MINISTRY OF CONSTRUCTION MINISTRY OF EDUCATION AND TRAINING

VIETNAM MARITIME UNIVERSITY

KO TAE YEON

SOLUTIONS TO PROMOTE FOREIGN DIRECT INVESTMENT FROM THE REPUBLIC OF KOREA INTO HAIPHONG, VIETNAM

DOCTORAL DISSERTATION IN ECONOMICS

HAI PHONG - 2025

MINISTRY OF CONSTRUCTION MINISTRY OF EDUCATION AND TRAINING

VIETNAM MARITIME UNIVERSITY

KO TAE YEON

SOLUTIONS TO PROMOTE FOREIGN DIRECT INVESTMENT FROM THE REPUBLIC OF KOREA INTO HAIPHONG, VIETNAM

DOCTORAL DISSERTATION IN ECONOMICS

MAJOR: ECONOMICS MANAGEMENT; MAJOR CODE: 9310110
SPECIALIZATION: ECONOMICS MANAGEMENT

Supervisors: 1. Dr. Nguyen Minh Duc
2. Assoc Prof. Dr. Dan Duc Hiep

HAI PHONG - 2025

DISCLAIMER

My name is Ko Tae Yeon, the author of my doctoral thesis: "Solutions to promote foreign direct investment from the Republic of Korea into Haiphong, Vietnam". With my honor, I would like to assure that this is my own research, and that no part of the content is illegally copied from the research works of other authors. The research results, cited data sources, and references stated in the thesis are completely honest and accurate.

Haiphong, 1st July 2025

Author

Ko Tae Yeon

ACKNOWLEDGEMENTS

To complete my thesis, in addition to my own efforts, I have received valuable encouragement and help from teachers, family, friends and colleagues.

First of all, I would like to express my sincere thanks to the instructors, Dr. Nguyen Minh Duc and Assoc. Prof. Dr. Dan Duc Hiep, who have always been oriented, wholeheartedly supported and encouraged me to complete this thesis;

I would like to thank the Faculty of Economics, and the Institute of postgraduate education of Vietnam Maritime University for their attention and facilitation of my time and work during the study and research process;

I would also like to express my gratitude to the professors, colleagues and members in Korean Chamber of Commerce and all stakeholders in the field for sharing their experiences and helping me in the process of collecting data and implementing the thesis;

Finally, I would like to give all my love and deep gratitude to family, friends relatives, and specially Mr. Kim Jong Sik, former Chief Operation Officer of LG Electronics in who have always been by my side, encouraged, encouraged, trusted and supported me during this time.

Haiphong, 1st July 2025

Author

Ko Tae Yeon

TABLE OF CONTENTS

ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AHP	Analytic Hierarchy Process
ANP	Analytic Network Process
ASEAN	Association of Southeast Asian Nations
BPM6	Balance of Payments and International Investment Position Manual
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
ELECTRE	Elimination and Choice Expressing Reality
ESCAP	Economic and Social Commission for Asia and the Pacific
ESG	environmental, social, and governance
FAHP	Fuzzy Analytic Hierarchy Process
FDI	Foreign Direct Investment
FPI	Foreign Portfolio Investment
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GNP	Gross National Product
GRDP	Gross Regional Domestic Product
HEZA	Haiphong Economic Zone Authority
IATA	International Air Transport Association
IMF	International Monetary Fund
M&A	Mergers and Acquisitions
MCDM	Multiple Criteria Decision Making

MNE	Multinational Enterprises
MNF	Multinational firm
MOIT	Ministry of Industry and Trade
ODA	Official Development Assisstance
OECD	Organization for Economic Cooperation and Development
OLI	Ownership, Location, Internalization
SWOT	Strength, Weekness, Opportunity, Threat
TEU	Twenty foot equivalent unit
TOPSIS	Technique for Order of Preference by Similarity to Ideal Solution
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
VND	Viet Nam Dong
WTO	World Trade Organization

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

1. Neccessity of the research

According to the OECD, foreign direct investment (FDI) refers to an investment where an entity from one country establishes a lasting presence and significant control over business operations in another country. This involves active participation by the foreign investor – often referred to as the parent company – in managing and making strategic decisions within the foreign enterprise (OECD's report, 1999). Although initially emerging in the 1890s within the industrial goods sector in the United Kingdom, FDI remains a highly relevant topic within contemporary economic research, reflecting its continued importance and evolving dynamics in the global economy.

The theoretical necessity for investigating FDI is strongly supported by several foundational economic theories. David Ricardo's Comparative Advantage Theory posits that countries benefit from international trade and investment when they specialize in industries where they hold comparative advantages, such as lower labor costs, abundant natural resources, or a conducive business environment. This theory underscores why certain regions attract greater levels of foreign investments by aligning their strategic resources effectively.

Another influential theory is Raymond Vernon's Product Life Cycle Theory (1966), which provides insights into how multinational corporations (MNCs) strategically relocate their production processes globally. Vernon proposed a three-stage model where products are initially developed and produced domestically. As global demand rises and competition intensifies, production shifts internationally to optimize costs and market penetration. Finally, when the product reaches its maturity or decline phase, companies fully relocate production facilities to countries with the lowest production costs, maximizing profitability.

Additionally, the Eclectic Paradigm, or the OLI Model, proposed by John Dunning in 1977 and further refined in 1988, integrates previous theories into a

comprehensive framework. The model describes three primary advantages influencing firms' decisions to engage in FDI: Ownership advantages (O), such as proprietary technologies, brand reputation, and superior managerial practices; Location advantages (L), including favorable regulatory environments, economic incentives, natural resources, and lower production costs; and Internalization advantages (I), where firms prefer controlling their overseas operations to reduce transaction costs and risks compared to licensing or joint ventures (Dunning, 1981).

Practically, FDI plays a pivotal role in economic growth by contributing significantly to Gross Domestic Product (GDP), employment creation, and infrastructure development. Moreover, it acts as a catalyst for technology transfer and industrial upgrading, enabling local firms to adopt advanced technologies and management practices, thus enhancing their competitiveness. FDI can also positively influence a country's trade balance by increasing export capacities and reducing import dependence, fostering overall economic resilience.

Historically, FDI activities accelerated notably in the late 19th century, primarily driven by industrialized nations like the United Kingdom and the United States. During this period, British firms pioneered overseas investments in industries such as mining, railroads, and manufacturing. These early investments were closely linked to colonial expansions and established global trade networks. In the late 20th century, particularly during the 1980s and 1990s, globalization and economic liberalization policies spurred a substantial increase in FDI flows. Asian and Latin American countries introduced investor-friendly regulations, including tax incentives and trade liberalization, attracting significant capital inflows. Multinational corporations significantly expanded their operations, particularly in manufacturing, telecommunications, and finance, making countries such as China, India, and Brazil prominent FDI destinations.

In recent decades, FDI has faced new challenges stemming from global disruptions, such as economic uncertainties caused by the COVID-19 pandemic,

geopolitical conflicts, and shifts in international trade policies. However, certain sectors, including technology, renewable energy, and healthcare, continue to attract robust investment flows. Governments globally are increasingly prioritizing sustainable development and digital transformation, reshaping the landscape of FDI trends and patterns.

Vietnam presents a dynamic case within the global FDI context. The country has emerged as one of the fastest-growing economies globally, achieving projected economic growth rates of 6.1% in 2024 and 6.5% in 2025, significantly up from 5% in 2023 (World Bank, 2024). The foreign-invested sector has been instrumental in Vietnam's impressive economic trajectory since the Đổi Mới economic reforms initiated in 1986.

The evolution of FDI attraction in Vietnam can be broadly categorized into three significant periods: 1991–2000, 2000–2010, and 2011–2020 (Editorial Board of Vietnam Foreign Investment Annual Reports, 2021). The period from 2011 to 2020, particularly between 2016 and 2020, marked a turning point characterized by significant growth in FDI quality and quantity. Annual FDI inflows averaged 15 billion VND during this period, driven by proactive government initiatives aimed at enhancing the business environment and national competitiveness.

Korea stands out prominently among countries investing in Vietnam, consistently ranking as a leading investor. By the end of 2023, Korean enterprises had invested approximately 85.87 billion USD, representing 18.3% of Vietnam's total registered FDI (Ministry of Planning and Investment, 2023). This dominant role underscores Korea's substantial influence on Vietnam's economic landscape compared to other investors like Japan, Taiwan, and Hong Kong.

Specifically, Haiphong, a strategic port city in northern Vietnam, has become an increasingly attractive destination for Korean FDI. Its strategic position and robust infrastructure, including comprehensive transport networks

covering road, rail, sea, river, and air, significantly enhance its attractiveness as an investment destination. The city's port system, vital for international trade, further consolidates its position as a critical gateway in the region. Haiphong's continuous progress in attracting FDI – ranking sixth in 2019 and 2020, first in 2021, fifth in 2022, and second in 2023 with a registered capital of 3.262 million USD, for 9% of Vietnam's national total and 2nd position in 2024 with a registered capital 4.350 million USD with accumulated FDI numbers 594 enterprises and creating 210.000 workers working in FDI enterprises – highlights its growing economic significance (Ministry of Planning and Investment, 2024).

Despite these advantages, Haiphong faces challenges related to global disruptions, supply chain uncertainties, and changing investment trends. Korean enterprises, experiencing pressures such as near shoring and re shoring, require tailored solutions to ensure continued investment attraction and retention.

Therefore, the theoretical and practical necessity of this research lies in providing evidence-based, targeted solutions to effectively leverage Haiphong's strategic advantages and address existing barriers, ensuring sustained Korean FDI inflows and contributing meaningfully to Vietnam's long-term economic development objectives and international economic integration.

2. Research aims and research questions

The research aims to propose effective solutions for significantly enhancing the inflow of foreign direct investment from Korean enterprises into Haiphong City. To achieve this overarching aim, the research addresses the following specific questions:

Question 1: What are determinants of provinces/cities to attract foreign direct investment and how the determinants are weighted?

Questions 2: How important are the factors attracting Korean FDI to Haiphong City?

Question 3: Which solutions will be suggested to promote foreign direct

investment from Korean enterprises to Haiphong city and the impact/ effectiveness of those solutions?

Through addressing these questions, the study will deliver practical, evidence-based recommendations tailored to leverage Haiphong's competitive advantages and support its strategic development goals.

3. Research subjects and research scope

3.1. Research subjects

In this thesis, the primary research subject focuses on the flow of foreign direct investment from Korean enterprises into Haiphong city, Vietnam, and the city's current capabilities and challenges in attracting such investments. The study begins by systematically analyzing the theoretical framework surrounding FDI, covering key concepts, investment motivations, and global trends. This theoretical foundation sets the stage for a detailed evaluation of Haiphong's current performance in attracting FDI from Korean businesses, identifying strengths, weaknesses, and existing policies or incentives that influence investment decisions.

The research further delves into examining the key determinants affecting the flow of FDI from Korean enterprises to Haiphong. These determinants may include factors such as economic stability, infrastructure quality, government policies, labor market conditions, and bilateral relations between Vietnam and Korea. By understanding these influencing factors, the research aims to identify both opportunities and barriers that impact the investment flow.

Finally, the study will propose and assess various solutions to enhance and promote the FDI inflow from Korean enterprises into Haiphong. These solutions will be developed based on the findings and evaluated for their potential effectiveness in addressing the identified challenges, optimizing Haiphong's investment climate, and increasing its attractiveness to Korean investors..

3.2. Research scope

3.2.1. Scope of content

This study provides a detailed examination specifically of FDI inflows from Korean enterprises into Haiphong City, Vietnam. It evaluates the scale, composition, and economic impacts of Korean investments in Haiphong, identifying key sectors attracting Korean investors, notably electronics, shipbuilding, automobile manufacturing, logistics, and industrial production. The research thoroughly analyzes factors driving Korean companies' investment decisions and their strategic approaches within Haiphong. Additionally, the study investigates advantages and challenges associated with wholly Korean-owned enterprises and Korean joint ventures operating within Haiphong's jurisdiction. Importantly, the analysis excludes any investment activities by Korean companies that are not physically based in Haiphong, ensuring clarity and accuracy in assessing the direct economic contribution to the city.

3.2.2. Scope of context

The research strictly focuses on foreign direct investment flows from Korean enterprises into Haiphong city, Vietnam, emphasizing the unique features and dynamics of Korean investment in this specific locality. While comparative analyses may briefly refer to Korean FDI patterns observed in other Vietnamese provinces for contextual clarity, these discussions will be limited and directly supportive of the main analysis. The primary aim is to highlight specific characteristics and attractiveness of Haiphong for Korean investors rather than conducting broad comparisons.

3.2.3. Scope of time

The analysis utilizes historical data on Korean FDI in Haiphong starting from 1995, when initial Korean investments such as Doosan Vina, Vina Pipe, and Goldstar commenced their operations in the city. This time frame facilitates an insightful evaluation of long-term trends, changes in investment patterns, and the impacts of policies implemented over the years. Proposed solutions to enhance Korean FDI attraction will be forward-looking, concentrating on the 2025–2030 period and offering a strategic vision extending up to 2045 to

effectively address both immediate challenges and future opportunities.

3.2.4. Scope of research

The thesis comprehensively investigates specific determinants influencing Korean FDI inflows to Haiphong, including economic stability, policy frameworks, infrastructure quality, labor market conditions, and bilateral Korea-Vietnam relations. It also critically evaluates Haiphong's current strategies and performance in attracting Korean investment. Employing both qualitative and quantitative methodologies, including historical data analysis and expert interviews, the research aims to produce targeted and strategic solutions to enhance Korean FDI into Haiphong, focusing explicitly on sustainability and long-term growth potential.

4. Methodologies

This research will employ a combination of both quantitative and qualitative methods to comprehensively address the research objectives and provide well-rounded insights into the flow of foreign direct investment from Korean enterprises into Haiphong city. Each method will be tailored to achieve specific goals, ensuring a robust and thorough analysis of the factors influencing FDI and the development of practical solutions to enhance investment inflows.

- Quantitative method: This research adopts a data-driven approach to examine the historical trends of Korean FDI in Haiphong from 1995 onward. While not relying heavily on advanced statistical modeling, the study utilizes available data to track key indicators such as total FDI volume, sectoral distribution, and annual growth patterns. Through basic trend observation and comparative analysis, the research highlights shifts in investment behavior and explores the influence of factors such as infrastructure development, policy changes, and Vietnam–Korea bilateral relations. Comparative insights from other regions and investment sources are also considered to contextualize the unique trajectory of Korean FDI in Haiphong.
- Qualitative Methods: The qualitative aspect of the research will focus on understanding the underlying reasons behind investment decisions and

exploring the perceptions of key stakeholders involved in the FDI process. For this purpose, Fuzzy Analytical Hierarchy Process will be employed to evaluate the importance of various determinants influencing Korean FDI into Haiphong. This method will allow for a structured comparison of factors such as government policies, labor market conditions, market access, and local infrastructure.

To gather data for the Fuzzy AHP analysis, intensive interviews will be conducted with a panel of experts, including government officials, business leaders, and academics who specialize in FDI and economic development. These interviews will provide in-depth insights into the priorities and concerns of both investors and policymakers, contributing to a more nuanced understanding of the challenges and opportunities for attracting Korean FDI into Haiphong. The qualitative data will complement the statistical findings, providing context to the numbers and helping to develop well-informed solutions.

The research process will follow these key steps:

Step 1: Literature review for theoretical framework and theoretical determinants which might have important impact to the foreign direct investment flow to provinces. In this step, previous studies in both developed and developing economies and for the specific cases of provinces in Vietnam will be concerned. All the determinants will be then concluded with explanation and proxy for evaluation.

Step 2: Analysis on the current situation of foreign direct investment to Haiphong city. Historical data from 1995 will be collected to perform the analysis in order to reveal a) the specific characteristics of FDI from Korean enterprises to Haiphong city compared with FDI from other countries and FDI from Korean enterprises to other provinces and b) advantages and disadvantages of Haiphong city in attracting FDI from Korean enterprises. In this step, statistical data analysis will be applied.

Step 3: Comprehensive direct interviews with experts from different positions will be carried out in order to verified the set of theoretical

determinants. Number of experts from Haiphong Department of Planning and Investment, Haiphong Department of Industry and Trade, Haiphong Economic Zone Authority (HEZA), Korean Investors and academic scholars will be interviewed separately to examine determinants of FDI from Korean enterprises to Haiphong city. The interviewees will be allowed to suggest new determinants which might not be given in the questionaires. The name of interviewees will be kept privately but their important opinions will be recorded and quouted.

Step 4: Fuzzy AHP Application: The qualitative data from the interviews will be processed using Fuzzy AHP to rank the determinants of FDI, providing a clear prioritization of factors that need to be addressed to enhance Korean investment.

Step 5: Proposal and Evaluation of Solutions: Based on the quantitative and qualitative findings, a set of solutions will be proposed to improve Haiphong's attractiveness to Korean investors. These solutions will be evaluated for their potential effectiveness using expert feedback and feasibility analysis.

This mixed-methods approach will ensure that the research provides a comprehensive analysis of both the quantitative trends and the qualitative factors affecting Korean FDI into Haiphong, leading to practical and strategic recommendations.

5. Contribution of the reserch

5.1. Theoretical contribution

The research significantly advances the theoretical understanding of FDI attraction dynamics by clearly identifying and empirically validating the critical factors that influence South Korean enterprises' investment decisions in emerging market contexts, particularly Haiphong City. The study's most prominent theoretical contribution is the establishment and validation of a structured hierarchy of determinants influencing Korean FDI inflows, utilizing the Fuzzy AHP. This comprehensive, validated hierarchical model enhances existing economic theories by integrating empirical insights specific to Korean

investors' preferences, thereby refining the theoretical frameworks applied to regional FDI attraction.

5.2. Practical contribution

Practically, the research provides clear and actionable policy recommendations for government officials, policymakers, and business stakeholders in Vietnam and Korea. It highlights critical areas such as infrastructure enhancement, regulatory simplification, and investor-friendly policy frameworks, directly addressing practical barriers to investment. By aligning policy interventions with empirically identified investor preferences, the study equips local policymakers with targeted strategies to effectively attract and retain Korean FDI, thereby strengthening economic relations and fostering sustainable regional development.

The research effectively bridges theoretical knowledge and practical application, ensuring that the insights gained not only enhance academic understanding but also provide concrete guidance for investment promotion and economic policy formulation.

6. Research structure

The research outline can be summarized as follows:

Chapter 1. Literature review on the promotion of inward foreign direct investment

Chapter 2. Theoretical background on the promotion of inward foreign direct investment

Chapter 3. Current situation of foreign direct investment from Republic of Korea into Haiphong city

Chapter 4. Analyzing factors affecting foreign direct investment into Haiphong city

Chapter 5. Solutions to promote foreign direct investment from Korean enterprises into Haiphong city

CHAPTER 1. LITERATURE REVIEW ON THE PROMOTION OF INWARD FOREIGN DIRECT INVESTMENT

1.1. Overview of foreign direct investment

To define foreign direct investment, it is essential to first understand the meaning of investment. According to Samuelson and Nordhaus (1985), investment is the use of capital in specific activities to generate profit or socio-economic benefits and it should be associated with the creation of new assets for the economy. These authors also argued that investment involves sacrificing current consumption activities to enhance future consumption value. Based on the definition of investment, FDI can be understood as cross-border investments or a the process by which resident entities in one country acquire ownership of assets to control the management of enterprises in another country with the aim of seeking profits (IMF, 2009). FDI not only refers to an interest and control of investors over enterprises in recipient countries but also signifies long-term relationships among different economies (Moosa, 2003). A Vietnamese scholar, Vu (2011) defines FDI as a type of foreign investment in which investors from other countries contribute 100% or a significant proportion of the total capital to a project in another country to gain control over it. In Vietnam, foreign investment and foreign investors are governed by the Investment Law. The latest was enacted in 2020, providing a legal framework for foreign entities who seek to invest in the country and defining regulations on investment forms, rights, obligations, and sectors eligible for foreign participation.

FDI is regarded as an international private investment. FDI can be classified upon two main perspectives: the investor's perspective (source country) and the host country's perspective. Under the investor's perspective, there are three types of FDI, including: (i) horizontal FDI as an expansion to produce the same products abroad, often to leverage monopolistic advantages or bypass anti-trust laws; (ii) vertical FDI as an integration into the supply chain- backward (raw materials) or forward (distribution networks); and (iii) conglomerate FDI as a combination of horizontal and vertical FDI, commonly seen in Mergers and Acquisitions (M&A)

(Caves, 1971). Under the host country's perspective, FDI is divided into (i) import-substituting FDI that replaces imports with domestic production and reduces exports from the source country; (ii) export-increasing FDI that encourages the host country's exports of raw materials and intermediate goods to the investing country and other countries; and (iii) government-initiated FDI that is driven by government incentives to attract foreign investors. Another way to classify FDI is based on the type of entrance, whereby FDI can be classified as green-field investment and M&A. By sectors, FDI is composed of vertical FDI, horizontal FDI and conglomerate FDI. In the consideration of the host country's orientation, FDI is divided into FDI to replace import, FDI to promote export and FDI following governmental orientation. Meanwhile, based on the investors' orientation, FDI can be grouped into expansionary FDI and defensive FDI. Distinguished by legal formation, FDI can be classified as corporation contracts, joint venture and enterprises with 100% foreign capital.

