	12004.5
2007	1544	21348.8
2008	1171	71726.8
2009	1208	23107.5
2010	1237	19886.8
2011	1191	15618.7
2012	1287	16348.0

Source: Vietnam C.S.O, 2012

From the year 1988 to 2012, FDI flowed into almost all sectors of Vietnam's economy. Foreign direct investment projects licensed by kinds of economic activities were described in table (5). During the period 1988 to 2004, agriculture sector has attracted the registered capital amount of $ 3633.5 million. The most investment flowing sectors were manufacturing sector ($ 28373.4 million), real estate ($ 6067.4 million), construction ($ 5002.2 million),hotels and restaurants ($ 5092.3 million) and then transport, storage and communication ($ 3979. 3 million).Manufacturing sector was top of the investment flowing sector throughout the period until 2012 amounted to $ 105936.7 million.

Table 5: Foreign Direct Investment Projects Licensed by Kinds of Economic Activities in Vietnam (See appendix-2)

After the introduction of the law on foreign investment in 1987, 75 different countries have invested in Vietnam, until the year 2005 the biggest share of those investments came from Asia. In table (6), the sources of FDI in Vietnam by countries are listed. According to table (6), Singapore is the largest investor for the period 1988-2004 ($ 9080.6 million) followed by Taiwan ($ 7903.1 million), Japan ($ 5961.7 million), S.-Korea ($ 5216 million) and the British Virgin Islands ($ 4362.2 million). In 2009, the U.S became the largest investor with a capital of US $ 9945.1 million. Singapore, Korea, Netherland, Japan, U.S and Taiwan are the top six investors in Vietnam in 2010.Hong Kong's investment capital also increased from US $ 561.7 million to US $ 3460.7 million from 2005 to 2011. As of December 2012, the country with the highest total investments was Japan ($28699.6 million in 1849 projects).

And the investment from Singapore, Taiwan, British Virgin Islands, Hong Kong SAR were also increased from the period of 1988 to 2012. After concluding the US-Vietnam Bilateral Trade Agreement in July 2000, FDI from United States increased as well, and thus the United States became the seventh biggest investor with $105072 million (648 projects) in the year 2012. Most of the investment by the United States came from oil, gas and food production among various others.

In the end of May 2013, Vietnam has attracted 14918 foreign investment projects with the registered capital of nearly $ 217 billion which the amount of capital implemented was nearly $100 billion. The manufacturing sector still remained on top of the investment flowing sectors. In contrast to that, foreign investment in the agriculture sector gradually decreased during the period from 1988 to May 2013. FDI contributed 2%, 12.7%, 14.47%, 16.98% and 18.97% to GDP in the year 1992, 2000, 2003, 2006, and 2011. And in 2005, FDI has created job opportunities for more than 667,000 workers directly and hundreds of thousands of workers indirectly. The contribution of FDI to the overall employment rose from 0.6% in 2000 to1.6 % in 2005.

In general, foreign direct investment flowed into almost all sectors of Vietnam's economy, and those inflows reflect the positive economic development of the country.

Table 6: Foreign Direct Investment in Vietnam by Countries (See appendix-2)

4. Econometric Analysis

In order to examine the factors that determine the inflow of foreign direct investment in Myanmar and Vietnam, linear regression models are used for each of the two countries.

4.1. Source of Data

All data for deriving variables used in this chapter are secondary data which were collected from various reliable data sources. Most of the Myanmar data such as foreign direct investment, exchange rate, openness and GDP growth rates are obtained from the Central Statistical Organization of Myanmar (CSO). The Labor force data were obtained from key indicators for the Asia and Pacific region in the year 2013published by the ADB. In regard to Vietnam, data for exchange rate, openness, GDP growth rate and GDP are obtained from key indicators for Asia and Pacific 2013 published by the ADB. Openness is obtained from computation: total trade divided by GDP. Inflation rates for both countries are obtained from the IMF-WEO database. The researched time period ranges from 1989 to 2012.