The classifications above highlight various strategic motivations behind FDI and imply its importance to economic development. Therefore, numerous studies have been conducted on the topic of FDI. The following sections will present a literature review on FDI, focusing on two primary strands of the topic: the impacts of FDI on countries and the determinants of FDI flows.

1.2. Impacts of FDI on countries

FDI has positive impacts on the countries involved. Some authors have asserted a direct link between foreign ownership and national economic growth in the cases of Canadian industries (Gupta, 1983), Taiwan (Bende-Nabende & Ford, 1998) and developing countries (Borensztein et al., 1998; Sauvant et al., 1992). Supporting this viewpoint, Findlay (1978) and Borensztein (1998) underline FDI's role in advancing technology spillovers to local firms and improving their productivity. Specially, Borensztein (1998) adds that FDI contributed more considerably to economic development than domestic investment. Similarly, Caves (1996) highlights the potentials of FDI not only in improving productivity and facilitating technology transfer in recipient countries but also in enhancing

managerial skills, integrating with international production networks, reducing unemployment, and strengthening access to external markets. In a more recent study, Chidlow et al. (2009) emphasize the importance of direct investments by multinational corporations. Specifically, FDI helped transform previously centrally planned economies into dynamic market systems. Besides the above-mentioned rationales, namely increased exports and technology diffusion, the provision of capital inflows, management expertise, and employment opportunities from MNCs also contributed to this transformation. Additionally, Chidlow et al. conclude that FDI is a key driver of economic competitiveness and an essential factor in improving the availability of goods and services in the domestic market. Finally, FDI is considered by the World Bank as one of the most prominent measures for tackling poverty in developing countries (Asiedu & Lien, 2011).

Besides the positive views on the impacts of FDI on countries, several researchers have expressed skepticism about its benefits and pointed out potential negative consequences in various aspects. From Hirschman (1958), the economic benefits of FDI vary across sectors, whereby positive spillovers are insignificant in the sectors of agriculture and mining. Hanson (2001) argue that the positive impacts of FDI are minimal, as local firms often struggle with competing with foreign competitors. This can impede domestic entrepreneurship and innovation. With a similar standpoint, Greenwood (2002) attributes economic imbalances partly to FDI and notes that the majority of its effects is detrimental to local enterprises. While P. Doh (2019) acknowledges the generally positive effects of multinationals and foreign investment on growth, this researcher still indicates negative effects of FDI on income and wealth inequality. Specifically, FDI often disproportionately benefits individuals with higher education and skills, exacerbating wage inequality across different sectors and regions. This effect is most pronounced in developing countries and among lower-skilled populations in developed countries. The effect also becomes more significant in Africa and Latin America, and less significant in Asia. Lipsey (2002) has a consensus on the

positive outcomes of FDI, including a shift to more capital- and skill- intensive domestic production in source countries, and strengthened exports from host countries, their enhanced connections with the global economy, along with improved wage levels. Nevertheless, the author fails to confirm a consistent relationship between FDI stock and economic growth.

Clearly, the impacts of FDI on participating countries are multifaceted and will continue to be a subject of scholarly debate. However, the remarkable growth of global FDI flows is indisputable (Villaverde & Maza, 2015). Specifically, global FDI experienced an eightfold increase from USD 204,888 million in 1990 to USD 1,707,830 million in 2019, before declining by 42% in 2020 due to the severe impact of the COVID-19 pandemic (UNCTAD, 2023). These figures have attracted academic attention in investigating the factors that drive FDI flows worldwide- in other words, what makes foreign investors choose some countries instead of others countries? The section below reviews prior studies on the determinants of FDI flows.

1.3. Determinants of FDI flows

The existing literature on FDI determinants will be examined based on three major sub-strands, including: (1) Theory-based FDI determinants, (2) Aggregative FDI determinants, and (3) Economy-based FDI determinants.

1.3.1 Theory-based FDI determinants

In the past, a variety of scholars have made efforts to develop theoretical frameworks aimed at identifying what makes a country more ideal than others in attracting FDI flows.

Starting with the Market imperfections theory introduced by Hymer (1970), the decision of firms to invest overseas in certain markets is derived from their desire for capitalizing on capabilities that competitors in these market are not willing to share.

While Hymer did not clarify the importance of foreign production in strengthening the firm's advantage, Vernon (1966) proposed the International Product Life Cycle theory that effectively addresses this aspect when considering

FDI as a function of the product's innovation cycle. At the early stages of production, innovations are introduced and kept in capital-intensive home countries like the US. At the maturity stage, as production processes become standardized, they are relocated to countries with lower labor costs. Eventually, at the decline stage, production shifts to developing countries, while advanced economies focus on creating new innovative products. Based on this model, the determinant for cross-border investment from multinational firms are their pursuit of opportunities to reduce production cost and gain higher profit in host countries.

Among various theories embracing FDI determinant, Internalization Theory and Eclectic Theory are the most prominent, laying out the cornerstones for the current theory of the multinational enterprise (Rugman, 2010). Internalization Theory set out by Buckley & Casson (1976, 1985) and Buckley (1989) is grounded on transaction cost economics (Williamson, 1979). The theory posits that investment overseas occurs when firms want to internalize their international markets for firm-specific knowledge, such as patents, trademarks, and innovative capacities, since these products are costly to transfer or lease in the external market. In other words, firms will insist on internalizing the markets through foreign investment as long as the transaction costs of using external markets to exchange intermediate assets exceed those incurred by the firms' internal activities.

Dunning' Eclectic Theory (1979), widely known as the OLI (Ownership, Location, Internalization) paradigm, has incorporated some key insights of the Internalization Theory Drawn from the OLI framework, a trio of advantages, namely ownership advantages, location advantages, and internalization advantages, is considered a key motive for firms to engage in FDI. While the first and third FDI determinants are firm-specific, the second determinant is location-specific. This location-specific determinant has significant impacts on the host country's FDI inflows and is the only condition of FDI that the host government can directly influence (Bhasin & Murthy, 2018). The locational advantages of a host country can be categorized into three broad groups: the national policy

framework for FDI, business facilitation and economic factors, of which economic factors predominate. The economic motives behind the FDI decisions of multinational firms encompass market-seeking, resource-seeking and efficiency-seeking motives in host countries (Dunning, 1998).

Finally, according to Institutional Theory- and more recently, New Institutional Theory (Scott, 1995), multinational enterprises operate in a complex and uncertain environment. Therefore, the decisions on investment abroad of enterprises are driven by institutional forces such as regulations and incentives.

1.3.2 Aggregative FDI determinants

There is a vast number of studies on the drivers of FDI flows to a country. These studies are diverse, ranging from surveys and case studies to econometric ones. In general, factors such as market size, trade openness, infrastructure quality, tax and tariff levels, labor costs, and the degree of political and economic stability are considered as conventional factors most commonly found in the literature. However, the significance of FDI determinants varies across countries and regions, and also changes over time. For instance, institutional factors such as property rights, intellectual property protection, and corruption- once rarely considered- have increasingly gained attention in recent studies. have increasingly gained attention in recent studies (Bhasin & Murthy, 2018). This section will review existing studies on FDI determinants at an aggregate level, arranged the studies into the most significant groups of determinants.

a) Macroeconomic and financial factors

Macroeconomic and financial factors refer to trade openness, market size, inflation, exchange rates, infrastructure quality, etc. Some scholars have identified trade openness as essential to a country's attractiveness to foreign investment (Onyeiwu & Shrestha, 2004; Ranjan & Agrawal, 2011; Singh & Jun, 1995). The level of a host country's trade openness is measured by its trade liberalization and economic freedom (Dimitrova et al., 2020). Onyeiwu & Shrestha (2004) conclude that countries with less capital restrictions and more open trade policies are more likely to draw investors' attention. An empirical study of Singh & Jun (1995) has

revealed that exports, taxes on international transactions, a general qualitative index of business operation condition are important to the host countries in attracting and retaining FDI. Ranjan & Agrawal (2011) applied random effect model and worked on the panel data set from 1975 to 2009 for Brazil, Russia, India and China. They confirmed a positive link between FDI flows and trade openness. Market size (determined by real GDP, GDP per capita, or GDP growth) is also a macroeconomic factor that has consistently been supported by the reviewed papers as a significant FDI determinant (Asiedu, 2006; Aziz & Mishra, 2015; Nielsen et al., 2017). Stated by Nielsen et al. (2017), the larger the market of a country, the more FDI flows inward to the country. Similarly, Aziz & Mishra, 2015) utilized Arellano-Bover/Blundell-Bond linear dynamic panel data estimation to seek potential FDI determinants. Then the authors find that market size, trade openness, preferential trade agreements and financial development are critical components for foreign investors into Arab economies. Furthermore, availability and reliability of infrastructure are also found to stimulate FDI flows (Asiedu, 2002; Loree & Guisinger, 1995; Siddiqui & Iqbal, 2018).

b) Institutional and regulatory factors

Institutional and regulatory factors involve elements in recipient countries' institutional environment such as government legitimacy, political stability, environmental regulations. To estimate FDI determinants, Bouabdi (2015) used a spatial model that enabled the evaluation of proximity effects between parent and host countries. The study's implications include the imperative for MENA (Middle East and North Africa) countries to improve their institutional and human infrastructure and to intensify their economic integration at both regional and international levels. Similarly, A study on India of Goswami (2024) has led to the conclusion that institutional environment mainly decides FDI inflows to different Indian states. According to Uddin et al. (2019), among the institutional determinants, regulation was found the most critical to drive inward FDI flows into Pakistan. The authors thus suggest the establishment of a conductive institutional environment to attract international investors. Institutional factors,

namely investment climate and democratic status of recipient country were scrutinized in a research conducted by Kurtović et al. (2020) on Western Balkan countries. The results show that the investment profile and the level of democracy pose positive impacts on FDI in the agricultural sector. Other scientists carried out empirical studies and informed that political risks can impede foreign investors' decisions, whereas political stability brings a potential economic environment favored by investors (Asiedu & Lien, 2011; Mijiyawa, 2015; Wei, 2000).

c) Natural resource endowment

The availability of natural resources in host countries is a historically popular FDI determinant discerned by authors (Abdel-Gadir, 2010; Graham & Ovadia, 2019; Youssouf, 2017). Youssouf (2017) employed linear dynamic panel model to study the determinants of FDI in sub-Saharan African countries. The author finds that natural resources are the most important determinants of FDI flows. The African continent with an abundant source of oil was found to become an "essential prey" of multinational companies worldwide (Graham & Ovadia, 2019). Nevertheless, as perceived by Bhasin & Murthy (2018), the world has been witnessing a decrease in the relative importance of resource-seeking FDI, which is presumably attributed to the rising significance of market-seeking and efficiency-seeking FDI.

d) Socio-cultural factors

Despite being less emphasized in the literature compared to other determinant groups, social-cultural factors, such as human capital (Aziz & Mishra, 2015; Omri & Kahouli, 2014), social state fragility (Dimitrova & Triki, 2018) and cultural distance (Loree & Guisinger, 1995; Roberts & Almahmood, 2009) are still agreed by scholars as having influences on FDI flows.

1.3.3 Economy- based FDI determinants

This subsection attempts to review selected papers on FDI determinants based on the development levels of economies, including both developed and developing economies. For both developed and developing economies, FDI determinants are regularly studied before any suggestions to promote FDI in those

economies are proposed.

Many authors have worked on developed countries, including United Kingdom (Driffield, 2002; Dunning, 1958), United States of America (Vernon, 1971; Graham & Krugman, 1989; Dunning, 1994), Australia (Brash, 1966), Canada (Safarian, 1966), Norway (Stonehill, 1965), New Zealand (Dean, 1970), Netherland (Stubenitsky, 1970), Spain (Galan, 2001; Galan et al. 2007), and Singapore (Mirza, 1986). They found FDI determinants for these developed countries as political stability, liberalized trade regime, pricing policy or level of economic activities.

For developing countries such as India (Kumar, 1990; Dhingra & Sidhu, 2011; Adhana, 2016), Malaysia (Athukorala & Menon, 1995), Thailand (Brahma & Jiranyakul, 2001), China (Zhou et al., 2002; Ali & Guo, 2005; Na & Lightfoot, 2006; Pheng & Hongbin, 2006; Fei (2009); Lv et al., 2010; Boermans et al., 2011; An, 2012; Liu et al. 2012), Pakistan (Khair et al., 2006) and Srilanka (Don, 2007), important factors to attract FDI are possession of intangible assets, internationalization of production, real income, special economic zones and opening coastal cities, market size, GDP growth rate, the progress of reform, physical infrastructure, financing constraints, institutional problems, labor cost, trade openness, exchange rate, market potential and geography.

It is also noting that a paper by Khan et al. (2023) provides a detailed analysis of how institutional quality affects FDI inflows across different economic contexts. Using data from 2002 to 2019, the study explores the impact of institutional quality indicators on FDI in a global panel, focusing on developed, developing, and Asian countries. The key findings suggest that regulatory quality is the only institutional factor that consistently increases FDI inflows globally. However, the study also uncovers regional variations in how institutional indicators affect FDI. In developed countries, regulatory quality and control of corruption negatively impact FDI, which contradicts conventional expectations.

1.4. Vietnamese studies on FDI

Vietnam has been a key recipient of FDI in Southeast Asia. Therefore, it is

not strange when there are numerous studies examining the determinants of foreign investment flows into the country.

Meyer and Nguyen (2005) offer a theoretical framework analyzing how institutions in emerging economies, particularly Vietnam, influence FDI entry decisions, specifically in terms of location and entry mode. They find that sub-national institutional factors, such as the availability of scarce resources, significantly affect FDI location choices and increase the likelihood of Greenfield entry. Tran (2008) also emphasizes the importance of institutional factors in FDI, examining the evolution of Vietnam's FDI policy since the initiation of economic reforms in 1987. Tran notes that while the reform process accelerated after the Asian financial crisis and during Vietnam's WTO accession, institutional constraints and infrastructure bottlenecks continue to hinder Vietnam's attractiveness as an FDI destination.

Another group of studies focuses on spatial factors influencing the distribution of FDI across Vietnamese provinces. Hoang (2006) applies spatial econometric models to examine the determinants of FDI distribution after the Asian financial crisis. His research finds robust relationships between FDI inflows and traditional determinants, even when accounting for spatial interdependence. Hoang also highlights the dominance of regional trade platforms and agglomeration effects, where economic activities cluster together, enhancing FDI attractiveness. Similarly, Bui (2011), in his doctoral thesis, examines the determinants of FDI in Vietnam from 1988 to 2009, focusing on the nature, motivation, and impact of foreign investment. Bui shows how foreign-invested enterprises adapted to local environments by leveraging both foreign and domestic comparative advantages, often clustering in regions that maximize capital returns.

The spillover effects of FDI on local economies in Vietnam have also been a subject of research. Le (2007) attempts to quantify the technological spillovers from FDI using industry-level data for the periods 1995-1999 and 2000-2002. The findings indicate that linkages between foreign investors and the domestic private sector play a crucial role in facilitating technological transfers. These spillovers,

in turn, enhance the technological capacities of local firms, contributing to Vietnam's economic development.

Tran (2008) and Bui (2011) also explore the broader impacts of FDI policy and its effects on Vietnam's economic growth. Tran reviews Vietnam's FDI policy evolution since 1987, highlighting how reforms gained momentum following the Asian financial crisis and Vietnam's WTO accession. Despite this progress, he identifies institutional and infrastructural challenges that still hinder FDI inflows. Bui's analysis (2011), on the other hand, is more focused on the impact of FDI on economic growth. Bui demonstrates how foreign-invested enterprises altered their production, management, and marketing processes to suit the local environment, significantly contributing to Vietnam's economic leap forward.

Hoang (2013), Le & Nguyen (2013), Nguyen et al. (2013), Tran (2014), Ngo et al. (2017) noticed sub-national institutional variables, market size, reforms in FDI policies and investment climate, infrastructures, trade openness, labor costs as important factors to attract FDI to Vietnam.

Other authors including Nguyen (2010), Nguyen (2013), Nguyen (2014), Vu (2018) performed studies to examine determinants of FDI flows to Vietnamese provinces or regions and concluded attracting FDI policies, geography, natural resources, economic and social stability and development, local planning, physical infrastructures, labor quality, public service quality and regional connection.

On the topic of promoting FDI to Haiphong city, Bui (2016) focused on completing investment environment, whereas Pham (2017) in her master thesis, considered the FDI flow to Vietnam and examined Haiphong city as a specific case study.

In his doctoral thesis, Le (2020) applied OLI theory to develop an EFA and PLS-SEM model to analyze and assess factors influencing FDI inflows to Quang Ninh province. The findings revealed that investment attraction policies have the strongest impact on FDI enterprises' investment intentions, followed by infrastructure, public services, and human resources. Le also proposed several

solutions to enhance FDI attraction in the province, including advancing investment attraction policies, improving the infrastructure system, enhancing the quality of human resources and public services, refining socio-economic development planning, innovating and optimizing investment promotion strategies, and implementing environmental solutions.

Hoang et al. (2022) focus on factors affecting FDI inflows into Vietnam's Southern Central Coast region. The study uses spatial econometric techniques to evaluate how local economic characteristics, infrastructure, and policy frameworks influence FDI attraction. It highlights that key determinants include regional infrastructure development, labor quality, economic stability, and the effectiveness of local government policies in promoting investment. the study found that regions with better-developed infrastructure, such as roads and logistics networks, are more likely to attract FDI. This aligns with the fact that investors seek regions where operational costs can be minimized and market access can be maximized. Moreover, labor availability and quality in the region significantly impact investors' decisions, as firms prefer regions with skilled labor pools to maximize productivity.

Le (2022) examined foreign direct investment through the lens of policies designed to attract FDI inflows to Vietnam. The doctoral thesis analyzed Vietnam's FDI performance over a decade, from 2010 to 2021, and included case studies from China, Singapore, and Thailand. The study proposed solutions categorized into three groups: enhancing policies to create a favorable investment environment, refining policies to boost investment appeal, and improving investment promotion strategies.

In 2023, Bui conducted an in-depth analysis of FDI inflows to Vietnam, focusing on the evolving context. The study systematically examined Vietnam's FDI performance over a 12-year period (2010–2022), assessed factors influencing FDI, and incorporated case studies from successful countries. The thesis proposed five perspectives and six groups of solutions to attract FDI in the new context. These include enhancing institutions and FDI policies, improving the quality of

economic growth, facilitating technology transfer, strengthening economic linkages, upgrading human resource quality, and promoting corporate social responsibility and environmental protection.

Nguyen et al. (2024) in their research explores how South Korea's New Southern Policy has influenced the trends in foreign direct investment flows to ASEAN countries, including Vietnam. The policy, which aims to strengthen economic, political, and cultural ties between South Korea and ASEAN, has led to a significant shift in FDI patterns. The findings of this study highlight that Vietnam has been one of the largest beneficiaries of FDI under the national strategic plan, owing to its favorable investment environment, rapid economic growth, and improving infrastructure. The research indicates that South Korean investors are particularly attracted to sectors such as manufacturing, technology, and logistics, all of which have been bolstered by Vietnam's trade agreements and business-friendly policies.

1.5. Research gap

While foreign direct investment has been extensively studied across global and national contexts, there remains a lack of focused research that directly connects theoretical insights with actionable strategies for specific bilateral investment flows—particularly from Korean enterprises to Haiphong City, Vietnam. This gap becomes increasingly relevant considering the substantial and growing role Korean FDI plays in the region's socio-economic development.

Firstly, although numerous studies have examined general FDI trends and policies at both national and local levels, existing research lacks a targeted exploration of FDI originating specifically from the Republic of Korea to Haiphong. This is a notable omission given Korea's position as one of Vietnam's top foreign investors and Haiphong's emergence as a key industrial and logistical hub.

Secondly, prior studies have not applied a comparative approach to evaluate the relative attractiveness of Haiphong against other Vietnamese provinces from

the perspective of Korean investors. This prevents a nuanced understanding of what differentiates Haiphong as an investment destination and limits strategic insights into how it might enhance its position relative to competing locations.

Thirdly, although several determinants of FDI have been identified in general, existing research has not assessed the specific weights or prioritization of these factors from the viewpoint of Korean investors in Haiphong. This gap limits the theoretical development of location-specific investor decision-making frameworks and hinders practical policy alignment.

Finally, there is a significant absence of research proposing and evaluating a structured set of solutions specifically designed to attract and sustain Korean FDI into Haiphong. No study has yet examined the potential effectiveness of such strategies using an empirical and analytical approach, such as the Fuzzy AHP, to quantify their impact.

This research aims to fill these gaps by (1) identifying the most critical factors driving Korean FDI to Haiphong; (2) applying a Fuzzy AHP model to determine the relative importance of these factors; and (3) proposing empirically grounded, practical solutions for improving FDI attraction strategies. The study's design directly supports the research questions and contributes to theoretical development by refining location-based FDI decision-making models, thereby offering both scholarly value and practical utility.

SUMMARY OF CHAPTER 1

Chapter 1 focuses on establishing the theoretical and contextual foundation for the research by systematically exploring the following aspects:

This chapter provides an in-depth review of existing studies on foreign direct investment, encompassing both international and Vietnamese research. It examines theoretical frameworks, empirical studies, and case-specific analyses to offer a broad perspective on the topic. The review includes seminal works that define the determinants and impacts of FDI, as well as contemporary studies addressing specific trends and challenges in the global and regional investment

landscape. The Vietnamese research highlights local nuances, policy contexts, and sector-specific insights relevant to FDI attraction in Vietnam.

Through a detailed evaluation of the reviewed works, the chapter identifies their strengths, such as robust methodologies, innovative frameworks, and valuable findings that contribute to the understanding of FDI dynamics. Concurrently, it critically assesses the limitations of prior studies, such as narrow scopes, methodological constraints, and insufficient consideration of localized factors affecting FDI.

By synthesizing the insights gained from the literature, the thesis delineates the current state of research on FDI, highlighting areas that are well-explored and those that remain under-researched. The analysis uncovers specific gaps in the existing body of knowledge, such as the lack of comprehensive studies focused on the role of Korean enterprises in FDI attraction to Haiphong city, the absence of systematic evaluations of Haiphong's competitive advantages, and limited research into tailored solutions for promoting FDI in the city.

Based on the identified research gaps, the chapter establishes the originality and significance of the study. It emphasizes that no prior scientific publications have comprehensively addressed the intersection of FDI determinants, Haiphong's specific context, and strategies for attracting investment from Korean enterprises.

CHAPTER 2. THEORETICAL BACKGROUND ON THE PROMOTION OF INWARD FOREIGN DIRECT INVESTMENT

2.1. Introduction of FDI

The capacity to attract foreign direct investment is widely regarded as a crucial element of development policy. As a result of limited access to sufficient capital for sustained expansion in developing nations and the increasing challenges in alleviating poverty, contemporary economic approaches at the national, regional, and global scales are placing a greater priority on foreign direct investments. The rapid growth witnessed in a select few newly industrialized nations in East Asia, as well as the more recent example of China, has provided backing to the notion that foreign direct investments have played a crucial role in combating resource scarcity in nations with low incomes. Moreover, FDI has proven successful in mitigating the risk of escalating debt levels while instantly tackling the root causes of poverty. FDI is also widely recognized as a significant contributor to economic development, as it serves as not only crucial source of income and capital flows but also business competition, advancements, creation of employment, and technical transfer. The countries that are members comprising the Association of Southeast Asian Nations (ASEAN) have also successfully garnered foreign direct investment by implementing various policy measures. Therefore, it is crucial to understand FDI from the very basic to its pros and cons, types, methods and the key enablers to a certain economy; so that a proper approach can be reached to attract and utilize FDI as a substantial contributor to countries' economic prosperity.

2.1.1. Definition of FDI

According to World Trade Organization (WTO) in 1996, Foreign direct investment refers to the process by which an investor from one country (referred to as the home country) acquires a resource located in a different nation (known as the host country) with the purpose of actively managing and overseeing that property. The contrast between foreign direct investment and Foreign Portfolio

Investment (FPI) in stocks, bonds, and other financial instruments lies in a managerial aspect. In the majority of cases, the international investor and the foreign asset under control are commercial entities. In such instances, the investor is commonly denoted as the "parent company" while the asset is referred to as the "affiliate" or "subsidiary".

As per the guidelines outlined in the Balance of Payments and International Investment Position Manual (BPM6) published by the International Monetary Fund (IMF), Foreign Direct Investment is classified as a functional category of cross-border investment wherein someone who is a citizen of one economy possesses substantial control over the management of an enterprise located in a different economy (2009). Therefore, it is imperative to possess a comprehensive comprehension of the notion of residency pertaining to an individual or a company, specifically referring to the economic territory in which they maintain a significant affiliation. This economic territory serves as their primary economic hub and should not be confused with nationality, as it aids in distinguishing between various investments within an economy.

The share of involvement in a company's capital is frequently seen as a determining factor in qualifying a transfer of foreign direct investment capital. The Organization for Economic Cooperation and Development (OECD) suggests that direct investment should be defined as the situation in which a foreign investor holds a minimum of 10% of the capital of a resident firm. Consequently, investments that fall below this specified threshold must be categorized as portfolio investments.

The World Bank defines foreign direct investment as the net inflows of investment that lead to the acquisition of a substantial managerial stake (10 percent or more of voting shares) in a company operating in a country other than the investor's home country (2011). The aforementioned phrase denotes the aggregate value derived from equity capital, reinvestment of earnings, other long-term capital, and short-term capital, as seen in the balance of payments.

Foreign direct investments encompass primarily two distinct categories of

business activities. One aspect to consider is the internal operations conducted within a transnational corporation, which involve interactions between the parent company and its foreign establishments such as subsidiaries and representative offices. These operations encompass various activities, including the establishment of new units, the expansion of production capacity in existing units, financial transactions between institutions (such as capital increases, loans, and cash advances from the parent company), as well as the reinvestment of profits at the local level.

Conversely, there exist acquisitions that are made when the acquiring business obtains a minimum of 10% ownership in the desired foreign company. In contemporary times, the aforementioned criterion holds global recognition in order to differentiate FDI from FPI. The latter, as per its definition, exhibits higher volatility and entails a level of participation that is below 10% of a company's capital. The corporation views the investment in question as a means of achieving worldwide portfolio diversification (Ngouhouo, 2008). Foreign direct investments refers to the phenomenon wherein multinational firms or transnational corporations engage in cross-border investments.

Various levels of control exist in the context of FDI. According to Economic and Social Commission for Asia and the Pacific (ESCAP) under United Nations (UN) in 2017, the level ‘Subsidiaries’ refer to firms that are the result of direct investments, wherein the direct investor holds 50% or more of the voting power. ‘Associates’ or ‘affiliates’ refer to direct investment firms wherein the direct investor holds a voting power ranging from 10% to 50%. ‘Branches’ are entities that engage in direct investment activities, wherein the direct investor holds 100% of the voting power.

Also under the study of ESCAP in 2017, Foreign direct investment (FDI) comprises three primary components, namely equity capital, reinvested earnings, and other direct investment capital. Equity capital encompasses the ownership interests held in branches, as well as the entirety of shares possessed in subsidiaries and associates, except non-participating, preferred shares that are

classified as debt instruments and are accounted for within the category of other direct investment capital. Additionally, equity capital encompasses various forms of capital contributions, such as provisions of machinery, among others. Besides, reinvested earnings refer to the portion of earnings that are retained by subsidiaries or associates, and branches that are not given as dividends or remitted to the direct investor. The direct investor's share of these earnings is determined based on their equity involvement. In the absence of specific identification, it is commonly assumed that the revenues of all branches will be distributed. Fianlly, the concept of other direct investment capital, also referred to as inter-company loans, encompasses the exchange of funds between direct investors and direct investment firms. This includes the borrowing and lending of debt securities and trade credits. Additionally, it encompasses transactions between two direct investment enterprises that are affiliated with the same direct investor.

Under these defintion of FDI and experiences working in FDI fields, the author’s definition is that the process and operation of investment and management in competitive location for the financial profit in company and economic contribution to the community. FDI is a series of activity from one company in home country intends to move to other location (host country) for the pursuit of maximum profitability based on operation and environmental excellencies. Together with profitability, there is also very important role of FDI in host country to contribute to the society and economic development following host country future direction in terms of long term perspective.

2.1.2. Benefits and disadvantages of FDI

Foreign direct investment plays a crucial role in the economic development of developing and emerging market countries. Companies operating in underdeveloped nations often require financial support and specialized knowledge from multinational entities in order to facilitate their expansion, establish organizational frameworks, and navigate the complexities of international sales. Private investments in infrastructure, electricity, and water are vital for

international enterprises to stimulate job growth and enhance remuneration levels. Therefore, it is prudent for investors contemplating any form of FDI to carefully evaluate the benefits and drawbacks associated with the transaction.

According to a study by Stefan in 2021, there are several advantages associated with foreign direct investment. Firstly, the concept of economic growth refers to the sustained increase in a country's real GDP over a specific period. The generation of employment opportunities is a prominent benefit associated with foreign direct investment, constituting a significant motive for nations, particularly those in the developing stage, to actively seek and encourage FDI inflows. FDI has a positive impact on both the manufacturing and services sectors, leading to job creation and contributing to the reduction of unemployment rates within the country. The correlation between heightened employment rates and elevated earnings contributes to the augmentation of purchasing power among the populace, so stimulating the macroeconomic conditions of a nation.

Secondly, FDI contributes to the development of human capital in the host country. Human capital development involves improving and cultivating the knowledge, skills, and capabilities of individuals to help them reach their full potential and drive economic growth. Human capital refers to the combined knowledge and expertise held by a workforce. The acquisition of skills by employees through training and experience has the potential to enhance the educational attainment and human capital of a particular nation. The rippling effect of this phenomenon can facilitate the training of human resources in various sectors and organizations.

Thirdly, FDI also brings back benefit to the host country’s technology. Technology refers to the application of scientific knowledge and tools to create, modify, and utilize systems. Countries and businesses who are specifically targeted are granted access to a comprehensive range of contemporary finance tools, cutting-edge technologies, and efficient operational techniques sourced globally. The implementation of advanced technologies in a company leads to its integration into the local economy, hence improving the efficiency and

effectiveness of the industry.

Fourthly, FDI has helped to increase exports. There has been a notable rise in the volume of exported goods owing to FDI inflows. Numerous commodities generated through foreign direct investment possess international markets, rather than being exclusively intended for domestic consumption. The establishment of 100% export-oriented units facilitates foreign direct investment investors in enhancing exports from foreign nations.

Fifthly, the concept of exchange rate stability refers to the degree to which a currency's value remains relatively constant over time when compared to other currencies. The inflow of foreign direct investment into a country results in a steady stream of foreign currency, allowing the central bank to maintain a strong reserve of foreign exchange. Consequently, this contributes to the maintenance of stable exchange rates.

Sixthly, FDI helps to enhance capital mobility. The influx of capital is particularly advantageous for countries that possess limited internal resources, as well as for nations that face constraints in accessing funds within the global capital markets.

Seventhly, FDI leads to the establishment of a competitive market. FDI plays a crucial role in fostering competition and dismantling domestic monopolies by encouraging the entry of foreign businesses into the domestic economy. A conducive competitive climate motivates enterprises to consistently improve their processes and product offerings, ultimately promoting innovation. In addition, consumers are have the opportunity to avail themselves of a more extensive selection of products that are priced affordably.

Despite numerous advantages of FDI, there still exists some drawbacks listed as follows. One of the drawbacks associated with foreign direct investment is its potential to impede domestic investment. In certain instances, foreign direct investment may impede domestic investment. The presence of foreign direct investment has led to a decline in the inclination of local enterprises inside countries to invest in their indigenous products. Besides, the potential hazards may

arise from political transformations. The volatility of political developments in foreign nations has the potential to impede investors. Moreover, whille FDI brings back benefits to exchange rate, negative exchange rate is also a matter of concern. The concept of negative exchange rates refers to a situation in which the value of one currency relative to another currency falls below zero. In such instances, FDI may have the potential to impact exchange rates in a manner that may be advantageous for one country while simultaneously detrimental for another. In other words, when FDI have the potential to influence exchange rates, the results bring back asymmetrical outcomes for different countries.

Another point worthy of concern is that FDI inflow to the host country may inrease living expenses. When investors engage in international investments, they may observe that the cost incurred is higher compared to the exportation of commodities. Frequently, a greater allocation of funds is directed towards the acquisition of machinery and intellectual property as opposed to the remuneration of local personnel. The lack of economic feasibility and expropriation problems are also to be considered. The former refers to the existence of a potential for significant risk or economic inviability given the capital-intensive nature of foreign direct investments. The latter refers to the act of the government taking possession of private property for public use. Frequent political fluctuations have the potential to result in instances of expropriation. In this scenario, the governments of those countries will exercise authority over the property and assets of investors.

Finally, the cons from FDI can be listed as contemporary manifestations of economic colonialism. Numerous developing nations, particularly those with a colonial past, express concerns regarding the potential implications of foreign direct investment, fearing that it may perpetuate a form of contemporary economic colonialism. This apprehension stems from the perceived vulnerability of host countries to exploitation by foreign corporations.

The pros and cons of FDI inflows are summarized in the following table.

Table 2.1: Pros and cons of FDI

Pros	Cons
• Economic growth • Human capital development • Technology • Increase in exports • Exchange rate stability • Improved Capital Flow • Creation of a Competitive Market	• Hindrance of domestic investment • The risk from political changes • Negative exchange rates • Higher costs • Economic non-viability • Expropriation • Modern-day economic colonialism

Source: Stefan, 2021

2.2. Classification of FDI: OLI model

The eclectic paradigm theory or OwnCership, Location, Internalization (OLI) hypothesis, as formulated by Dunning (1973, 1980, 1998), has established his prominent position as a highly regarded expert in the field of foreign direct investment explanation. The individual used the internalization theory, oligopolistic theory, firm-specific advantage, and location theory to create a highly robust theory of foreign direct investment, which is considered one of the most comprehensive theories in this field. Dunning sought to consolidate the many ideas of international economics into a unified framework capable of comprehensively elucidating worldwide foreign direct investment activity. Dunning posited that foreign direct investment can be elucidated via the lens of ownership advantages inherent to a firm, the benefits derived from operating overseas due to favorable geographical factors, and the gains achieved through internationalization. The OLI hypothesis, which gained prominence, served as the foundation for the derivation of four types of foreign direct investment by Jere Behrman in 1972.

Figure 2.1: Types of FDI

2.2.1 Resource seeking

Resource-seeking firms are companies that invest abroad with the main goal of acquiring valuable resources (Dunning, 1993). These resources may either be unavailable in the home country or obtainable at a lower comparative cost in the foreign location. Resource seeking refers to the process of searching for physical resources, which may include minerals such as oil, zinc, and copper, as well as agricultural products like rubber, tobacco, and sugar. These resources can be crucial for the viability of a company, particularly when the material is integral to the production process.

The pursuit of affordable and low-skilled (or semi-skilled) workforce is a significant endeavor undertaken by numerous firms with the objective of reducing expenses and optimizing financial gains. The labor force should possess high levels of motivation and be present in significant quantities. Manufacturing enterprises with high actual labor costs often engage in the pursuit of such labor. Skills and competencies has the potential to serve as valuable resources that can be effectively leveraged through collaborative efforts with a business partner. According to Dunning's model (1993), this aligns with the concept of resource seeking. The concept of collaboration encompasses the utilization and cultivation of corporate ties and networks. Hence, the author categorized this particular form

of collaboration under the realm of network-seeking motives.

2.2.2 Market seeking

This category of motivations focuses on demand-related factors. When company executives recognize the importance of entering specific foreign markets and believe that having a physical presence is essential for gaining access, they prioritize market-seeking objectives. Market seekers are companies that invest in a particular region or area with the goal of providing goods and services there. Dunning (1993) posits that there exist multiple rationales for corporations' decision to engage in such endeavors.

Companies occasionally engage in foreign market investments in order to facilitate the expansion or utilization of emerging markets. There are several factors that may contribute to the company's decision to join a market and generate profit. One such factor is the market's substantial size, which presents opportunities for significant economic activity. Additionally, an anticipated expansion in the market further supports the company's potential for profitability.

In order to cater to the preferences, requirements, and current patterns of a specific market, it may be necessary to modify and tailor products and services. Having a physical presence in a local market may be essential, as companies that are geographically distant from their target markets may face challenges in effectively adjusting their offerings and meeting customer demands. Companies often incorporate a worldwide production and marketing strategy, aiming to establish a physical presence in prominent markets where their competitors operate. Companies have the option to either emulate their competitors or adopt a more assertive approach by investing in new areas.

Foreign governments can encourage and support investments from multinational companies based in other countries. Businesses may be attracted to invest in specific nations because of incentives like subsidized labor and trade barriers. Many government initiatives designed to boost exports focus on motivating entrepreneurs to participate in international business by offering education and training opportunities (Harris & Wheeler, 2005). This facilitates the

establishment of direct trade connections with foreign nations, as well as the provision of financial incentives.

In certain instances, a corporation may have limitations in its domestic market, resulting in insufficient income generation. Various limits may arise in a business context, such as market saturation, intense competition, insufficient client base, and other related factors. Numerous organizations engage in market expansion, including venturing into overseas markets.

The aforementioned conditions and motives fall within the classification of market-seeking motives as defined by Dunning (1993). This category encompasses the practice of pursuing primary suppliers or clients overseas as a means of preserving commercial relationships. It is crucial for the core firm to closely watch and create a presence in foreign nations where its key clientele may be located. This situation is categorized as involving substantial business relationships between the focal firm and the client, so it is classified under network seeking motives rather than market seeking objectives.

2.2.3 Efficiency seeking

Another category of motivations focuses on efficiency (Dunning, 1993). The aim is to optimize the organizational structure of current investments to gain advantages through shared governance. These benefits often stem from economies of scale and scope, as well as risk diversification. Efficiency-seeking is seen as a way to capitalize on differences in factor endowments, cultural elements, institutional frameworks, and economic systems. This often leads to the concentration of production in a few select locations. Efficiency-seeking firms are typically large, well-established, and diversified multinational corporations.

Differences in factor endowments across several countries can provide advantageous outcomes. These differences encompass factors such as availability and pricing. Value-adding industries that require significant capital, technological, or informational resources are typically concentrated in industrialized nations. Conversely, labor- or resource-intensive value-adding tasks are frequently outsourced to developing nations.

Efficiencies derived from economies of scale and scope are frequently prioritized by individuals seeking to optimize productivity. Differences in factor endowments are employed to analyze disparities between developed and developing countries, whereas economies of scale and scope pertain to variations within similar countries. The disparities may arise from variations in customer preferences and the capacity to meet demand.

Companies may want to expand their operations internationally in order to reduce their overall tax liabilities to governments. By engaging in cross-border operations, the efficiency seeker could potentially reduce the tax liability. The methodology employed for this task is not a focal point of interest within the scope of this study. Nevertheless, the author was of the opinion that this was a reason deserving thorough investigation.

2.2.4 Strategic asset seeking

Strategic resources are intangible assets related to an organization's technological capabilities and core competencies (Dunning, 1993). These resources include various components such as patents, information, personnel expertise, and crucial supplies that contribute to creating comparative advantages. Organizations focus on developing these strategic resources to support their long-term objectives. This often involves acquiring assets from foreign firms, with the main goal being to sustain or improve competitive positioning or weaken the influence of competitors.

To protect the commercial value of knowledge, a corporation must take steps to limit competitors' access to that information (Oviatt and McDougall, 2005). Maintaining confidentiality is frequently regarded as the most effective strategy for safeguarding proprietary information with commercial significance. Knowledge-based enterprises employ several strategies to safeguard their intellectual property, such as the utilization of patents, copyrights, and other protective measures. One strategy employed by organizations to obtain expertise is through the acquisition of other firms. Another strategy involves engaging in an alliance or partnership to leverage the knowledge base of other companies for

mutual gain. The latter activity among these two is regarded as an expression of network seeking.

2.3 Classification of FDI: Diamond Model

Michael Porter's Diamond Theory, also known as the Diamond Model, was introduced in 1990 "The Competitive Advantage of Nations". Why certain industries within particular nations are more competitive internationally than others is the key question of Michael Porter in his studying. There are four key determinants that shape the competitive advantage of nations and influence FDI activity.

2.3.1 Factor Conditions

This determinant refers to a nation's position in factors of production, such as skilled labor, technological infrastructure, and natural resources. Countries with abundant, high-quality, and specialized inputs can generate sustained competitive advantages in selected industries. For instance, highly developed nations like Germany or South Korea possess advanced engineering talent and R&D infrastructure, fostering high-tech FDI. In contrast, developing countries often attract FDI by offering low-cost labor and basic natural resources – factor conditions that appeal to efficiency-seeking or resource-seeking investors.

2.3.2 Demand Conditions

This determinant considers the nature and sophistication of domestic consumer demand. Strong and evolving domestic markets – characterized by high expectations in quality, sustainability, and innovation – can pressure firms to continuously improve and innovate, creating products that are competitive globally. For example, Japan's demanding home market has historically spurred technological advancement in electronics and automobiles. In emerging economies, although domestic demand may be growing due to rising incomes and urbanization, its relative immaturity may limit the pressure for firms to innovate, thereby influencing the type of FDI attracted

2.3.3 Related and Supporting Industries

The presence of internationally competitive supplier and supporting

industries such as logistics, finance, or component manufacturing, contributes significantly to productivity and innovation through clustering and knowledge spillovers. In countries like the United States or the Netherlands, well-developed industry ecosystems provide a fertile ground for FDI in sectors like biotechnology and advanced services. Conversely, many developing nations face challenges in forming these industrial clusters, often resulting in fragmented supply chains and limiting value-added activities by foreign investors.