4.2. Determinants of FDI: Econometric Analysis

In the beginning of my research I tried to work with most of the factors that were cited in many of the previous mentioned studies. But then I excluded some factors due to the lack of complete data or statistical insignificance. A separate econometric analysis has been made for Myanmar and Vietnam. All the variables used in the model for Myanmar are measured in logs form. The model for Myanmar is represented by the following model.

$$\mathbf{LogFDI = \alpha_0 + \alpha_1 LogEXC + \alpha_2 LogINF + \alpha_3 LogLAB + \alpha_4 LogGDPGR + \varepsilon}$$

α_0 is constant term and α_j (j=1,…, 4) of explanatory variables demonstrates the elasticity and ε is an error term.

The model for Vietnam is

$$\mathbf{LogFDI = \alpha_0 + \alpha_1 OPEN + \varepsilon}$$

α_0 is constant term and α_1 is a coefficient of the variable "Openness" and ε is an error term.

The variables considered in the model are represented as follows:

FDI= net inflow of FDI into country

GDPGR= growth rate of GDP

EXC= exchange rate

INF= the rate of inflation

OPEN= the degree of openness

LAB = total labor force

The explanations of the variables used in the model are as shown in table 7.

Table 7: Explanations of the Variables

Types of variables	Variables	Explanations of Variables	Expected Sign
Dependent Variable	FDI	Foreign direct investment net inflows	
Independent Variable	GDPGR	A proxy for potential market size	+
Independent Variable	RGDP	A proxy for actual market size	+
Independent Variable	INF	The rate of inflation measured by annual percentage change of consumer prices which is a proxy for economic stability	-
Independent Variable	EXC	To measure the depreciation of the currency	ambiguous
Independent Variable	OPEN	The degree of openness to reflect the willingness of a country to accept FDI	+
Independent Variable	LAB	An important determinant for FDI (see Literature)	+

In order to verify whether the variables applied are stationary, we used a test named “Dickey-Fuller unit root test”. We have made sure that all the variables used are part of stationary series (without and after taking the difference). (See appendix 1)

Table 8: Results of Linear Regression Model for Myanmar

Dependent Variable:	LogFDI
Independent Variables	
β	-7.13
	(5.342)
logEXC	-2.865**
	(1.014)

Dependent Variable:	**LogFDI**
logINF	-1.15**
	(0.516)
logLAB	11.837**
	(5.225)
logGDPGR	2.483**
	(1.026)
R- square	0.607
Adjusted R-square	0.502

Note: Numbers in parentheses are standard errors and ** denotes 5% level of Significance

The results of the econometric analysis are depicted in table (8). According to the table, the coefficient of variable *logEXC*is -2.865 and equals a five percent level of significance. This means that a depreciation of the Myanmar currency discourages the inflow of FDI into Myanmar. Specifically, an increase of the currency of Myanmar (kyat) by one percent would reduce the inflow of FDI into Myanmar by 2.865 percent. When companies make investments in Myanmar, the country's depreciation of exchange rate may work to the disadvantage of investors in the process of transferring their profits to their home countries. Therefore the investors may hesitate to invest in those kinds of countries. In that logic, the depreciation of Myanmar's currency may reduce FDI inflows into Myanmar.

LogINF appears as an indicator of economic stability and represents a negative sign. It is also statistically significant at a five percentage level. It can be concluded that a lower inflation rate should be regarded as a determining factor in attracting FDI to Myanmar.

The coefficient of *logLAB* is statistically significant at a five percentage level and represents a positive sign. Thus, the conclusion is that labor force can be supportive in regard to the inflow of FDI.

LogGDPGR, which is a proxy for market size, has positively affected FDI, being significant at a five percentage level. The expected sign for *logGDPGR*is also positive. We can conclude from this result that growth rates of GDP in Myanmar have been a determining factor of FDI inflow.