2.3.4 Firm Strategy, Structure, and Rivalry

Intense competition can lead to innovation and improved efficiency. The conditions that determine how companies are created, organized, and managed, as well as the nature of domestic rivalry are important.

This study has much meaningful in analyzing developed countries in competitive advantage. Developed countries often have strong factor conditions, high qualified demand, and well established related industries, making them attractive for FDI. High levels of competition and advanced infrastructure can lead to significant investments in research and development, attracting foreign firms seeking to leverage these advantages. In terms of market access, FDI may invest in developed countries to gain access to affluent consumer bases and can get spillover effect.

On the contrary, in developing countries, FDI may consider to invest due to abundant natural resources or low cost labor, which can be seen as favorable factor conditions. FDI also may invest to the emerging market as domestic demand grows to tap into new markets, benefiting from the increasing purchasing power of consumers. It can face many challenges due to lacking of supporting industries and infrastructure that can enhance competitiveness, which can limit the effectiveness of FDI.

Although there are several advantages of this model such as holistic framework for analyzing national competitiveness and the factors that influence FDI, focusing on innovation which are crucial for long term economic growth and policy implications to guide policymakers in creating and environment conducive

to attracting FDI and enhancing national competitiveness. This diamond model has some disadvantages like overemphasizing on national factors with the overlooking the role of global factors and multinational cooperation's strategies in shaping FDI. Besides, this model can be seen as static and may not adequately account for economy and technological advancements. Moreover, it may not fit neatly in different industries or global supply chains explanation.

When reviewing Michael Porter's diamond model, we can get some valuable insights into the competitive advantages of nations and the factors influencing FDI. While it has its strengths in offering a structured approach to understanding competitiveness, it is essential to consider its limitations and the evolving nature of global markets when applying the model to both developed and developing countries.

2.4 Research on factors affecting foreign direct investment

Recently, many research have put focus on the empirical examination of factors influencing foreign direct investment.

The factors that influence foreign direct investment differ from one region to another. Moreover, they undergo transformations gradually due to advancements in technology and shifts in policies. The majority of existing research indicates that the nine following determinants play a significant role in determining the inflow of foreign direct investment. The relevance of the nine selected factors was further validated through direct consultations with practitioners, namely Korean investors currently operating in Haiphong. As part of the research design, the intensive interviews and surveys were conducted where participants could freely discuss and even suggest additional determinants beyond the literature-derived list. This consultative process served as a reality check to ensure no crucial factor was overlooked due to academic bias. The outcome was telling that the stakeholders consistently emphasized the same key factors that the literature review had identified, reinforcing their practical importance.

To demonstrate that the nine selected indicators represent a complete and

systematic set of factors influencing FDI inflow, they are grouped into three theory-anchored dimensions: (I) Economic attractiveness – Gross regional domestic product, local supporting industries, and the consumer price index – captures market-size and macro-stability considerations highlighted in market-seeking FDI theory; (ii) Social-infrastructural environment – human capital, wage rate, industrial infrastructure, and transport & logistics infrastructure – reflects the resource- and efficiency-seeking motives stressed in the OLI paradigm's "Location" pillar; and (iii) Institutional-political credibility – political stability and institutional quality – addresses the risk-mitigation and legitimacy concerns emphasized by New Institutional Theory. By aligning each variable with these well-established theoretical streams (Dunning 1993; Scott 1995; UNCTAD 2023), the study ensures that all major determinants identified in FDI literature are covered without overlap, thereby providing a coherent analytical framework for the subsequent FAHP assessment.

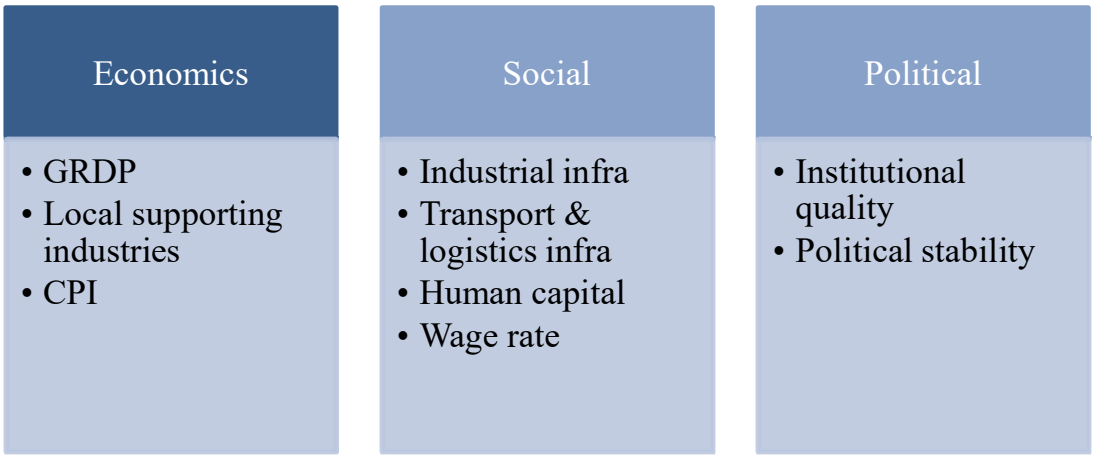

Figure 2.2 Types of FDI

(Source: author)

2.4.1. Gross regional domestic product

Among the various factors influencing FDI, Gross Regional Domestic Product (GRDP) stands out as a crucial determinant. GRDP represents the economic output of a region and reflects its economic health, market size, and potential for absorbing and sustaining investment. This literature review examines

the role of GRDP in attracting FDI, referencing key empirical studies and theoretical frameworks.

The economic theory suggests that higher GRDP signals a robust economy, making it attractive to foreign investors. According to Dunning's OLI (Ownership, Location, Internalization) paradigm, the 'Location' advantage includes factors such as market size and economic stability, which are closely linked to GRDP (Dunning, 1993). Regions with higher GRDP are perceived to have greater market potential, better infrastructure, and a more skilled workforce, which are essential for foreign enterprises. Several studies have highlighted the importance of GRDP as an indicator of market size and economic potential in attracting FDI to Vietnam. Nguyen and Nguyen (2007) found that provinces with higher GRDP attracted more FDI, as investors seek dynamic markets to maximize returns. This correlation suggests that regions with substantial economic output offer greater business opportunities and higher consumer demand, making them appealing to foreign investors.

Several studies have underscored the importance of GRDP as an indicator of market size and economic potential. Coughlin, Terza, and Arromdee (1991) found that U.S. states with higher GRDP attracted more FDI, as investors seek large and dynamic markets to maximize returns. Blonigen and Piger (2014) also emphasized that regions with substantial economic output offer greater business opportunities and higher consumer demand, making them more appealing to foreign investors.

The correlation between GRDP and infrastructure development is another critical factor in FDI attraction. Asiedu (2002) and Kinda (2010) demonstrated that well-developed infrastructure, often a byproduct of higher GRDP, significantly boosts a region's attractiveness to FDI. Better infrastructure reduces operational costs and risks for foreign companies, enhancing their willingness to invest. In Vietnam, the relationship between GRDP and infrastructure development is another critical factor in FDI attraction. Nguyen, Ho, and Vo (2019) demonstrated that well-developed infrastructure, often a byproduct of

higher GRDP, significantly boosts a region's attractiveness to FDI in Vietnam. Enhanced infrastructure reduces operational costs and risks for foreign companies, enhancing their willingness to invest. This includes transport networks, utilities, and communication systems that facilitate efficient business operations.

Higher GRDP is associated with higher levels of human capital and productivity, which are crucial for foreign firms' competitive advantage. Borensztein, De Gregorio, and Lee (1998) showed that FDI inflows are positively related to the availability of skilled labor and productivity levels, typically higher in regions with substantial GRDP. Pham and Vo (2020) showed that FDI inflows are positively related to the availability of skilled labor and productivity levels, which are typically higher in regions with substantial GRDP in Vietnam. These regions provide the necessary human resources and innovative capabilities for foreign enterprises to thrive.

While higher GRDP generally attracts more FDI, it can also contribute to regional disparities. Krugman (1991) and Fujita, Krugman, and Venables (1999) noted that FDI tends to concentrate in regions with higher GRDP, exacerbating economic inequalities between regions. Vo and Le (2017) noted that FDI tends to concentrate in regions with higher GRDP, exacerbating economic inequalities between different areas of Vietnam. This concentration occurs because investors prefer areas with established economic activities and lower risks, leading to uneven development.

Policymakers aiming to attract FDI should consider GRDP's impact on investment decisions. Strategies to enhance GRDP, such as investing in infrastructure, education, and healthcare, can create a more favorable environment for FDI. Policies promoting balanced regional development can help distribute FDI benefits more evenly. For instance, providing incentives for investors to locate in less developed regions or enhancing connectivity between high and low GRDP areas can mitigate regional disparities and attract more widespread FDI.

GRDP is a critical determinant in attracting FDI to local cities and regions. Higher GRDP indicates a robust economy, well-developed infrastructure, and a

skilled labor force, all attractive to foreign investors. However, the concentration of FDI in high GRDP regions can exacerbate regional disparities, highlighting the need for balanced development policies. Future research could further explore the interplay between GRDP and other FDI determinants to develop comprehensive strategies for attracting foreign investment and promoting equitable regional development.

2.4.2. Local supporting industries

The presence and development of local supporting industries play a significant role in attracting FDI, as they provide necessary inputs, services, and infrastructure that facilitate the operations of foreign firms. This literature review examines the role of local supporting industries in attracting FDI, drawing from global and Vietnamese empirical studies and theoretical frameworks.

The agglomeration theory suggests that the concentration of related industries in a region can create a more attractive environment for FDI by reducing transaction costs, improving efficiency, and fostering innovation (Marshall, 1890). Porter's (1990) theory of competitive advantage also emphasizes the importance of local supporting industries in creating a conducive environment for foreign firms by providing specialized inputs and fostering a dynamic business ecosystem.

Several studies have highlighted the importance of local supporting industries in enhancing supply chain efficiency and reducing operational costs for foreign firms. According to Zhang, Zhang, and Zang (2010), regions with well-developed supporting industries attract more FDI as they offer readily available inputs and services, reducing the need for foreign firms to import materials. This availability helps in cutting costs and ensuring timely production processes.

Local supporting industries also contribute to innovation and knowledge spillovers, which are attractive to foreign investors. Studies by Audretsch and Feldman (1996) and De Propris and Driffield (2006) suggest that the proximity of suppliers and related industries fosters innovation through close interactions and knowledge sharing. This dynamic environment can lead to enhanced

productivity and competitiveness of foreign firms.

The development of local supporting industries often goes hand in hand with improved infrastructure and services. According to a study by Caves (1996), regions with advanced industrial clusters have better infrastructure, including transportation, communication, and utilities, which are crucial for the smooth operation of foreign enterprises. These factors collectively enhance the attractiveness of a region for FDI.

In Vietnam, the integration of local supporting industries into the supply chain of foreign firms is a significant determinant of FDI attraction. Pham and Nguyen (2019) found that foreign investors are more likely to invest in regions where they can source inputs locally, as it reduces logistics costs and improves supply chain reliability. This local sourcing capability is particularly crucial in manufacturing sectors such as electronics and textiles.

The Vietnamese government has actively promoted the development of local supporting industries through policies and the establishment of industrial zones. According to Le and Pomfret (2011), these policies have created favorable conditions for FDI by clustering related industries and providing necessary infrastructure and incentives. These industrial zones are designed to foster close linkages between foreign and local firms, enhancing the attractiveness of the region for investment.

The electronics and automotive sectors in Vietnam illustrate the impact of local supporting industries on FDI attraction. Nguyen (2017) documented that the presence of local suppliers and supporting industries in these sectors has significantly boosted FDI inflows. For instance, the establishment of local component manufacturers has attracted major electronics firms like Samsung and LG to set up production facilities in Vietnam.

Policymakers aiming to attract FDI need to consider the development of local supporting industries as a strategic priority. Investing in industrial clusters, enhancing supply chain integration, and providing incentives for local firms to upgrade their capabilities can create a more attractive environment for foreign

investors. Additionally, fostering collaboration between foreign and local firms can lead to technology transfer and capacity building, further enhancing the region's attractiveness for FDI.

2.4.3. Consumer price index

The Consumer Price Index (CPI) is an important economic indicator that measures the average change over time in the prices paid by consumers for goods and services. This literature review examines the role of CPI as a determinant for attracting FDI to local cities, both globally and specifically in Vietnam. The analysis draws on empirical studies and theoretical perspectives to understand how CPI influences.

The economic theory suggests that a stable CPI reflects stable prices, which is a critical factor for investor confidence. High inflation, indicated by a rising CPI, can erode the purchasing power of returns on investment and create uncertainty about future costs. According to the risk-return tradeoff theory, investors seek to minimize risks, including those associated with inflation, to ensure predictable and stable returns (Markowitz, 1952). Therefore, CPI stability is often linked to a favorable investment climate.

Numerous studies have shown that inflation, as indicated by CPI, affects investment decisions. For example, Asiedu (2002) found that high inflation discourages FDI in developing countries due to increased uncertainty and reduced real returns on investment. Similarly, Buckley, Clegg, and Wang (2002) demonstrated that inflationary environments negatively impact FDI inflows, as they increase costs and reduce the predictability of the economic environment.

Studies by Gwartney, Lawson, and Hall (2010) indicated that countries with stable CPI tend to attract more FDI because stability fosters economic confidence and reduces the risks associated with volatile prices. Investors prefer environments where they can predict future costs and revenues with greater accuracy, which is more feasible in regions with stable CPI.

In a comparative study, Loree and Guisinger (1995) found that countries with lower and more stable inflation rates tend to attract more FDI than those with

high and volatile inflation. The study concluded that investors are likely to consider CPI trends when making decisions about where to invest, as stable CPI is associated with a lower risk of sudden changes in the investment climate.

In Vietnam, the relationship between CPI and FDI has been a subject of several studies. Nguyen and Nguyen (2010) found that high inflation rates, reflected by an increasing CPI, negatively impact FDI inflows. The study indicated that foreign investors are wary of the purchasing power erosion and the unpredictability associated with high inflation. Since the Doi Moi reforms, Vietnam has made significant strides in stabilizing its CPI, which has positively influenced FDI inflows. Pham (2011) noted that the stabilization of CPI post-reforms was crucial in creating a favorable environment for FDI. The study highlighted that controlled inflation rates helped build investor confidence and attracted substantial foreign investments.

A sector-specific study by Tran and Le (2015) examined the impact of CPI on FDI in the manufacturing sector in Vietnam. The study found that sectors with stable CPI attracted more FDI due to predictable costs and stable profit margins. It emphasized the importance of macroeconomic stability, particularly price stability, in attracting foreign investments to various sectors. Policymakers aiming to attract FDI should prioritize maintaining a stable CPI. Strategies to achieve this include sound monetary policies, effective inflation targeting, and ensuring a stable macroeconomic environment. By keeping inflation in check, governments can enhance investor confidence and make their regions more attractive for foreign investments.

2.4.4. Human capital

Human capital, which refers to the knowledge, skills, and abilities of a country's workforce, is an important factor in attracting foreign direct investment (Abbas et al., 2022). The presence of human capital is widely recognized as a significant determinant of foreign direct investment (FDI) inflows, and it serves as a crucial catalyst for FDI acceleration (Noorbakhsh et al., 2001; Khan, 2007). Abbas et al. in their work confirmed that countries with high levels of human

capital are more successful in attracting FDI (2022). The magnitude of the population and the potential for economic expansion will play a crucial role in attracting investment. For instance, Eastern European nations, characterized by their substantial populations, such as Poland, present opportunities for the exploration of untapped markets. The potential outcome of this situation is the potential attraction of multinational automobile companies, such as Volkswagen, to invest in Poland and establish manufacturing facilities with the intention of catering to the expanding consumer demographic. Small nations may face a disadvantageous situation due to the limited potential return on investment resulting from their comparatively smaller population size. China is poised to attract international investment due to the burgeoning Chinese middle class, which is anticipated to exhibit a robust demand for the products and services offered by global corporations.

Moreover, the concept of labour quality refers to the characteristics and attributes of the workforce that contribute to their productivity and effectiveness in performing tasks and responsibilities. Nonnenberg and Mendonca (2004) argued that the presence of a well-educated workforce can have a substantial impact on the global competitiveness of a recipient nation, hence serving as a crucial factor in attracting foreign direct investment.

In their research, Mody and Srinivasan (1998) conducted a comparative analysis of the overseas investment behavior of multinational enterprises operating in Japan and the United States. Their findings revealed that the growing trend of FDI being driven by the pursuit of skilled labor and operational efficiency underscores the significance of having access to a highly educated and trained workforce.

The study conducted by Ma and Zhou (2009) examined the inflow of foreign direct investment across 31 provinces in China over the period of 1981-2006. The researchers employed ordinary least squares regression as the chosen method for estimate, utilizing the number of universities as a proxy variable to assess the educational level and quality of the labor force. The researchers

discovered a favorable correlation between the presence of universities in provinces that receive foreign direct investment and the influx of FDI.

The level of education has been found to have a greater significance in attracting FDI. Huang (2009) conducted a study on the influx of FDI in three specific regions within China over the period spanning from 1988 to 2008. In contrast to Lu, the researcher employed the fixed effects model as the chosen estimate technique. The findings of his research indicate that there is a positive relationship between the educational level in the eastern region and the inflow of foreign direct investment in that region. However, this relationship was shown to be statistically insignificant when examining the impact of educational level on the location decision-making behaviors of multinational enterprises in both the western and central regions. According to Huang's findings, there is a discernible shift towards skill-seeking and efficiency-seeking foreign direct investment in the eastern area, although this tendency is not as pronounced in the western and central regions.

With respect to the study about FDI determinants in Vietnam, Ngo et al. (2018), Nguyen (2015) and Ngo et al. (2020) all found that labor supplyu and labor quality exerts a significant, positive, and consistent impact on foreign direct investment inflows into various regions in Vietnam, highlighting its significance among other economic determinants. The results of their study indicate that the increasing pattern of foreign direct investment is primarily motivated by the need to acquire skilled personnel and enhance operational efficiency. This highlights the importance of having a workforce that is well-educated and adequately trained .

2.4.5. Wage rate

The wage rate refers to the earnings received by workers and the payment provided to employees. The wage rate serves as a surrogate measure for labor costs. Wage rate in emerging economies is a significant factor that attracts a substantial portion of foreign direct investment as these countries offer a cost-effective labor force. This resource-seeking behavior is mostly driven by the availability of inexpensive labor in these nations. Besides, wage rate is considered

a major incentive especially for labor-intensive production. If the average wage rate in the US is $15 per hour, but $1 per hour in the Indian sub-continent, costs can be reduced by outsourcing production (Tejvan, 2019). This is the rationale behind the substantial investments made by numerous Western corporations in apparel manufacturing facilities located in the Indian sub-continent. Several studies (Goldsbrough, 1979; Saunders, 1982; Flamm, 1984; Schneider and Frey, 1985; Culem, 1988; Shamsuddin, 1994) have found evidence of a negative correlation between foreign direct investment FDI inflow and wage rates. In details, a nation where labour cost is low can attract more investment.

The relationship between wage rates and FDI inflows is not universally agreed upon, as it is contingent upon the skill level of the available labor force. Several academic studies conducted by Wheeler and Mody (1992), Schneider and Frey (1985), and Loree and Guisinger (1995) have demonstrated a favorable correlation between labor costs and the influx of foreign direct investment. There is a positive correlation between the level of skill possessed by the labor force and the amount of foreign direct investment that is attracted.

In studying the factors that attract FDI in Vietnam, Le (2004), Ngo et al. (2018), Du (2011) and Yukhanaev et al. (2015) found evidence to suggest that the significance of low labor costs as a factor of foreign direct investment in Vietnam is noteworthy. The influence of labor costs on foreign direct investment is substantial, albeit with different effects on the inflow of FDI. The availability of low-cost labor inputs is evidently a significant factor in attracting international investment.

2.4.6. Industrial infrastructure

One of the critical factors influencing FDI attraction is the quality and availability of industrial infrastructure. This literature review examines the role of industrial infrastructure as a determinant for attracting FDI to local cities, focusing on both global perspectives and specific insights from Vietnam. The analysis draws on empirical studies and theoretical frameworks to understand how industrial infrastructure impacts investment decisions.

The importance of industrial infrastructure in attracting FDI is rooted in several economic theories. According to Dunning's OLI (Ownership, Location, Internalization) paradigm, 'Location' advantages include the quality of infrastructure, which can significantly lower operational costs and increase efficiency for foreign firms (Dunning, 1993). Similarly, Porter's (1990) theory of competitive advantage highlights the role of advanced infrastructure in creating favorable conditions for businesses to thrive and attract investments.