Table 9: Results of Linear Regression Models for Vietnam

	Test-I	**Test -II**	**Test -III**
Dependent Variable: logFDI			
Independent Variables			
β	-3.751	3.873***	2.698***
	(2.259)	(0.44)	(0.238)
logEXC	1.685***		
	(0.588)		
logINF		-0.006*	
		(0.003)	
OPEN	0.005*	0.011***	0.01***
	(0.003)	(0.002)	(0.002)
RGDP		-0.00006238**	
		(0.000)	
R- square	0.631	0.663	0.487
Adjusted R-square	0.596	0.612	0.464

Note: Numbers in parentheses are standard errors and *, **,*** denotes 1%, 5% and 10% level of Significance

For Vietnam, all variables except *OPEN* and *RGDP* are in logarithm form. In test-I, *logEXC*is statistically significant but it shows a positive sign though the expected sign of *logEXC* is negative. As expected, openness to trade is statistically significant and positive effects in test-I.

In test-II,*logINF, OPEN* and *RGDP* are significant at 1%, 10% and 5% level respectively. *LogINF* which is an indicator of economic stability shows a negative sign and is statistically significant in test-II. *Openness* is significant at one percentage level and also has a positive sign as expected. However RGDP has a negative sign.

In final test-III, only trade openness is included. And the result of the regression is statistically significant at one percentage level implying that Vietnam's FDI policies have positive effects in attracting FDI. We take test-III as a model to explain the determinants of FDI in Vietnam. In general, if a country has a high degree of openness, it cannot be denied that the country would receive more FDI because multinational firms that engage in export oriented investment would like to locate in a more opened economy.

5. Conclusions and Recommendations

5.1. Conclusion

Both Myanmar and Vietnam transformed their economic systems into a market-oriented economy in 1988 and in 1986 respectively. But Vietnam has accomplished impressive economic achievements after 1989 through the economic reforms named "Doi Moi". FDI inflows into Myanmar gradually increased from 1989 to 1996, but after 1997, the inflows decreased continuously due to the Asian Financial Crisis. Then, the inflows increased again in 2005 and 2006 because of huge investment made in the power sector by Thailand. The inflow of FDI into Myanmar stands at nearly US $2.6 billion in the year 2013. But Vietnam could attract more FDI than Myanmar. The volume of FDI in Vietnam was US $ 8.9 billion. According to our analysis for Myanmar, growth rate of GDP, labor force, inflation rate and exchange rate affect the inflow of FDI. For Vietnam, the coefficient of openness as a proxy to reflect the willingness of a country to accept FDI has presented a positive sign and is significant at 10 percentage level. We could conclude that openness is an important determinant for FDI in Vietnam.

5.2. Recommendations

- In Vietnam, manufacturing, real estates, accommodation and food service activities and construction could attract more investment than other sectors. But in Myanmar, power, oil and gas sectors can attract a large amount of FDI. It would be better if Myanmar could try to give more incentive to foreign investors to invest in high technology sectors.

- Based on empirical analysis, inflation rate influences on the inflow of FDI into Myanmar. Therefore Myanmar should always give priority to be achieved macroeconomic stability.
- In conclusion, it is said that in attracting FDI into the country, host country's political stability also plays a very important role. At this moment in time, Myanmar faces a series of armed conflicts in the areas of borders. It is sure that the inflow of FDI into the country will be a certain amount if the country has addressed this situation of instability.

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Appendix 1

Summary results of logEXC, logINF, logLAB and logGDPGR by DF Test (Myanmar)

Variable	Level			First Difference		
	Without Constant	Constant	Constant & Trend	Without Constant	Constant	Constant & Trend
logEXC	2.122	-2.162**	-0.164			
logINF	-1.021	-2.630***	-3.223*			
logLAB	5.786	-3.663***	-2.885			
logGDPGR	-0.800	-0.521	-0.422	-0.262	-1.551*	-0.385

Note: Figures in the asterisks*,**,*** denotes significance at 10%, 5% and 1% level respectively.

Summary results of logINF, logEXC, RGDP and OPEN by DF Test (Vietnam)

Variable	Level		
	Without Constant	Constant	Constant & Trend
RGDP	-0.609	-3.623***	-4.476***
OPEN	1.398	0.167	-3.162 *
logINF	0.89	-3.344***	-3.561**
logEXC	2.631	-5.15***	-7.004***

Note: Figures in the asterisks*,**,*** denotes significance at 10%, 5% and 1% level respectively.

Appendix 2

Table 2: Yearly Approved Investment Total by Sectors in Myanmar

(US$ Million)

Year	Agriculture		Construction		Fishing		Hotel & Tourism		Industrial Estate		Manufacturing		Mining		Oil &Gas		Power		Red Estate		Transport		Other	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	amount	No	Amount	No	Amount	No	Amount	No	Amount
1989-90							2	81.500			6	15.842	1	54.100	9	298.045								
90-91					4	77.308	6	86.400			6	42.713	4	55.102	2	19.050								
91-92											4	5.893												
92-93	1	2.690			4	5.848	2	3.025			4	13.342	4	33.380	7	44.500					1	1.000		
93-94					2	7.604	12	311.458			9	17.752	2	20.870	2	19.500								
94-95					3	148.208	7	86.062			20	76.700	1	0.500	3	1039.53					2	1.300		
95-96					2	13.067	5	79.190	1	12.000	4	21.292	15	155.779	1	14.8000			6	251.450	4	11.922	1	1.666
96-97	1	5.991	1	17.267	2	17.502	5	114.924	2	181.113	29	923.561	15	178.299	10	695.603			8	623.500	3	47.865	2	8.623
97-98	1	5.670			1	5.819	1	274.892			31	319.215	1	3.331	12	172.100			4	122.190	3	106.30	2	3.400
98-99					1	4.755					5	43.296	4	4.885										
99-2000					1	3.261	2	1 5.500			8	18.139	2	16.000	1	5.250								
2000-01	1	20.00	1	20.500			1	5.250			17	77.390	2	1.112	4	47.550				28.000	1	7.885	1	10.000
2001-02											6	15.752			1	3.250								
2002-03					3	26.386					1	13.180	1	3.382	4	44.000								
2003-04					1	2.600					1	2.820	1	1.450	3	54.300					2	30.0		
2004-05							1	3.500			1	3.520	4	6.000	9	142.550				2.713				
2005-06													1	0.700	3	34.975	1	6030.0						
2006-07															11	471.480	1	281.22						
2007-08					1	12.00					2	18.720	1	5.000	3	137.000								
2008-09							1	15.000					1	855.996	3	114.000								
2009-10							1	15.250			1	6.000	1	2.500	4	278.600								
2010-11	3	138.750									4	65.321	3	1396.077	12	10179.3	3	8218.52						
2011-12	0										5	32.254	2	19.897	5	247.697	1	4343.98				0.634		
2012-13	2	9.650			1	23.116	1	300.000			78	400.716	1	15.334	6	309.20	1	364.201					4	14.766
2013-14*	3	9.210					4	432.110			52	1321.76	1	4.040			1	46.511	3	172.697			2	1.300
Total	12	192	2	38	26	347	51	1826	3	193	294	3455	68	2834	115	14372	8	19284	21	1201	16	314	12	40

* Until through November, Source: Central Statistical Organization (2013)

Table 3: Foreign Investment of Permitted Enterprises by Countries in Myanmar

(US$ Million)

No	Country	1989-1990	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
1	Australia	25.20			2.000		1.000	1.806	10.055	42.019		
2	Austria	71.50							1.00			
3	Bangladesh		2.957									
4	Brunei Darussalam											
5	Canada	22.00						3.031	7.500	5.300		
6	China				0.380	0.715	4.404	0.150	23.110	0.500	2.662	
7	Cyprus											5.250
8	Denmark							13.37				
9	France				10.00		455.00		5.370			
10	Germany								15.00			
11	Hong Kong	1.00	11.40	0.650	14.367	30.525	6.501	1.940		56.880	8.028	5.742
12	Indonesia								210.95	25.420	1.050	1.377
13	India										4.500	
14	Israel									2.400		
15	Japan	40.00	60.00	0.652	0.490			19.383	72.148	26.850	8.914	5.095
16	Korea	50.05	3.288	3.991		3.065	0.200		9.035	29.700	0.239	4.320
17	Russia											
18	Macau				2.400							
19	Malaysia				8.575	45.174	15.820	157.70	235.10	124.80		
20	Mauritisia											
21	Netherlands	80.00					3.000		154.835		1.000	
22	Philippines						6.667			140.00		
23	Singapore	3.492	5.318		23.187	228.797	55.063	287.378	603.465	137.731	14.210	4.736
24	Sri Lanka						1.000					
25	Switzerland											
26	Thailand	64.10	96.87	0.600	8.261	41.308	199.767	10.212	613.490		10.785	16.50
27	U.A.E									130.36		
28	UK	12.145	7.500		4.625	8.100	599.848	158.396	512.187	24.908	4.433	15.13
29	U.S.A	80.00	93.24		29.50	19.500	4.025	14.800	341.00			
30	Panama									30.526	-1.425	
31	Vietnam											
	Total	449.487	280.57	5.893	103.785	377.184	1352.295	668.166	2814.245	777.394	54.396	58.15