Numerous studies have demonstrated that high-quality infrastructure is a significant determinant of FDI inflows. For instance, Asiedu (2006) found that countries with better infrastructure tend to attract more FDI, as it reduces the cost of doing business and increases the overall productivity of investments. This relationship holds true across various regions and sectors, indicating the universal importance of infrastructure. Transport and communication networks are particularly critical components of industrial infrastructure. Wheeler and Mody (1992) showed that efficient transportation systems and reliable communication networks significantly influence FDI decisions, as they facilitate the movement of goods and information. These networks reduce logistical challenges and ensure that businesses can operate smoothly and efficiently.

The availability of reliable utilities such as electricity and water, as well as the presence of well-planned industrial zones, are also crucial for attracting FDI. Campos and Kinoshita (2008) highlighted that foreign investors are more likely to invest in regions with stable and adequate utility supplies and well-developed industrial parks. These facilities provide the necessary support for manufacturing and other industrial activities, making the region more attractive for investment.

In Vietnam, the development of industrial zones has been a significant factor in attracting FDI. Nguyen and Nguyen (2007) found that provinces with well-developed industrial zones attracted more FDI due to the availability of essential infrastructure and supportive services. These zones offer a conducive environment for foreign firms, including tax incentives, streamlined procedures, and ready-to-use facilities.

The uneven development of infrastructure across different regions in Vietnam has led to disparities in FDI attraction. Pham and Vo (2014) noted that FDI is heavily concentrated in regions with better infrastructure, such as Ho Chi Minh City and Hanoi, compared to less developed areas. This concentration highlights the need for balanced infrastructure development to attract FDI more evenly across the country.

The manufacturing sector in Vietnam illustrates the critical role of industrial infrastructure in attracting FDI. A study by Le and Pomfret (2011) found that the presence of well-developed industrial parks and reliable utility services in regions like Binh Duong and Dong Nai has significantly boosted FDI inflows. These regions offer the necessary infrastructure that foreign manufacturers require, including transport links, power supply, and water resources.

2.4.7. Transportation and logistics infrastructure

Transportation and logistics infrastructure plays a crucial role in attracting FDI by facilitating the efficient movement of goods and services, reducing operational costs, and enhancing overall connectivity. This literature review examines the impact of transportation and logistics infrastructure on FDI attraction, drawing on global studies and specific insights from Vietnam. The analysis explores the theoretical frameworks and empirical evidence that highlight the importance of this factor in investment decisions.

The significance of transportation and logistics infrastructure in attracting FDI can be understood through several theoretical frameworks. Dunning's OLI (Ownership, Location, Internalization) paradigm emphasizes 'Location' advantages, which include the quality of infrastructure as a critical factor for investment (Dunning, 1993). According to the new economic geography theory, well-developed transportation networks reduce trade costs, facilitate market access, and promote agglomeration economies, making regions more attractive for FDI (Krugman, 1991).

Empirical studies consistently show that high-quality transportation and logistics infrastructure significantly reduces operational costs and enhances

efficiency, making regions more attractive for FDI. For example, Coughlin, Terza, and Arromdee (1991) found that U.S. manufacturing firms prefer locations with superior transportation infrastructure as it lowers transportation costs and improves supply chain reliability.

Well-developed transportation networks improve connectivity and market access, which are critical for multinational enterprises. A study by Blonigen and Piger (2014) demonstrated that countries with better logistics performance, including efficient ports, airports, and road networks, attract higher levels of FDI. This enhanced connectivity facilitates the smooth movement of goods and services, reducing lead times and increasing market responsiveness.

Quality of infrastructure is a key determinant of FDI inflows. According to Asiedu (2006), African countries with better transportation infrastructure attract more FDI as compared to those with poor infrastructure. Similarly, Globerman and Shapiro (2002) found that the quality of infrastructure, including transportation and logistics, is a significant predictor of FDI flows in both developed and developing countries.

In Vietnam, the development of transportation infrastructure has been pivotal in attracting FDI. Nguyen, Duysters, and Patterson (2009) highlighted that regions with better transportation networks, such as Ho Chi Minh City and Hanoi, have attracted higher levels of FDI. This infrastructure facilitates the efficient movement of goods within and outside the country, making these regions attractive for foreign investors.

The establishment of industrial zones with integrated transportation and logistics infrastructure has significantly boosted FDI in Vietnam. According to Le and Pomfret (2011), industrial zones in provinces like Binh Duong and Dong Nai offer excellent transportation links, including highways, ports, and airports, which are crucial for attracting manufacturing FDI. These zones provide seamless logistics solutions, enhancing the attractiveness of these regions for foreign investors.

The Vietnamese government's focus on infrastructure development as part

of its economic reforms has positively impacted FDI inflows. Pham (2011) noted that improvements in transportation infrastructure, such as the expansion of highways and modernization of ports, have been instrumental in attracting FDI. These improvements reduce logistical bottlenecks and enhance the overall investment climate.

2.4.8. Political stability

Political stability is a crucial determinant for attracting FDI as it provides a predictable and secure environment for investors. This literature review examines the role of political stability in attracting FDI, considering both global perspectives and specific insights from Vietnam. The analysis explores theoretical frameworks and empirical evidence to highlight the importance of political stability in investment decisions.

The relationship between political stability and FDI can be explained through several theoretical frameworks. According to the risk-return tradeoff theory, investors seek to minimize risks, including political risks, to ensure predictable and stable returns (Markowitz, 1952). The Institutional Theory posits that stable political environments provide robust legal and regulatory frameworks that facilitate business operations (North, 1990). Political stability reduces uncertainties related to policy changes, expropriation, and civil unrest, making a location more attractive for investment.

Numerous studies have highlighted the negative impact of political instability on FDI. For instance, Busse and Hefeker (2007) found that political instability, including government instability, internal conflict, and corruption, significantly deters FDI inflows. This study concluded that multinational enterprises (MNEs) are risk-averse and prefer politically stable environments for their investments.

Good governance and strong regulatory frameworks, often associated with political stability, are essential for attracting FDI. Globerman and Shapiro (2002) demonstrated that countries with stable political environments and effective governance structures attract more FDI. Stable political regimes ensure the

enforcement of contracts, protection of property rights, and transparent regulatory practices, which are crucial for business operations.

Political stability is closely related to the absence of conflict and high levels of security, which are critical for attracting FDI. A study by Schneider and Frey (1985) indicated that political unrest and violence significantly reduce FDI inflows. Investors prefer regions where the risk of conflict is low, ensuring the safety of their investments and personnel.

In Vietnam, political stability has been a significant factor in attracting FDI. Nguyen and Nguyen (2007) found that the country's stable political environment, characterized by consistent government policies and a secure environment, has been crucial in attracting foreign investors. The study highlighted that political stability in Vietnam reduces investment risks, making it an attractive destination for FDI.

The Vietnamese government's commitment to political stability through economic reforms and consistent policies has positively impacted FDI inflows. Pham (2011) noted that the government's Doi Moi reforms, which aimed at transforming the economy into a market-oriented one while maintaining political stability, have been instrumental in attracting FDI. These reforms provided a predictable and stable policy environment that reassured foreign investors.

The manufacturing sector in Vietnam illustrates the importance of political stability in attracting FDI. A study by Le and Pomfret (2011) found that foreign investors in the manufacturing sector are attracted to Vietnam due to its stable political environment, which ensures consistent policies and a secure business climate. The stability allows for long-term planning and investment, which is critical for manufacturing operations.

Policymakers aiming to attract FDI should prioritize maintaining political stability. This involves ensuring consistent and transparent policies, effective governance, and the rule of law. Reducing corruption, ensuring the security of investments, and protecting property rights are also crucial. By maintaining a stable political environment, governments can create a favorable investment

climate that attracts and retains foreign investors.

2.4.9. Institutional quality

In accordance with North (1990), institutions can be understood as the regulatory frameworks that govern societal dynamics. These frameworks encompass both formal elements, such as legal regulations and laws, as well as informal social norms that influence individual conduct and shape social relationships. The fundamental tenet of institutional economics posits that the presence of sound institutions yields favorable economic and social outcomes in the long run (North, 1991), as institutions are intricately linked to transaction costs. The level of effectiveness in cost management subsequently influences economic performance (North, 1990).

There are two primary mechanisms that elucidate the significance of institutional quality in the attraction of foreign direct investment. To begin with, superior establishments facilitate overseas investors in mitigating expenses. An inadequate institution frequently exhibits a pronounced prevalence of corruption, political volatility, and a feeble and uncertain legal structure. These problematic institutions have the potential to discourage foreign investment due to the increased financial burden on investors, such as the necessity to offer bribes to officials in order to secure licenses and permits (Daude & Stein, 2007). The presence of a sluggish bureaucracy might result in significant financial burdens and impede the willingness to make investments due to protracted talks with governmental entities. These challenges are indeed laborious and hence, the investment process will be inappropriately decelerated.

Furthermore, a reputable institution mitigates the potential risks and uncertainties associated with investment and operations in a foreign country. An institution that is characterized by flaws has the potential to amplify levels of uncertainty and risk, hence presenting significant barriers to investment. Investors may exhibit reluctance to allocate their investments in a nation characterized by a diminished level of safeguarding property rights pertaining to tangible assets or financial gains, as this engenders the potential for compromised advantages.

Insufficient safeguarding of assets can lead to an increased probability of expropriation of the company's assets, hence diminishing the likelihood of investment.

Root and Ahmed (1978) conducted a study to examine the potential influence of host developing nations' policies on the attraction of FDI. The researchers discovered that corporate taxes is a statistically significant factor that exerts a negative impact on FDI inflows across a sample of 70 developing nations. However, Root and Ahmed (1978) found that there are five more policy variables in their study that were determined to be statistically unimportant. These variables include tax incentives, attitude towards joint ventures, local content requirements, and limitations on foreign staff.

Subsequently, Gastanaga et al. (1998) conducted an in-depth analysis of the impacts of various policies on foreign direct investment inflows. According to Gastanaga et al. (1998), their study indicates that several institutional characteristics, such as corruption, corporate tax rates, bureaucratic slowness, and nationalization risk index, have a notable adverse impact on foreign direct investment. Shortly thereafter, Campos et al. (1999) posit that corruption has a significant role in FDI, encompassing both its magnitude and characteristics. The authors assert that an increase in corruption inevitably leads to a decrease in investment.

Various research has been carried out to evaluate the effect of institutional quality towards FDI attraction. Bui (2011), Le (2015) Yukhanaev (2015), Ngo (2017), Ngo et al. (2018) and Hoang et al. (2020) with various prospect of intitutional quality have come to a similar conclusion. The results indicate that a higher degree of control over corruption and a stronger index of voice and accountability lead to an increase in foreign direct investment inflows in Vietnam. This is due to the fact that such improvements minimize the risks and expenses associated with conducting business in the country. There are four more institutional variables, namely government efficacy, political stability and absence of violence, regulatory quality, and rule of law, that exhibit a detrimental impact

on the inflow of foreign direct investment (Ngo, 2017). In order to enhance foreign direct investment inflows, it is imperative for Vietnam to bolster its efforts in preventing and eliminating corruption across all tiers of government. Besides, there is a need for enhanced transparency in administrative operations and government expenditure, alongside ensuring accountability of public authorities. The enhancement of the legal framework necessitates the revision of laws and regulations, particularly those pertaining to foreign investment.

The subsequent table presents a comprehensive overview of the elements that exert a substantial influence on foreign direct investment inflows, as derived from prior scholarly investigations. The factors are combined into three groups which are economic factors, social factors and political factors.

SUMMARY OF CHAPTER 2

This chapter examines the following topics.

The first section delves deeply into the theoretical framework of FDI, providing a nuanced understanding of its core concepts and dynamics. It begins by analyzing the definitions of FDI as presented by major international organizations, including the WTO, World Bank, IMF, and UNCTAD. By comparing these definitions, the study highlights commonalities and distinctions to develop a robust and multidimensional perspective on FDI.

The analysis extends to exploring the benefits and drawbacks of FDI, examining its potential to contribute to economic growth, technology transfer, and employment generation, while also addressing concerns such as dependency on foreign capital, environmental impacts, and potential exploitation. Furthermore, the section categorizes FDI into different types, such as greenfield investments, mergers and acquisitions, and joint ventures, providing examples to illustrate each type. Additionally, it investigates the various entry strategies employed by foreign entities, including wholly owned subsidiaries, partnerships, and franchising,

emphasizing their implications for host economies. These insights are supported by a review of prior scholarly research, ensuring a comprehensive theoretical base.

In addition to this theoretical foundation, the chapter incorporates a focused literature review on previous research regarding the factors influencing FDI attraction to Haiphong City. This section synthesizes findings from both domestic and international studies, identifying key variables such as infrastructure quality, labor availability, investment incentives, regulatory transparency, and bilateral economic ties with South Korea. The inclusion of this localized review not only situates Haiphong within the broader context of FDI theory but also establishes an empirical grounding for the later application of analytical models such as the Fuzzy AHP.

CHAPTER 3. CHAPTER 3. CURRENT SITUATION OF FOREIGN DIRECT INVESTMENT FROM REPUBLIC OF KOREA INTO HAIPHONG CITY

3.1. General introduction of Haiphong city

3.1.1. The geographical location and natural conditions of Haiphong

Figure 3.1: Geographic Location of Haiphong city

Haiphong is located in northern Vietnam, with Quang Ninh province to its north, Hai Duong province to the west, Thai Binh province to the south, and the Gulf of Tonkin in the East Vietnam Sea to the east. The city is located 102 km east-northeast of the capital city, Hanoi. Due to its proximity to the Gulf of Tonkin and the East Vietnam Sea, Haiphong holds a strategic advantage in maritime economic sectors, particularly in terms of seaports, maritime transport, and logistics activities. Haiphong's geographical position and regional connectivity are significantly advantageous, with the city hosting an international seaport that serves as a gateway for the key economic region of Northern Vietnam. The city plays a crucial role in the "Two Corridors, One Economic Belt" program between Vietnam and China, which focuses on the development of transportation routes and economic activities as the core. The Gulf of Tonkin Economic Belt is a cooperative economic zone involving regions from both Vietnam and China surrounding the Gulf of Tonkin. This region is part of the larger "Two Corridors,

One Economic Belt's initiative". This economic belt encompasses three provincial-level cities in Guangxi Province, China: Beihai, Qinzhou, and Fangchenggang; one provincial-level city in Guangdong Province, China: Zhanjiang; Hainan Province; and 10 provinces and cities in Vietnam, including Haiphong, Quang Ninh, Thai Binh, Nam Dinh, Ninh Binh, Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, and Quang Tri. The area is served by two economic corridors: the Kunming–Lao Cai–Hanoi–Haiphong–Quang Ninh corridor and the Nanning–Lang Son–Hanoi–Haiphong–Quang Ninh corridor. Notably, the Kunming–Lao Cai–Hanoi–Haiphong–Quang Ninh corridor aligns with the domestic Haiphong–Hanoi–Lao Cai corridor, while the Nanning–Lang Son–Hanoi–Haiphong–Quang Ninh corridor aligns with the domestic Haiphong–Hanoi–Lang Son route.

Figure 3.2: Map of Freight Flows along Two Economic Corridors, One Economic Belt

Haiphong is a bustling port city and industrial powerhouse in the northern region, with its roots dating back to the French colonial era in 1888. It proudly holds the position as the third-largest city in Vietnam, following the capital Hanoi and Ho Chi Minh City. At present, Haiphong is one of the five centrally governed municipalities, falling into the Type I municipality category along with Da Nang and Can Tho. The city's economic prowess lies in diverse sectors, encompassing

manufacturing, handicrafts, tourism and services, seaport activities, warehousing, freight transportation, seafood exports, textiles, footwear, and electronic components.

Haiphong currently covers a total area of 1,523.38 km² and is divided into 15 administrative units, including 7 urban districts (Hong Bang, Le Chan, Ngo Quyen, Kien An, Hai An, Do Son, Duong Kinh) and 8 rural districts (An Duong, An Lao, Bach Long Vi, Cat Hai, Kien Thuy, Tien Lang, Thuy Nguyen, Vinh Bao). In 2017, the city's population was 1,997.7 thousand, with a labor force of 1,141,100 people, representing 57.1% of the total population.

3.1.2. Growth and economic structure

The GRDP growth of Haiphong over the past decade can be distinctly characterized by two phases. According to Haiphong statistics, during the 2011-2015 period, the city experienced an average annual growth of 7.1%. However, in the subsequent phase, excluding the year 2020, the average growth from 2016 to 2019 soared to 14.7% per year, marking a twofold increase compared to the earlier period. Even in 2020, amidst the pandemic challenges, Haiphong still achieved a growth rate of 11.2%, surpassing the national average of 2.9%. In the first nine months of 2021, when Covid-19 disrupted the economy nationwide, Haiphong maintained an impressive growth rate of 12.3% compared to the same period in 2020, while the national growth during that timeframe was merely 1.42%. Haiphong stands out as one of the regions with the most effective Covid-19 containment measures nationwide and has consistently sustained a robust economic growth trajectory.

Statistics indicate that during the 2019–2023 period, Hai Phong’s per capita GRDP grew at an average annual rate of 11.64%, surpassing the national average by 2.83 times and the Red River Delta average by 1.97 times (Ngo, 2024). By 2023, Hai Phong's GRDP per capita had risen to over 191 million VND per person (approximately 7,826 USD per person), marking a 1.83-fold increase compared to 2018 and 1.87 times higher than the national average, positioning the city second among Vietnam's five centrally-governed cities. Additionally, the city’s

average income per capita in 2023 reached 76.7 million VND per year, 1.29 times the national average. Here lies Haiphong's favorable conditions to sustain the growth momentum achieved in the previous period.

The contribution to economic growth has undergone a significant transformation. In the 2011-2015 period, the service sector played a substantial role, contributing 45% to the growth rate, while industry and construction contributed 47%. However, in the 2016-2020 period, the role of the service sector diminished to 20%, while industry surged to 62.7%. The FDI distribution across various industries in Haiphong in 2022 and 2023 is illustrated in the following graph.

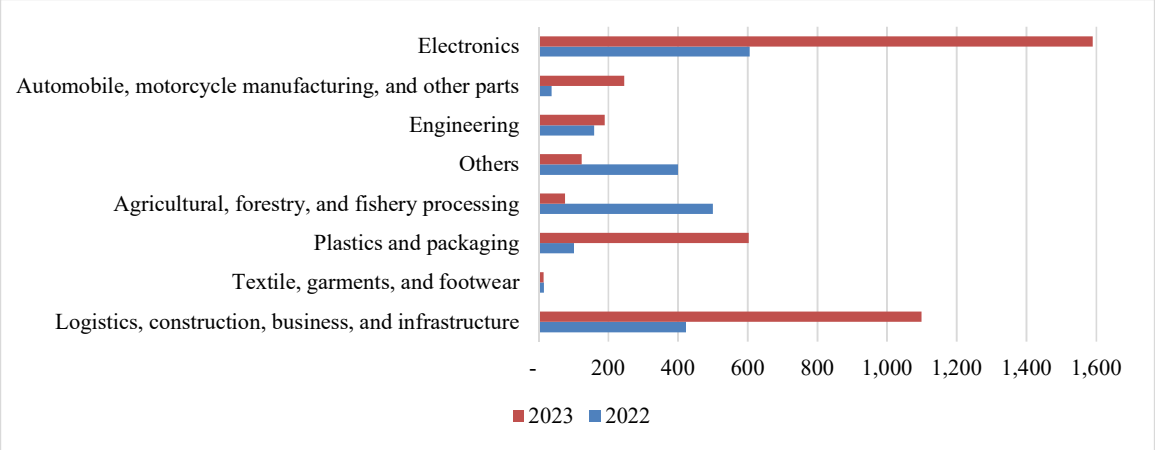

Figure 3.3: Economic structure by sectors in 2023

Source: HEZA Annual Report, 2023

The graph reveals significant changes and trends over this period. Among the sectors analyzed, logistics, construction, business, and infrastructure experienced a remarkable increase, with FDI rising from 423 units in 2022 to 1,099 units in 2023. This notable growth underscores the critical role of these industries in Hai Phong's strategic development, likely influenced by the city's ongoing infrastructure improvements and its position as a logistics hub. The electronics sector maintained its dominance as the leading FDI recipient, growing from 606 units in 2022 to approximately 1,400 units in 2023. This reflects the sector's consistent appeal to investors, driven by global demand for electronics and Hai Phong's ability to attract high-tech industries. Conversely, the agricultural

processing, forestry, and fisheries sector showed a significant decline, with FDI dropping from 500 units in 2022 to just 76 units in 2023. This reduction may indicate a shift in investment focus away from traditional sectors toward more industrial and technology-driven industries. Other sectors also exhibited notable changes. The plastics and packaging industry saw a dramatic rise in FDI, from 102 units in 2022 to 603 units in 2023, likely fueled by growing demand for packaging materials to support manufacturing and export activities. On the other hand, the textile and footwear sector remained stagnant, with minimal FDI in both years, highlighting a lack of investor interest.