Table 3: Continued

No	Country	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
1	Australia												
2	Austria												
3	Bangladesh												
4	Brunei Darussalam			2.0									
5	Canada	21.95			1.5								
6	China	28.98	3.3		2.8	126.6	0.7	281.2		856	2.5	8269.2	4345.728
7	Cyprus												
8	Denmark												
9	France								-1.4				
10	Germany								2.5				
11	Hong Kong	13.229	1.5	12.9	3.0						6.0	5798.3	
12	Indonesia	1.200	1.5										
13	India							47.5	137				73.00
14	Israel												
15	Japan		4.7			2.7			1.4	3.8	-12.0	7.1	4.318
16	Korea	47.220	5.0	0.3	34.9			37.0	12	-4.0		2676.4	25.572
17	Russia									94.0			
18	Macau	2.000											
19	Malaysia	9.832	1.5	62.2							237.6	76.8	51.864
20	Mauritisia						30.6						
21	Netherlands												
22	Philippines												
23	Singapore	36.915		6.1				81.0	38.0		39.2	226.2	
24	Sri Lanka												
25	Switzerland			3.4									
26	Thailand	25.750			22.0	29	6034.4		16.2	15.0	15.3	2146.0	
27	U.A.E										41.0		
28	UK	30.612	1.5		27.0			273.0				799.0	99.831
29	U.S.A												
30	Panama												26.000
31	Vietnam									20.0			18.147
	Total	217.688	19.00	86.9	91.2	158.3	6065.7	719.7	205.7	984.8	329.6	19999	4644.460

Source: Central Statistical Organization

Table 5: Foreign Direct Investment Projects Licensed by Kinds of Economic Activities in Vietnam

		Registered Amount (US $ Million)							
No	**Sector**	**1988-2004**	**2005**	**2006-2007**	**2008**	**2009**	**2010**	**2011**	**2012**
1	Manufacturing	28373.4	4818.4	22542.5	28902.4	3942.8	5979.3	7788.8	11701.9
2	Real estate, renting business activities	5797.4	460.8	7736.3	23702.8	7808.4	6827.9	869.9	1979.9
3	Construction	5002.2	171.1	1647	492.1	652.0	18160	1296.4	346.0
4	Hotels and restaurants	5092.3	61.8	3741.7	1350.2	9156.8	-	-	-
5	Transport, storage and communication	3979.3	684.2	1589.9	1882.1	299.8	881.0	74.9	227.1
6	Mining and quarrying	3280.2	56.0	406.4	6840.8	397.0	5.6	98.4	167.5
7	Agriculture and forestry and fishing	3633.5	51.1	336.5	223.5	134.5	36.2	141.5	994
8	Electricity, gas and water supply	1907.7	20.4	115.7	3.7	183.9	2952.6	2528.5	97.7
9	Recreational, cultural and sporting	1063.1	21.1	27182.6	5.8	107.4	62.3	153.0	60.6
10	Health and Social Work	267.6	203.4	144.4	402.9	15.0	205.6	88.5	140.2
11	Wholesale and retail trade	271.6	99.3	354.8	54.8	261.1	462.1	499.1	772.8
12	Education and training	87.3	25.8	45.6	86.7	30.4	74.7	11.2	105.1
13	Other Service activities	649.1	166.4	765.1	63.2	118.2	582.8	2047.9	649.8
	Total	54312.4	6839.8	66608.5	64011.0	23107.3	19886.1	15598.1	17242.6

Source: Statistical Yearbooks of Vietnam (2005, 2008, 2009, 2010, 2012)

Table 6: Foreign Direct Investment in Vietnam by Countries

		Total Registered Capital (US $ Million)							
No	**Country**	**1988-04**	**2005**	**2006-07**	**2008**	**2009**	**2010**	**2011**	**2012**
1	Singapore	9080.6	247.0	1599.8	4495.8	922.5	4585.6	2306.4	1938.0
2	Taiwan	7903.1	753.1	3484.1	8851.7	1626.5	1453.1	579.0	2658.1
3	Japan	5961.7	945.3	1948.7	7578.7	715.0	2399.0	2622.0	5593.1
4	Korea Rep. of	5216	929.4	16804.5	2019.0	1911.5	2545.2	1540.2	1285.2
5	British Virgin	4362.2	375.6	5369.6	4052.6	1101.4	823.1	496.8	822.1
6	France	2806.2	28.2	849.9	87.5	123.6	30.1	62.9	108.9
7	Netherlands	2294.5	125.6	796.8	16.9	165.9	2417.5	394.2	119.1
8	United States	1971.4	333.4	1633.8	1519.4	9945.1	1936.0	299.9	160.4
9	United Kingdom	1955.2	29.8	181.6	565.1	50.8	56.7	334.5	43.2
11	Russian	1836.1	3.9	77.7	69.0	335.0	146.0	38.7	143.1
12	Malaysia	1513.8	258.4	237.3	14969.2	223.6	491.3	458.3	238.4
13	Thailand	1526.6	107.0	415.8	4046.2	102.8	166.2	212.4	199.4
14	Hong Kong (SAR) China	4145.6	561.7	2649.2	409.0	774.9	248.7	3460.7	729.1
15	Brunei	23.1	23.1	185.8	4417.8	34.7	32.7	79.5	-
16	Cayman Islands	604.3	163.8	1074.7	2712.2	2203.4	565.8	69.6	212.2
17	Canada	38.1	38.1	669.6	42327.7	24.7	48.2	52.8	21.6
18	China,PR	720.3	120.7	1335.8	373.5	380.0	685.0	757.7	371.2
	Total	51958.8	5044.1	123393.8	98511.3	20641.4	19886.1	15598.1	16348.0

Source: Statistical Yearbooks of Vietnam (2005, 2008, 2009, 2010, 2011, 2012)

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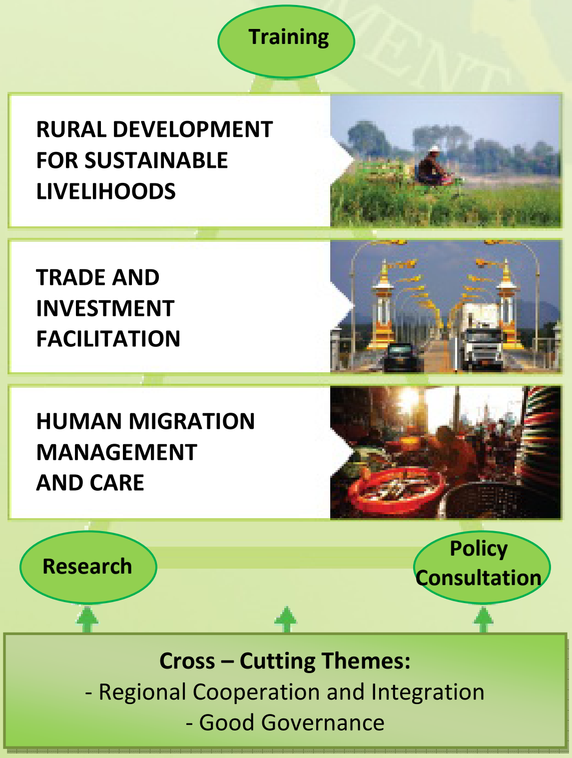

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