The economic structure of Haiphong in 2023 highlights its position as a key industrial hub in Vietnam. The agriculture sector contributes 3.4% to Haiphong's economy, a modest share that is higher than highly urbanized cities like Ho Chi Minh City (0.51%) and Hanoi (1.97%) but lower than provinces like Dong Nai (9.33%) and Can Tho (8.55%). This indicates that Haiphong retains a balance between industrialization and its agricultural base. In contrast, the industrial sector accounts for 53.34% of the city's economic output, underscoring its prominence as a manufacturing and logistics center. While this figure reflects Haiphong's industrial strength, it is lower than industrial-intensive provinces like Bac Ninh (72.18%) and Binh Duong (66.17%), which have a more concentrated focus on manufacturing.

The service sector, contributing 37.76%, plays a moderate role in Haiphong's economy compared to cities like Da Nang (70.34%) and Ho Chi Minh City (64.92%), where services dominate. This highlights Haiphong's primary focus on industry and logistics while showing potential for growth in its service economy. Taxes and subsidies, at 5.5%, represent a relatively modest portion of Haiphong's economy compared to other cities like Ho Chi Minh City (12.74%) and Quang Ninh (12.7%). This difference could reflect varying fiscal policies and economic structures, with Haiphong showing room for improvement in leveraging tax revenues from its economic activities.

In comparison with other provinces and cities, Haiphong's industrial focus

is evident, reflecting its strategic emphasis on manufacturing and logistics. However, it also retains a modest agricultural presence, which provides some diversity in its economic base. The relatively lower share of the service sector indicates potential for diversification, particularly as cities like Hanoi and Ho Chi Minh City demonstrate the economic resilience that comes from a strong service economy. Additionally, Haiphong's lower tax and subsidy contributions suggest untapped potential to optimize fiscal revenues, particularly from high-value industries and services.

Overall, Haiphong's economic structure is a testament to its strategic role as an industrial and logistics hub, supported by its robust port infrastructure and industrial zones. To maintain sustainable growth and enhance economic resilience, the city could focus on expanding its service sector, optimizing fiscal contributions, and fostering higher value-added industries. This approach would better position Haiphong to compete with other leading provinces and cities in Vietnam.

.

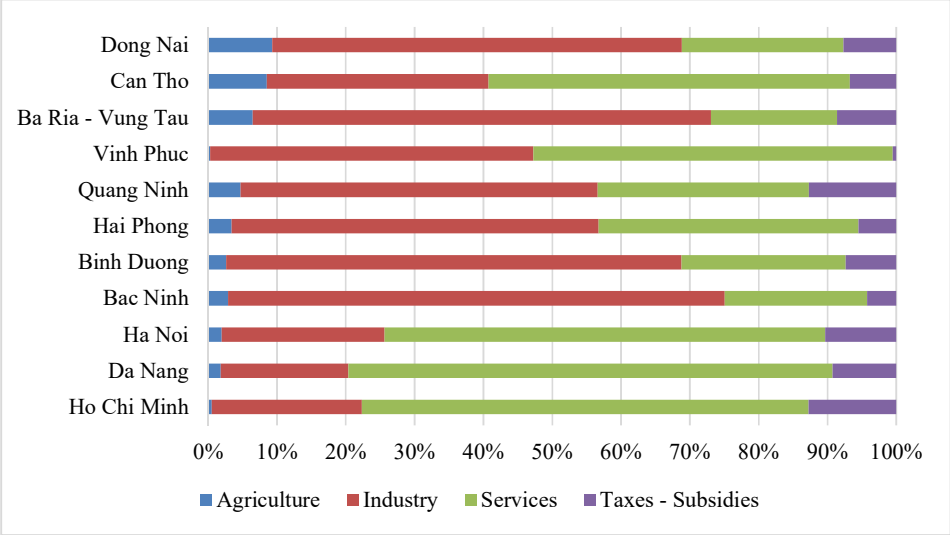

Figure 3.4: Economic structure upon economic sectors in provinces/cities in 2023

Source: Statistical Yearbook 2023 of provinces/cities

3.1.3. Population, employment and labor productivity

The population structure between 2009 and 2019 indicates a shift towards

an increase in the number of dependents under 15 years old or over 65 years old. Haiphong has moved past the demographic golden age, as the ratio of dependents to the working-age population has exceeded 33%, with the working-age population ratio in Haiphong standing at 51.4%. On the other hand, the population structure also reveals a significant shortfall in the age group of 15-24 - the future workforce. This age group includes individuals attending high school, university, and postgraduate studies, making it the most suitable age group for high-quality labor training. The absence of this age group could pose challenges for the development of the workforce in the region.

The labor force in Haiphong reached 1.1 million people in 2023. The current labor supply is satisfying the demands of businesses, making it one of the key factors influencing enterprises to invest in Haiphong. As of now, Haiphong has not faced a critical labor shortage issue for production and business activities; however, the pressure on the labor force is gradually intensifying.

There has been a corresponding shift from agriculture to industry, with 141.7 thousand workers decreasing in the agricultural sector and 113.2 thousand workers increasing in the industrial and construction sectors. However, it's noteworthy that the total number of workers has decreased by 53.5 thousand, indicating that Haiphong's industrial and service sectors have not fully absorbed the surplus labor from agriculture.

Haiphong has only over 158 thousand middle-level and higher-level managerial and technical workers. The average income of the top 20% income group in Haiphong is 113 million VND/person/year, lower than most other provinces/cities compared, only higher than Quang Ninh and Vinh Phuc. Therefore, Haiphong is at a disadvantage in competing to attract talents. A survey of businesses conducted by the research group shows that the shortage of skilled labor and high-quality workers is the biggest limitation for Haiphong.

Haiphong is a locality that does not have a labor cost advantage, as the cost of living is higher compared to other provinces and cities in the country. The details regarding population, enterprises, and per capita income in 2023 for some

representative localities nationwide are illustrated in the following table. However, the quality of the workforce in Haiphong is highly regarded by investors compared to the national average. The city's challenge lies in the population growth rate and attracting labor to work in industrial zones in case of foreign investment growth.

Table 3.1: Population, Enterprises, and Per Capita Income in 2023

No	Province/ City	Population (thousands)	Activate enterprises	Activate enterprises/ 1000 population	Average income (thousand VND/ month)
1	Hanoi	8,418.9	192,197	22.83	6,869
2	Ho Chi Minh	9,389.7	273,071	29.08	6,516
3	Hai Phong	2,105.0	21,037	9.99	6,392
4	Bac Ninh	1,517.4	16,518	10.89	5,279
5	Bac Giang	1,803.9	8,710	4.83	4,636
6	Thai Nguyen	1,286.8	5,744	4.46	4,908
7	Quang Ninh	1,320.3	10,288	7.79	5,295
8	Binh Duong	2,763.1	43,274	15.66	8,298
9	Da Nang	1,134.3	25,797	22.74	6,224
10	Ba Ria - Vung Tau	1,178.7	12,342	10.47	5,340

Source: Statistical Yearbook 2023, General Statistics Office

In terms of income, Haiphong's average income falls within the moderate range, standing at 76.7 million VND per year, on par with Dong Nai, Bac Ninh, Da Nang, Can Tho, and slightly higher than Quang Ninh, Vinh Phuc, Bac Giang and Thai Nguyen by about VND 10 to 20 million per year. This represents a relatively minor disparity in the monthly spending capacity of workers in major cities.

Analyzing the relationship between GRDP, average income, and domestic income reveals that both labor income and domestic income in the city have experienced moderate and stable growth, lacking significant breakthroughs compared to the surge in GRDP. Once again, this underscores that Haiphong's

impressive economic growth over the past 5 years has not translated into proportionate improvements in average income and domestic income. In other words, the economic expansion has not yielded commensurate benefits in enhancing the local potential and uplifting the living standards of the residents.

3.1.4. Industrial infrastructure

By 2023, Haiphong had a total of 12 industrial zones, covering a planned area of over 4,400 hectares. This has significantly influenced the organizational structure of Haiphong's industrial sector, driving positive developments.

Table 3.2: List of Industrial Zones in Haiphong

No	Industrial Zones	Location	Scale
1	Nomura Industrial Zone	Adjacent to Highway 5, An Duong district	153ha (123 ha of industrial land, 30ha for infrastructure and utilities)
2	Dinh Vu Industrial Zone	Dinh Vu Island, Hai An district	1,463ha
3	Do Son Industrial Park	Ngoc Son ward, Do Son district	150ha
4	Trang Due Industrial Park	Hong Phong commune, Le Loi, Quoc Tuan, Bac Son, An Duong district	349ha
5	Trang Cat Industrial Park	Trang Cat ward, Hai An district	790.79ha
6	An Duong Industrial Park	An Hoa commune, Bac Son and Hong Phong, An Duong district	196.10ha
7	Cau Kien Industrial Park	Kien Bai, Thien Huong, lam Dong, Hoang Dong, Thuy Nguyen district	263.47ha
8	Nam Cau Kien Industrial Park	Kien Bai commune, Thuy Nguyen district	320ha
9	VSIP Industrial Zone	An Lu commune, Thuy Duong, Thuy Son, Thuy Trieu, Trung Ha and Lap Le, Thuy Nguyen district	597.6ha
10	Nam Dinh Vu Industrial Park	Dong Hai 2 ward, Hai An district	377.46ha
11	Industrial Zones and Maritime Service	Dong Hai 2 ward, Hai An district	139.2ha
12	Minh Phuong Dinh Vu Industrial Zone	Dinh Vu- Cat Hai Economic Zone	234.1ha

Source: HEZA Annual Report, 2023

The city boasts numerous industrial zones and economic zones that attract

domestic and foreign investors alike. Haiphong is home to a network of industrial zones, including the Dinh Vu-Cat Hai Economic Zone, VSIP Haiphong, Nam Cau Kien Industrial Park, and Trang Due Industrial Zone, among others. These zones benefit from well-developed infrastructure, such as highways connecting Haiphong to Hanoi and other northern provinces, deep-sea ports like Lach Huyen, and a supportive business environment facilitated by the city's government. Each zone specializes in different sectors, ranging from logistics and heavy industry to electronics and high-tech manufacturing, contributing to Haiphong's position as a key driver of Vietnam's industrial growth.

Among these, the Trang Due Industrial Zone stands out as a flagship destination for Korean enterprises, serving as a magnet for investment in high-tech and manufacturing sectors. The Trang Due Industrial Zone, located within the Dinh Vu-Cat Hai Economic Zone, is a prime example of Haiphong's successful industrialization strategy. Covering an area of over 600 hectares, Trang Due IZ has become a preferred investment destination for South Korean companies, especially those in high-tech manufacturing and electronics.

Leading the wave of Korean investment is the LG Corporation, which has established a significant presence in Trang Due IZ. LG's subsidiaries, including LG Electronics, LG Innotek, and LG Display, have collectively invested over USD 7.24 billion in the zone. These facilities focus on producing advanced electronic components, display panels, and other high-tech products, which are exported globally. The concentration of Korean enterprises in Trang Due IZ has had a transformative impact on Haiphong's economy. It has created thousands of jobs for local workers, introduced advanced technologies and management practices, and significantly boosted the city's export turnover.

3.1.5. Seaports and regional connectivity

Haiphong is a coastal city and serves as the international gateway for the northern region and the entire country, forming one of the three growth hubs known as the Haiphong – Hanoi – Quang Ninh triangle within the Red River Delta

region. The Red River Delta is a focal point for major industrial zones in the northern part, including prominent areas like the Thang Long Industrial Park, Hoa Lac (Hanoi), Tien Son Industrial Zone, Yen Phong (Bac Ninh), Khai Quang Industrial Zone (Vinh Phuc), VSIP Industrial Park, Trang Due (Haiphong), and more. With a dense population, developed urban areas, and industrial zones, the Red River Delta has significant potential and advantages for the diverse and effective development of logistics activities, especially those that generate added value for goods.

The Red River Delta region boasts the potential for a well-rounded development of various transportation methods to serve regional connectivity and international trade. The road transport system has seen significant investments and upgrades in recent years, with nearly 300 km of expressways connecting the entire region. In 2022, the completion of the Mong Cai - Van Don expressway, the final segment of the highway stretching 176 km across Quang Ninh province, establishes the longest expressway corridor in Vietnam, linking Lao Cai - Hanoi - Ha Long - Van Don - Mong Cai.

Table 3.3: List of Expressways in the Red River Delta Region

Road/Section	Length (km)	Total investment (billion Vietnam Dongs)	Including	
			Local budget	Off budget
Belt Road 3, section Phu Dong - Nam Thang Long	33	15,300		
Phap Van - Cau Gie	30	6,100		6,100
Cau Gie - Ninh Binh	50	8,974		
Lang - Hoa Lac	30	7,527	5,686	
Noi Bai - Nhat Tan	21	21,000		
Hanoi - Haiphong	105	44,818		14,700
Quang Ninh - Haiphong	25	13,212	5,824	7,388
Ha Long - Van Don	60	11,857	3,700	8,157
Van Don Axis	10	472	472	

Van Don - Mong Cai	80	12,771	8,623	4,184
Cao Bo - Mai Son	15	1,607		

Source: Logistics Vietnam 2022 Report, Ministry of Industry and Trade

Moreover, there is a growing focus on developing the inland waterway port system along the road transport network. This effort aims to ease the burden on road transport and promote sustainable, eco-friendly logistics. Of special note is the proposed model inland waterway transport route for container shipping, covering a distance of 120 km from Haiphong to Bac Ninh. The goal is to progressively enhance the capacity for transporting container goods through inland waterways, thereby reducing logistics costs and environmental impact. Railway transport, including the Hanoi - Haiphong and Kep - Ha Long routes, along with the inauguration of international intermodal operations at Kep station (Bac Ninh) in February 2023, is playing a vital role in advancing the transportation of goods by rail and connecting the Red River Delta economic region with markets in China and Europe. Vietnam's air transport has been acknowledged by the International Air Transport Association (IATA) as one of the three fastest-growing markets globally in recent years. Within this landscape, the Red River Delta region, with its three international airports (Noi Bai, Cat Bi, Van Don, located in Hanoi, Haiphong, and Quang Ninh, respectively), holds a pivotal position in the overall development of the country.

Amongst the 5 groups of seaports in the comprehensive development plan for the Vietnamese seaport system during the period 2021 – 2030, with a vision towards 2050, the group of seaports labeled as Group 01, covering Haiphong, Quang Ninh, Thai Binh, Nam Dinh, and Ninh Binh, is strategically planned to achieve significant growth in cargo throughput. Within this group, the Lach Huyen port area (Haiphong) serves as an international gateway, and Haiphong aspires to become a modern international logistics hub. Over the ten-year period from 2010 to 2020, the container throughput at the port has increased by 2.5 times, surging from 2.1 million TEUs to 5.1 million TEUs. Despite the complexities

brought about by the Covid-19 pandemic, the container throughput at the port continued its impressive growth, reaching 5.7 million TEUs in 2021, 6.2 million TEUs in 2022 and 6.3 million TEUs in 2023.

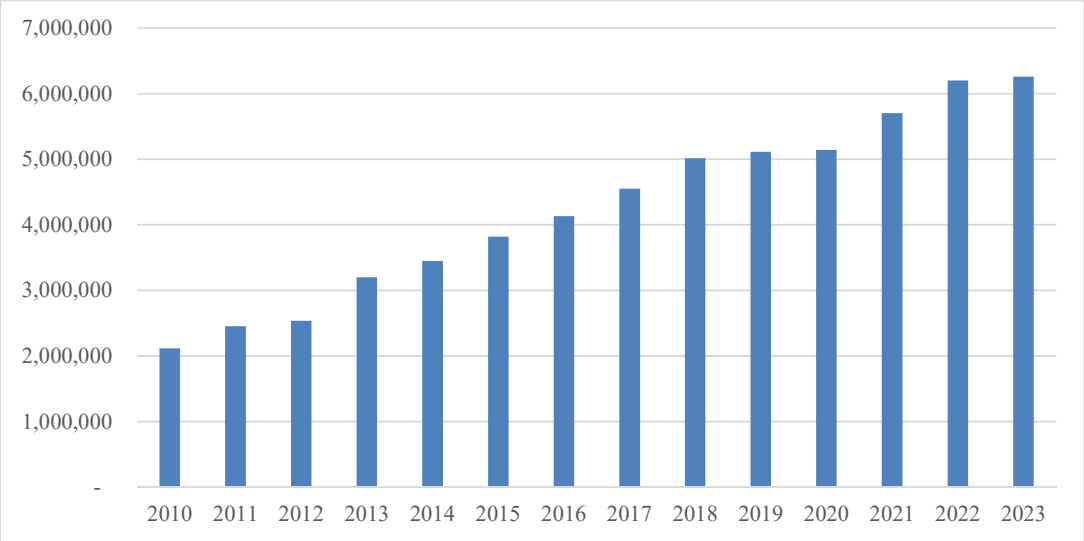

Figure 3.5: Container Freight Volume through Haiphong Seaport Area 2010 – 2023 (TEUs)

Source: Data collected by author

3.2. Analysis on the current situation of FDI attraction from Republic of Korea to Haiphong city

3.2.1. FDI attraction to Haiphong

The first foreign direct investment project in Haiphong, approved by the Ministry of Planning and Investment in 1989, had an initial capCital of USD 300,000. By 1991, the city had not yet attracted many projects, nor had it seen projects with large capital scales. However, in the subsequent years, FDI inflows into Haiphong experienced significant growth, marked by the emergence of major projects such as the Chinfon Cement project, VSC-Posco Steel project, LS-Vina Cable project, and the construction of the Nomura Industrial Park in Haiphong.

As the 21st century began, the outcomes of FDI attraction in Haiphong showcased robust development in terms of both the quantity and quality of investment projects, as well as the total registered capital. Several noteworthy projects were initiated by prominent global corporations, including LG Electronics' project to establish a manufacturing plant for electronic and high-tech

products, Bridgestone's project for automobile tire production, Nipro Pharma's project for pharmaceutical and medical equipment production, Kyocera Mita and Fuji Xerox's project to build a multifunctional printer and copier manufacturing plant, and the Haiphong International Gateway Port project.

Appendix 1, the Synthesis Report on the Foreign Investment Situation in the 5-Year Period (01/01/2018 - 31/12/2022) and recently collected data, provides detailed information on the results of attracting foreign investment into the city over the past years.

3.2.1.1. Status of receiving applications and approving registration for foreign direct investment registration

In 2018, there were 104 new project registration applications with a registered capital of USD 644 million. In 2020 and 2022, the number of new project registration applications was 76 and 89, respectively, but the registered capital reached its highest value in the entire period, at USD 1.125 billion and USD 1.121 billion, respectively. In between these two years, the figures for 2021 dropped with only 53 projects and USD 372 million in registered capital. Over the 5-year period, the total number of newly registered projects was 413, with a registered capital of USD 3.373 billion.

The number of projects adjusting capital and the registered capital also reached their highest values in 2021, with 65 projects and USD 2.722 billion. The lowest value was recorded in 2020, with 27 projects adjusting capital and an increase of USD 440 million in registered capital. Overall, in each year, the registered capital for adjusted projects increased.

During this period, the total number of capital contributions, share purchases, and capital contribution transactions was 198, with a total value of capital contributions, share purchases, and capital contributions according to charter capital and transaction value amounting to USD 3.373 billion.

In 2023, the Haiphong Department of Planning and Investment reported 100 newly registered projects with a total value of $1.413 billion and 49 projects with capital adjustments amounting to $1.944 billion. The total number of

registered projects was 1.66 times higher than in 2022, reaching 168.95% of the projected target.

The report underscores that throughout the period, every fresh application for project registration involving foreign direct investment was not only approved but also maintained its initial registered capital. Similarly, for projects entailing capital adjustments, contributions, share acquisitions, and capital contribution procurements, a consistent pattern was observed.

3.2.1.2. Project suspension and termination status

Over the 5-year duration, only two years witnessed instances of project suspension - four projects in 2020 and one project in 2022. Consequently, the total count of projects that temporarily halted operations amounted to 5, with a registered capital of USD 79 million.

The number of projects terminating operations displayed a gradual increase from 16 projects in 2018 to 27 projects in 2022, totaling 109 projects over the entire 5-year span. The combined registered capital for these projects reached USD 580 million.

Generally, in terms of quantity, the cumulative number of suspended and terminated projects comprises nearly half of the newly registered and approved investment projects. Nevertheless, concerning value, the total registered capital of these suspended and terminated projects is relatively modest when compared to the capital of newly registered projects, adjustments, and contributions. This indicates a positive trend, with the investment capital scale for FDI projects in Haiphong showing distinct improvement.

3.2.1.3. Activities of foreign-invested enterprises

Over the recent period, the realized investment capital of FDI enterprises in Haiphong surged from USD 1,573 million in 2018 to nearly double, reaching USD 2,570 million in 2022 and USD 3,379 million in 2023. The lone dip occurred in 2020 when the realized investment contracted to USD 1,737 million. However, it swiftly rebounded in the ensuing years, 2021, 2022 and 2023. The overall realized investment capital for the entire period totaled USD 10,592 million.

The revenue generated by FDI enterprises in Haiphong also exhibited robust growth, escalating from USD 12,425 million in 2018 to USD 26,761 million in 2022. The aggregate revenue for the 2018-2022 period reached USD 100,491 million. The values of export and import by FDI enterprises also displayed consistent growth, hitting USD 81,633 million and USD 84,019 million, respectively, over the 5-year span. Remarkably, there was a temporary decline in export value in 2021, dropping from USD 18,896 million in 2020 to USD 13,167 million in 2021. However, in the subsequent year, the export value witnessed a robust rebound, reaching USD 24,493 million.

In tandem with production and business activities, the contribution to the budget (including tax revenues from import and export) by FDI enterprises also showcased a positive trajectory, escalating from USD 188 million in 2018 to USD 263 million in 2022, accumulating to USD 1,373 million for the entire 5-year period. The workforce at FDI enterprises in Haiphong increased from 190 thousand in recent years to 239 thousand.

In summary, the operational dynamics of FDI enterprises in Haiphong from 2018 to 2022 point towards robust and relatively stable development. While certain indicators experienced declines in 2020 and 2021, they promptly recovered and resumed an upward trajectory.

3.2.1.4. Structure of registered FDI in Haiphong

The table illustrates the structure of registered FDI in Haiphong from 2010 to 2023 across five sectors: processing and manufacturing, real estate, transportation and warehousing, wholesale and retail trade (including motor vehicle repair), and other industries. Over the 13-year period, total registered FDI increased dramatically from $4.29 billion in 2010 to $28.83 billion in 2023, reflecting an overall growth of over 572%. The annual growth rates show significant variation, with notable acceleration from 2016 onward, particularly in the dominant processing and manufacturing sector. This reflects Haiphong's growing attractiveness as an investment destination.

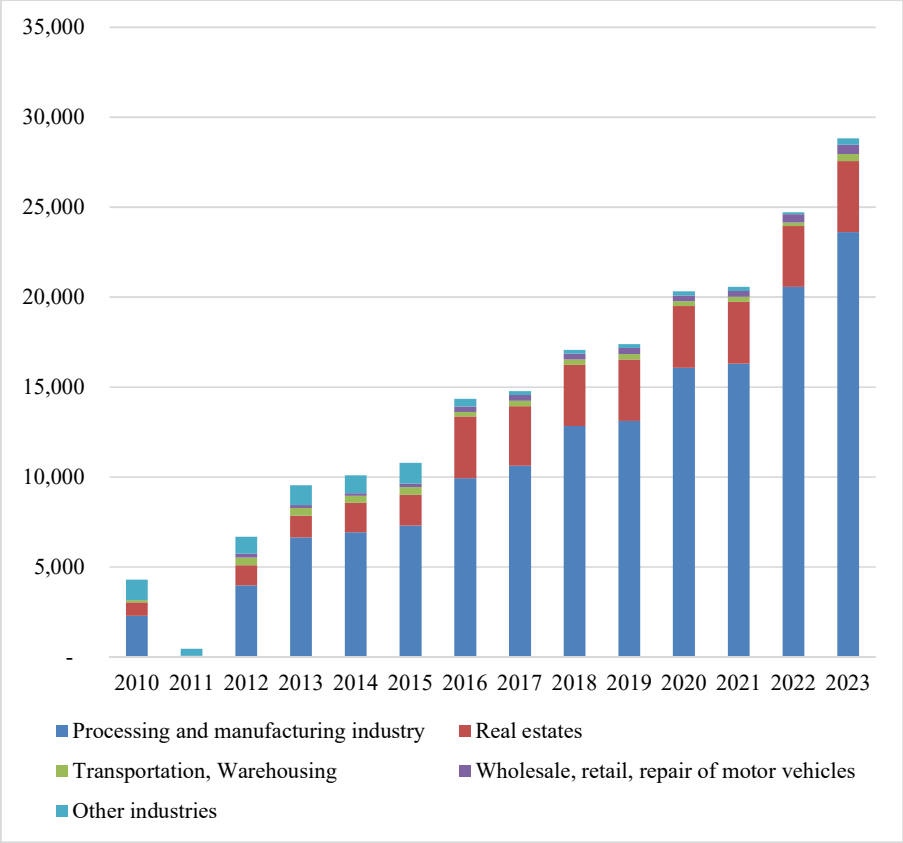

Figure 3.6: Structure of registered FDI

Source: Hai Phong Statistical Office, 2024

The processing and manufacturing sector consistently dominates FDI inflows, rising sharply from $2.28 billion in 2010 to $23.61 billion in 2023. This growth equates to an approximately 935% increase over the period. Notable milestones include significant jumps in 2016 ($9.94 billion) and 2020 ($16.07 billion), reflecting substantial industrial investment in these years. The sector's share of total FDI rose significantly, highlighting Haiphong's strategic position as a manufacturing hub. However, the growth rate for this sector slightly slowed post-2020, indicating possible market saturation or a plateau in major manufacturing projects.

Real estate experienced steady growth, increasing from $760 million in 2010 to $3.95 billion in 2023, representing a 420% rise. The most significant gains occurred between 2012 and 2016, where the accumulated figure rose from $1.12 billion to $3.42 billion, reflecting heightened development in industrial parks and urban areas. However, growth rates stagnated after 2020, hovering around $3.4–

$3.9 billion, suggesting the real estate market in Haiphong might be stabilizing or encountering challenges in maintaining high investor interest.

The transportation and warehousing sector displayed a modest yet steady increase in FDI, growing from $114 million in 2010 to $402 million in 2023, marking a 252% rise. While the absolute values remain comparatively small, the sector's gradual growth highlights its importance in supporting Haiphong's export-oriented economy. Notable fluctuations occurred, with a peak of $421 million in 2013 and a dip to $197 million in 2022 before recovering in 2023. This trend suggests potential variability in logistics-related investment projects.

FDI in wholesale, retail, and repair of motor vehicles started relatively late, with figures recorded from 2011. The sector grew from $67 million in 2011 to $511 million in 2023, showing a 662% increase over the period. Growth rates accelerated after 2020, reflecting the expansion of Haiphong's consumer base and trade-related activities. Despite being one of the smaller sectors, its consistent upward trajectory suggests increasing investor confidence in retail and trade opportunities.

The "other industries" category exhibited irregular trends, with FDI fluctuating significantly. Starting at $1.14 billion in 2010, it peaked at $1.16 billion in 2013 before declining to $356 million in 2023, marking an overall reduction of 69%. This sharp decline suggests a shift in investor focus away from diverse smaller industries toward more prominent sectors like manufacturing and real estate.

In conclusion, the structure of FDI in Haiphong from 2010 to 2023 reveals a strong concentration in processing and manufacturing, complemented by steady growth in real estate and retail. While transportation and warehousing remain relatively small, their gradual rise underscores their supporting role in Haiphong's economic ecosystem. The decline in "other industries" reflects a narrowing focus of investments, emphasizing the city's specialization in key sectors.

3.2.1.5. Structure of enterprises in Haiphong

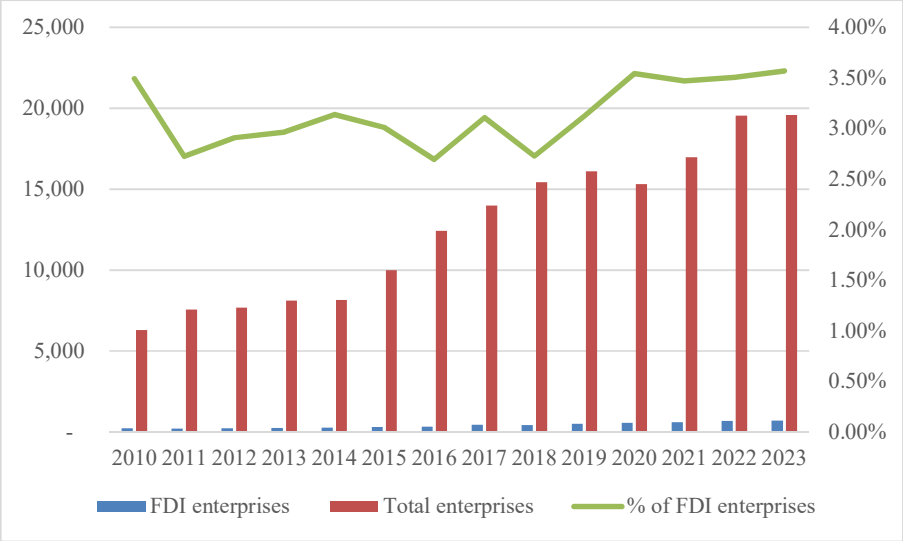

Figure 3.7: Structure of enterprises in Haiphong

Source: Hai Phong Statistical Office, 2024

In the period 2010 - 2023, over the 13-year period, the total number of enterprises in Haiphong grew from 6,302 in 2010 to 19,587 in 2023, representing a significant growth of 210%. The reason the number of businesses in Hai Phong increased is due to the increase in the number of businesses in both areas: FDI and non-state enterprises, the number of state-owned enterprises tends to decrease. The growth rate of the number of businesses in the above two areas does not have much difference: FDI sector (average growth rate is 10.93%, equivalent to 40 businesses/year), non-state sector (average growth rate is 10.17% corresponding to 1,061 businesses/year).

The average number of state-owned enterprises decreased by 4.21% (equivalent to a decrease of 4 enterprises/year). The number of FDI enterprises also rose sharply, increasing from 220 in 2010 to 699 in 2023, marking a growth of 218%. Despite this growth, the proportion of FDI enterprises in the overall structure remained relatively stable, fluctuating slightly between 2.7% and 3.6%. The number of non-state enterprises also increased sharply by more than three times. The total number of enterprises in Haiphong showed consistent growth over the years, with notable acceleration after 2015. Between 2010 and 2015, the number increased by 58%, from 6,302 to 9,997 enterprises, reflecting an average annual growth rate of approximately 9.6%. This growth further accelerated

between 2016 and 2023, reaching 19,587 enterprises, with an annual growth rate of about 9.4%. This expansion underscores Haiphong's dynamic business environment, which likely benefited from improved infrastructure, investment incentives, and urban development.

FDI enterprises also exhibited significant growth, increasing from 220 in 2010 to 699 in 2023, with a steady upward trajectory. Between 2010 and 2015, the number of FDI enterprises grew by 37%, reaching 301 enterprises. The pace of growth intensified after 2016, with the number nearly doubling by 2023. The growth reflects Haiphong's success in attracting foreign investment, likely driven by its strategic location, favorable policies, and focus on industrial development.

The proportion of FDI enterprises within the total fluctuated but remained within a narrow range. It peaked at 3.57% in 2023, up from 3.49% in 2010, indicating that the growth of FDI enterprises was largely in line with the overall expansion of the enterprise base. Notably, the proportion dipped below 3% in 2011 and 2016, likely due to accelerated growth in domestic enterprises during these periods. However, the proportion consistently rebounded in subsequent years, reflecting sustained efforts to attract and retain foreign investors.

In 2018, the number of FDI enterprises decreased but the number of enterprises in the whole city still increased, showing that it was mainly due to the increase in non-state enterprises. Enterprises in economic zones and industrial parks are gradually forming. Diverse chain of links, initially developing production links between FDI enterprises and domestic enterprises. FDI attraction is shifting from breadth to depth by focusing on large-scale projects, using high technology, environmentally friendly, and manufacturing products with great added value, located in the chain. Global products of large economic corporations (such as Vinfast's automobile factory complex with a total investment capital of 175,000 billion VND; LG Group of Korea with 7 projects, total investment capital of nearly 7.3 billion VND). billion USD, mainly producing electronics; Bridgestone Group of Japan has an investment capital of 1,224 billion USD with a car tire production project; Regina Miracle of Hong Kong, China has an

investment capital of 1 billion USD with high-end garment project; Nipro Pharma of Japan has an investment capital of 250 million USD with a pharmaceutical production project;... These projects all use modern technology and equipment with high added value. , has the ability to attract other satellite projects to invest in the city, gradually forming production clusters and chain production.

In 2023, in industrial parks (IPs) and economic zones (EZs) of Hai Phong, there will be over 400 FDI enterprises with a total registered capital of 25.72 billion USD. In the first 9 months of 2023, FDI reached more than 3 billion USD, exceeding the set target for the whole year 2023 (2.5 billion USD). However, the connection between FDI enterprises and domestic supporting industry enterprises in Hai Phong is still quite fragmented, not creating a symbiotic relationship to build a solid production base. The percentage of localization in products of FDI enterprises is still low, technology transfer is still limited, domestic enterprises have not participated much in the global value chain. In recent years, aware of the importance of supporting industries, Hai Phong city has prioritized attracting and encouraging businesses to invest in supporting industry production to provide raw materials and components. Components, details, semi-finished products, etc. on-site for the city's key industries such as electronics, mechanics, automobile industry, logistics, and footwear. In the post-Covid context and the impact of the global trade war, businesses are looking for recovery solutions. FDI enterprises are no exception, they seek domestic partners to provide equipment, raw materials, components, human resources and related services to optimize production and business costs. . And vice versa, domestic businesses also look for opportunities to bring their products into FDI enterprises, enhancing value in the world market.

On September 29, 2023, the Hai Phong Economic Zone Management Board organized a Forum to Connect Supporting Enterprises and Foreign Invested Enterprises in Hai Phong city. Here, domestic enterprises grasp the needs and requirements of quality standards, prices, transparency, and professional objectivity to provide for FDI enterprises. To do so, they must invest financially, human resources methodically, changing management thinking. Also through the

forum, FDI enterprises have the opportunity to learn about Hai Phong's industrial development foundation and the supply and production capacity of domestic enterprises.

3.2.1.6. Structure of labor in Haiphong

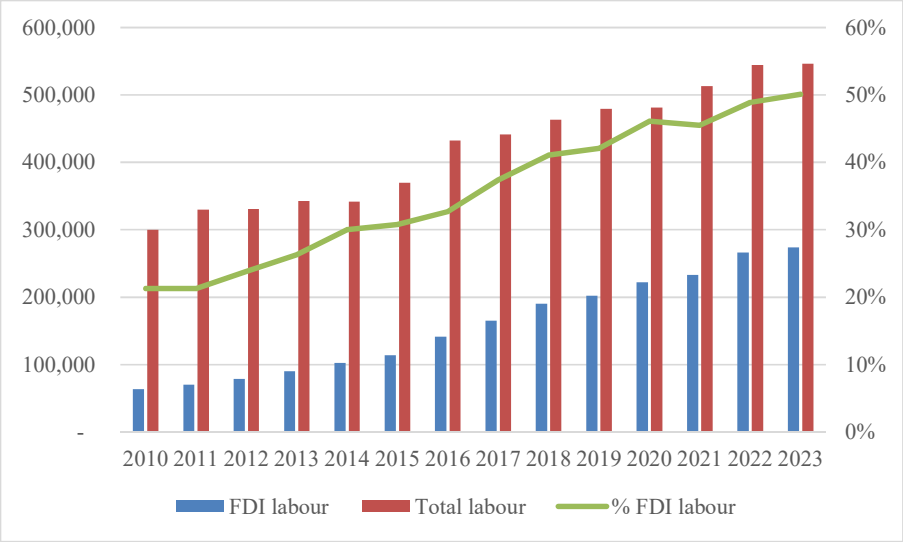

Figure 3.8: Structure of labor in Haiphong

Source: Hai Phong Statistical Office, 2024

In the period 2010 - 2023, Hai Phong has an average of 422,602 employees, with an average growth rate of 4.82% (corresponding to an average increase of 20,373 employees per year). The reason the number of businesses in Hai Phong increased is due to the increase in the number of workers in both areas: FDI and workers in non-state enterprises, the number of workers in state-owned enterprises tends to decrease. The growth rate of the number of employees in the FDI sector is stronger with an average growth rate of 11.98%, equivalent to an increase of 18,937 employees per year), the non-state sector has a modest growth rate with an average growth rate of 3.25%. The average number of employees in the State-owned enterprise sector decreased by 8.25%.

In more than 10 years, the scale of FDI labor increased more than 4 times (from 63,846 workers in 2010 to 273,920 workers in 2023), the proportion of FDI enterprise workers in the total number of workers in the city also followed the trend increases more than 2 times (from 21% in 2010 to 50% in 2022). The growth

rate of the number of FDI workers over the years is uneven with the highest is 2016 (with 24.1%) and lowest in 2024 (with 2.93%). Meanwhile, the number of workers in non-state enterprises only increased nearly 1.5 times. Data analysis shows that labor in the FDI sector has increased rapidly, contributing to creating a large number of jobs for workers in the port city.

The number of SOE workers is very small, tending to shrink to about 1/3 over the period. In 2010, the number of workers in the FDI and State sectors was approximately the same, but by 2023 the number of workers in the State sector was not equal to 1/10 of the FDI sector. During the whole period, the city's labor force fluctuated unevenly, with the strongest increase in 2016 (16.93%), the least increase in 2020 (0.37%), and in 2014 it decreased to 0.26% mainly due to labor reduction.

Thus, for the labor market, the FDI sector has contributed to creating jobs, improving the quality of human resources and bringing positive income to workers. In addition, FDI enterprises also create new jobs indirectly by stimulating domestic investment such as developing industries, satellite businesses,... providing goods or services to the region. FDI sector.

3.2.1.7. Comparison of Haiphong's registered FDI capital growth rate and GRDP with neighbour cities

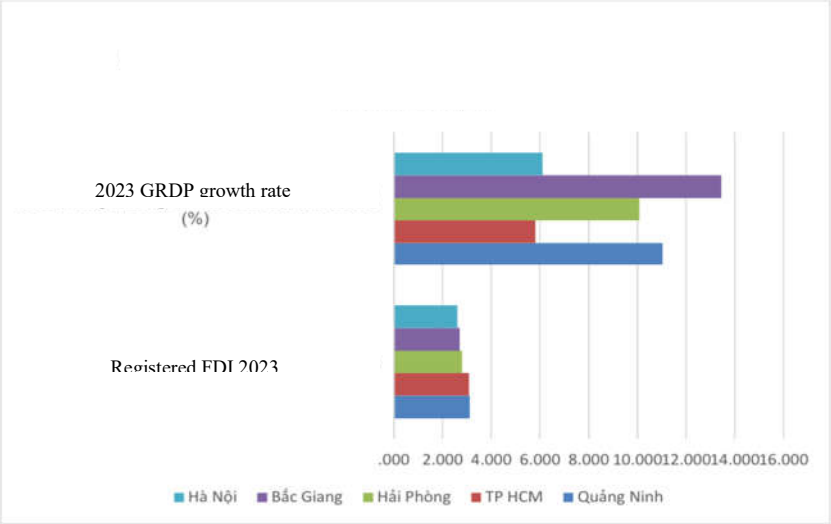

Figure 3.9: Comparison of Haiphong GRDP with neighbor cities in 2023

Source: Hai Phong Statistical Office, 2024

According to estimated data by November 2023, Hai Phong ranked 3rd both in attracting registered FDI capital with 2.8 billion USD (after Quang Ninh and Ho Chi Minh City) and in registered FDI growth rate (68%) , behind Bac Giang and Hanoi, but higher than Quang Ninh and Ho Chi Minh City. Hai Phong's economic growth rate ranks 4th compared to the whole country (with 10.08%), the highest is Bac Giang, 3rd is Quang Ninh. Hai Phong has similarities with Quang Ninh and Ho Chi Minh City in terms of favorable geographical location, strongly invested infrastructure, synchronous transportation, seaport, airport, and highway. , has waterways that meet investors' requirements. Hanoi - Hai Phong - Quang Ninh have the same strength of forming a development triangle and are the focal point connecting the Northern key economic region with domestic, regional and world economic regions.

Quang Ninh's strong point is that the province is planned as an industrial park and economic zone with the largest area in the North, and is a leading locality in the speed of infrastructure system development. Hanoi and Ho Chi Minh City have the common advantage of having abundant, high-quality human resources. The difference of Ho Chi Minh City is that it is an economic, scientific and technical center, and a multicultural urban area suitable for foreigners to work. Hanoi has the outstanding advantage of being a city with 82% of universities, 65% of the most senior scientific staff, 80% of key scientific and technological research potential, diverse potential markets, and reforms. institutions and interconnected procedures reduce time and costs for businesses. While provinces and cities have a lot of capital poured into the manufacturing and processing industry, Hanoi attracts the largest FDI into the real estate sector.

3.2.2. Current situation of FDI attraction from Republic of Korea to Haiphong city

Haiphong has emerged as a critical destination for South Korean FDI, attracting approximately USD 12 billion in registered capital, accounting for about

14% of Korea's total FDI in Vietnam (HEZA, 2023). With more than 100 projects, South Korea leads among the 39 countries and territories investing in Haiphong, focusing primarily on high-tech industrial sectors such as electronics, automotive components, and machinery. Notably, South Korea's dominance extends to both industrial and non-industrial zones, with substantial investments concentrated in key industrial parks and economic zones.

South Korean enterprises have made substantial contributions to Haiphong's economic landscape, particularly in the high-tech and electronics sectors. LG Corporation stands out as a dominant force, with investments totaling USD 7.24 billion across its subsidiaries—LG Electronics, LG Innotek, and LG Display—primarily located in the Trang Due Industrial Zone. These investments have established Haiphong as a crucial hub for high-tech manufacturing in Vietnam, driving innovation and production in electronics. Other notable contributors include Heesung Electronics with USD 154 million and Haengsung Electronics with USD 115 million, further reinforcing Haiphong's reputation as a magnet for advanced technology enterprises. The strategic presence of these high-value investments has not only elevated the city's industrial profile but has also had a ripple effect on local economic development and employment.

The geographical spread of South Korean investments across Haiphong's industrial zones underscores their strategic approach to leveraging the city's infrastructure and policy incentives. Among the eight industrial zones that host South Korean enterprises, the Trang Due Industrial Zone leads with an impressive USD 9.456 billion in investment, making it the highest recipient of FDI in Haiphong. Other significant zones include Deep C1 Industrial Zone with USD 593 million, Deep C2B Industrial Zone with USD 165 million, and Nam Dinh Vu Industrial Zone with USD 118 million. These zones provide modern facilities, connectivity, and policy benefits, making them attractive for South Korean investors looking to establish and expand their operations. The distribution of investments reflects a calculated strategy to capitalize on Haiphong's industrial potential and strategic location within Vietnam's economic corridors.

In addition to industrial zones, South Korean investors have also made significant inroads into non-industrial areas, where they lead in FDI with a total of USD 1.134 billion. This accounts for approximately 30% of the total FDI capital outside industrial zones in Haiphong, indicating a diversified investment approach. These ventures highlight the adaptability of South Korean enterprises in seizing opportunities beyond traditional industrial spaces, contributing to Haiphong's broader economic development.

The trade dynamics between Haiphong and South Korea further illustrate the impact of South Korean FDI on the city's economy. In 2022, Haiphong's export turnover to South Korea reached USD 12.3 billion, underscoring its vital role as a trade hub and gateway for Vietnamese products to access global markets. Simultaneously, the city's import turnover from South Korea stood at USD 7.8 billion, reflecting its importance in sourcing critical industrial and technological inputs. These trade figures are a testament to the symbiotic relationship fostered by South Korean FDI, which not only boosts industrial production and exports but also strengthens Haiphong's position within Vietnam-South Korea trade relations.

The characteristics of South Korean FDI in Haiphong emphasize its high-tech orientation, employment generation, and significant contributions to economic growth and fiscal revenues. The focus on advanced manufacturing aligns with Haiphong's development strategy to attract high-value investments. Moreover, the establishment of major industrial facilities by South Korean enterprises has created numerous job opportunities, fostering workforce development and up skilling the local labor pool. The resulting economic activity has bolstered Haiphong's fiscal revenues, further solidifying its status as a key driver of regional growth.

However, the city must address several challenges to sustain and enhance the impact of South Korean FDI. Infrastructure in industrial zones is nearing capacity, necessitating further investment to support continued expansion. Additionally, aligning with global trends in sustainable development will require encouraging South Korean enterprises to adopt green technologies and

environmentally friendly practices. Maintaining transparent and supportive policies will also be critical for retaining existing investors and attracting new ones. By addressing these challenges, Haiphong can ensure that South Korean FDI continues to play a transformative role in its economic future.

South Korean FDI has established itself as a cornerstone of Haiphong's industrial and economic development. With strategic investments in high-tech sectors, strong trade linkages, and a diversified portfolio of industrial and non-industrial investments, South Korean enterprises have significantly enhanced the city's global economic integration. By addressing current challenges and fostering an investment-friendly environment, Haiphong is well-positioned to sustain and expand its role as a premier destination for South Korean capital in Vietnam.

3.3. Effects of FDI inflows from Republic of Korea to Haiphong's economy

Foreign Direct Investment has profoundly transformed Haiphong's economy, establishing it as a key industrial and logistics hub in Vietnam. With significant inflows of capital from foreign investors—most notably South Korea—Haiphong has undergone rapid industrialization and modernization. The establishment and expansion of industrial zones, such as the Dinh Vu-Cat Hai Economic Zone and the Trang Due Industrial Zone, have been instrumental in attracting multinational corporations, particularly in high-tech sectors like electronics and automotive manufacturing. These developments have significantly bolstered Haiphong's GRDP, which for continuous recent years grew by the highest rate (10.34% in 2023) among Vietnam's provinces and cities.

FDI inflows have played a pivotal role in job creation for Haiphong's labor force. Thousands of jobs have been generated directly by multinational companies operating in sectors such as electronics, manufacturing, and logistics. For instance, South Korean giants like LG Corporation and its subsidiaries, which have invested over USD 7 billion, have established advanced manufacturing facilities requiring a skilled labor force. In response, these firms have implemented comprehensive training programs, contributing to workforce up skilling and higher productivity. As a result, local employees have benefited from increased income levels and

enhanced professional expertise, which has had a positive impact on the region's socio-economic development.

In addition to economic benefits, FDI has catalyzed technological advancement in Haiphong. Foreign enterprises have introduced cutting-edge machinery, production techniques, and management practices, particularly in high-tech industries such as electronics and automotive manufacturing. These technological transfers have elevated Haiphong's industrial capabilities, positioning it as a vital link in regional and global supply chains. Companies like Heesung Electronics and Haengsung Electronics have not only established modern production facilities but have also facilitated knowledge sharing, accelerating the city's transition toward advanced industrial practices.

The influx of FDI has also driven significant infrastructure improvements in Haiphong. To accommodate the needs of foreign investors, the city has heavily invested in transport and logistics systems. Projects such as the Lach Huyen Deep-Sea Port, one of the largest deep-water ports in Vietnam, have enhanced Haiphong's capacity to handle increased trade volumes. Improved road networks linking Haiphong to Hanoi and other key economic regions have bolstered the city's connectivity, making it a strategic logistics hub. These infrastructural upgrades not only support FDI-driven industries but also stimulate broader economic growth by facilitating domestic and international trade.

Local government revenues have benefited substantially from FDI activities. Taxes, fees, and land leases associated with foreign investments provide a significant source of income, enabling the city to reinvest in further infrastructure development and public services. For example, the leasing of land in industrial zones to foreign firms, including those from South Korea, generates millions of dollars annually, creating a self-sustaining cycle of economic reinvestment.

Despite its numerous benefits, the rapid industrialization fueled by FDI has introduced challenges, particularly environmental ones. Industrial zones have contributed to pollution, including air and water contamination, straining local

ecosystems. The city faces the pressing need to implement stringent environmental regulations and adopt sustainable practices to mitigate these effects. Additionally, the influx of foreign capital and workers has sometimes led to wage disparities and differences in working conditions between local and foreign-owned companies, necessitating measures to ensure equitable labor practices.

FDI has been a driving force in Haiphong's economic development, fostering industrial growth, technological advancement, and infrastructure improvements. It has transformed the city into a dynamic industrial hub, creating jobs and boosting government revenues. However, addressing the environmental and social challenges associated with rapid industrialization will be crucial for ensuring sustainable and inclusive growth in the future. Through balanced policies and continued investment in infrastructure and workforce development, Haiphong can maintain its trajectory as a leading economic center in Vietnam.

SUMMARY OF CHAPTER 3

This chapter provides an in-depth analysis of the status and dynamics of foreign direct investment from the Republic of Korea to Haiphong City, serving as a pivotal foundation for the study's subsequent discussions. The exploration is divided into three critical segments.

The chapter establishes a comprehensive profile of Haiphong, examining its strategic geographical location, economic growth trajectory, infrastructure development, and demographic features. This contextual analysis underscores Haiphong's strengths, such as its status as a key transport hub and its integration within the "two corridors, one belt" economic initiative, while also highlighting areas for improvement. By detailing these characteristics, the chapter lays the groundwork for understanding the city's potential to attract FDI and its role within the broader Vietnamese economy.

The final segment shifts the focus to the current landscape of Korean FDI in Haiphong, situating the discussion within the broader context of Vietnam's FDI ecosystem. A detailed examination of the relationship between Korean investors

and Haiphong reveals key trends, challenges, and opportunities, such as the city's competitive advantages, policy frameworks, and sector-specific dynamics. This analysis identifies pressing challenges, including global economic disruptions, geopolitical tensions, and localized bottlenecks, while outlining opportunities for strategic engagement with Korean enterprises.

CHAPTER 4. CHAPTER 4. ANALYZING FACTORS AFFECTING FOREIGN DIRECT INVESTMENT INTO HAIPHONG CITY

This chapter focuses specifically on the methodological approach employed to determine the relative importance of various FDI determinants. It introduces the rationale for adopting the Fuzzy FAHP, a multi-criteria decision-making method that allows for both qualitative expert input and quantitative analysis. The chapter outlines the theoretical underpinnings of FAHP and details its step-by-step implementation in the context of Korean investment decisions in Haiphong. This analytical framework not only facilitates a systematic prioritization of influencing factors but also supports the formulation of targeted, data-driven policy recommendations.

4.1. Methodology to evaluate the factors affecting FDI into Haiphong city

In this chapter, Fuzzy FAHP methodology is introduced and applied to evaluate the factors affecting FDI into Haiphong city. The author present an integrated framework that not only details the Fuzzy FAHP methodology but also immediately applies it to derive empirical insights on the determinants of FDI inflows. After outlining the five key steps of the FAHP – data collection, fuzzy pairwise comparisons, fuzzy geometric mean calculation, defuzzification, and normalization, the chapter directly transitions to discussing the weighted criteria. This integration enables readers to follow how methodological choices translate into the quantitative evaluation of FDI determinants.

4.2.1. Introduction of Fuzzy AHP methodology

The purpose of this research is to determine the extent to which the factors that aid international investors in Haiphong in their investment decision-making are significant. The central research question concerns the influential factors that shape the incentive for foreign direct investment in Haiphong. To tackle this inquiry, Multiple Criteria Decision Making (MCDM) arises as a suitable approach frequently utilized to establish criteria priorities. The application of MCDM theory entails the determination of ranking outcomes for selected criteria and the assignment of weights.

A variety of MCDM techniques are utilized in practical applications to allocate weights to various factors. A comparison of the most popular MCDM techniques, such as Analytic Hierarchy Process (AHP), Technique for Order of Preference by Similarity to Ideal Solution (TOPSIS), Elimination and Choice Expressing Reality (ELECTRE), Analytic Network Process (ANP), and their fuzzy versions, underscores their respective strengths and applicability.

The Analytic Hierarchy Process (AHP) offers several key advantages, including its capacity to efficiently oversee numerous criteria, its user-friendly nature and practical implementation, and its adeptness in managing qualitative and quantitative data (Vinod & Ganesh, 1995). However, despite its extensive implementation and clear-cut characteristics, AHP has faced criticism for its failure to adequately tackle the intrinsic ambiguity that accompanies the decision-making process (Büyükozkan et al., 2011). While AHP presents human perception as precise, its practical implementation frequently lacks clarity. Therefore, representing an ambiguous phenomenon as an interval is more appropriate than representing it as a singular value.

TOPSIS is also a popular method among MCDM ones. According to a research form Hwang and Yoon in 1981, one of the notable strengths of TOPSIS lies in its simplicity and intuitive nature. It provides a straightforward approach for decision-makers to rank alternatives based on their similarity to the ideal solution while considering both positive and negative aspects of criteria. Additionally, TOPSIS is effective in scenarios where there is a need to balance conflicting criteria in decision-making processes. However, TOPSIS is not without its limitations. One significant weakness is its sensitivity to the normalization method employed, which can impact the final ranking of alternatives. The method assumes that the decision matrix is linear, and deviations from linearity may affect the accuracy of the results. Moreover, the performance of TOPSIS can be influenced by the choice of the reference points used for the ideal and anti-ideal solutions (Hwang & Yoon, 1981).

ELECTRE also stands out among Multi-Criteria Decision Making methods

with notable strengths but also inherent weaknesses. One of its prominent strengths lies in its ability to handle a large number of criteria and alternatives, providing a comprehensive evaluation framework for complex decision scenarios (Brans & Mareschal, 2005). ELECTRE allows decision-makers to express both strict and fuzzy preference relations, enabling a more nuanced representation of decision contexts. However, its strengths are accompanied by weaknesses. ELECTRE is sensitive to parameter settings, making it crucial to find an appropriate balance, and the method's outcomes may be influenced by the subjectivity involved in determining concordance and discordance indices (Macharis et al., 2004).

Among MCDM methods, ANP is method known for its ability to capture and model the complex relationships and interdependencies among criteria in decision-making processes. One of its key strengths lies in its extension of the AHP, allowing for a more comprehensive analysis of decision contexts involving intricate networks of criteria and sub-criteria (Saaty, 2008). ANP enables decision-makers to consider the interactions and feedback loops among various elements, offering a more realistic representation of decision problems. However the method requires a significant amount of data and expert input, and the construction and interpretation of the network structures can be complex and subjective (Saaty & Vargas, 2006). Additionally, the computational demands of ANP may pose practical limitations in certain decision scenarios.

Fuzzy AHP which is an expansion of the AHP stands out as a robust MCDM method due to its capacity to handle uncertainties and imprecise information in decision-making processes. Its strength lies in its incorporation of fuzzy logic, allowing decision-makers to express subjective judgments and linguistic preferences in a more realistic manner (Wang & Zhang, 2009). FAHP is particularly well-suited for situations where criteria weights are not precisely quantifiable, making it more adaptable to the vagueness inherent in decision contexts. Furthermore, the utilization of the FAHP facilitates the integration of numerous expert perspectives and stakeholders in the decision-making process,

hence fostering a more thorough and inclusive approach. The utilization of the FAHP's hierarchical structure facilitates the decomposition of intricate judgments into more manageable components, hence enabling decision-makers to analyze decision criteria and alternatives at varying degrees of granularity. Consequently, this framework proves to be more efficient in managing stochastic data (Md et al., 2020). More to the point, the FAHP incorporates consistency checks in order to assess decision criteria and alternatives in a consistent manner among all experts. According to Tufan et al. (2008), employing pairwise comparisons can be beneficial in mitigating issues related to inconsistency and subjectivity. However, the application of fuzzy sets introduces additional complexity in terms of interpretation, and the determination of fuzzy linguistic terms requires careful consideration to avoid ambiguity (Buckley, 1985). Despite these limitations, FAHP remains a valuable tool in MCDM, offering a nuanced approach to decision-making in situations where uncertainties and qualitative assessments play a crucial role.

The following table summarized the pros and cons of various MCDM methods discussed above.

Table 4.1: Comparison of popular MCDM techniques

Methods	Pros	Cons
AHP	- Structured approach for decision-making. - Can handle complex decision problems. - Allows for pairwise comparisons of criteria and alternatives.	- Requires precise numerical judgments for pairwise comparisons. - Sensitivity to inconsistent judgments.
TOPSIS	- Simple and intuitive. - Considers both the positive and negative aspects of criteria.	- Sensitive to the normalization method. - Assumes a linear relationship between criteria.

ELECTRE	- Can handle a large number of criteria and alternatives. - Allows for the definition of strict and fuzzy preference relations.	- Sensitive to parameter settings. - Complexity in the determination of concordance and discordance indices.
ANP	- Capture and model the complex relationships and interdependencies - Allow for a more comprehensive analysis of decision contexts	- Requires a significant amount of data and expert input - Complex construction and interpretation of the network structures
FAHP	- Deals with uncertainties and vagueness in decision-making. - Allows for linguistic assessments and fuzzy judgments. - Captures the subjective nature of decision-making.	- Complexity increases with the number of criteria and alternatives. - Subjective interpretation of fuzzy linguistic terms.

Fuzzy AHP emerges as a compelling choice in the specific context of FDI enablers exploration for the following reasons. Firstly, FDI decisions often involve uncertainties, and FAHP is well-suited to handle this by allowing for fuzzy judgments and linguistic expressions, which may better represent the subjective opinions of decision-makers. FAHP's ability to handle vagueness through fuzzy comparisons and linguistic expressions captures the nuanced nature of criteria importance. Secondly, FDI criteria weights may not be precisely quantifiable, and decision-makers might provide subjective judgments. FAHP accommodates such subjectivity by allowing for fuzzy comparisons, making it suitable for capturing the imprecise nature of criteria importance. Thirdly, the FDI decision involves multiple criteria, and the Fuzzy AHP's ability to handle complex decision problems, even in the presence of vagueness, makes it a suitable choice.

Last but not least, FDI criteria are often expressed using qualitative terms. FAHP enables decision-makers to express their preferences using linguistic terms, facilitating a more realistic representation of their perceptions. In the complex decision environment of FDI, where multiple interrelated factors influence investment decisions, Fuzzy AHP excels in providing a realistic representation of the decision landscape. In conclusion, given the uncertainties, subjectivity, and complexity associated with FDI decisions, Fuzzy AHP appears to be an appropriate method for determining the weights of criteria affecting FDI inflows in Haiphong from Korean enterprises. It can capture the nuances and uncertainties inherent in the decision-making process and provide more realistic and flexible results.

4.2.2. Steps of Fuzzy AHP

Fuzzy normal data can be denoted by $\tilde{A}(x) = (l, m, u)$, where the membership function is defined as follows:

$$\mu_{\tilde{A}(x)} = \begin{cases} 0, & x < l \\ \dfrac{x - l}{m - l}, & l \le x \le m \\ \dfrac{u - x}{u - m}, & m \le x \le u \\ 0, & x > u \end{cases} \qquad (1)$$

While the choice of a membership function in fuzzy logic is often problem-specific, the selection of the triangle membership function in the application of FAHP can be justified for several reasons. Firstly, the triangle membership function is characterized by its simplicity and ease of implementation, making it a practical choice for modeling linguistic variables in decision-making processes (Klir & Yuan, 1995). Its straightforward triangular shape allows for intuitive interpretation, a crucial factor when communicating the fuzzy model and its outcomes to stakeholders. The triangle membership function is also known for its conservative nature, avoiding extreme values and fluctuations. This characteristic is advantageous when dealing with uncertainties and imprecise information in decision-making scenarios (Zadeh, 1975). The function strikes a balance between simplicity and expressiveness, providing enough flexibility to capture the

vagueness inherent in human judgment without introducing unnecessary complexity (Huang, 1996). Furthermore, the computational efficiency of the triangle membership function is noteworthy. Its straightforward mathematical representation simplifies calculations, contributing to efficient processing and analysis, which is particularly important in decision-making contexts where timely results are crucial (Buckley, 2002). The function $\mu_{\tilde{A}(x)}$ can be graphically presented as the following Figure.

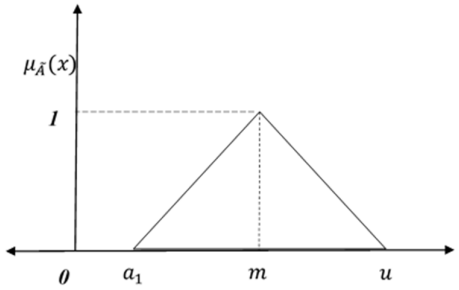

Figure 4.1: Membership function of fuzzy number

The procedure for implementing the Fuzzy Analytic Hierarchy Process (FAHP) consists of the following steps:

Step 1: In order to construct a fuzzy pairwise comparison matrix, it is important to collect input from domain experts. After the collection of their responses, the matrix can be created in the following manner:

$$\widetilde{D} = \begin{bmatrix} \tilde{a}_{11} & \tilde{a}_{12} & \cdots & \tilde{a}_{1n} \\ \tilde{a}_{21} & \tilde{a}_{22} & \cdots & \tilde{a}_{2n} \\ \vdots & \vdots & \ddots & \vdots \\ \tilde{a}_{n1} & \tilde{a}_{n2} & \cdots & \tilde{a}_{nn} \end{bmatrix} \quad (2)$$

In order to determine the preference of the decision maker's criteria, the value of $\tilde{a}_{ij}$ is used. If the triangular fuzzy number for j^{th} is given as $\tilde{a}_{ij}$, the corresponding triangular fuzzy number for (a^l, a^m, a^n) can be calculated by $\left(\frac{1}{a^n}, \frac{1}{a^m}, \frac{1}{a^l}\right)$.

Step 2: The calculation of the fuzzy geometric mean involves the utilization of Equation (3) for the assessment of the criteria. The geometric mean is calculated for each criterion based on the fuzzy pairwise preference matrix:

$$\tilde{r}_i = \left(\prod_{j=l}^{n} \tilde{a}_{ij} \right)^{\frac{1}{n}}, \qquad \forall i = 1,2,3, \dots, n \tag{3}$$

Step 3: The fuzzy weights and fuzzy priority of the criteria are determined by the utilization of fuzzy geometric techniques.

For each criterion *i*, fuzzy weight $\widetilde{w}_i$ is calculated as:

$$\widetilde{w}_i = \tilde{r}_i \times \left(\sum_{i=1}^{n} \tilde{r}_i \right)^{-1} \tag{4}$$

Step 4: The defuzzification process is employed to derive the final ranking of the alternatives by converting fuzzy weights and priority into crisp values.

Center of area approach is used to defuzzy $\widetilde{w}_i = \left(w_i^l, w_i^m, w_i^n \right)$ into (w_i), which can be illustrated as follows.

$$w_i = \frac{w_i^l + w_i^m + w_i^n}{3} \tag{5}$$

Step 5: The normalized weight (N_i) for each criterion is obtained by the following formula:

$$N_i = \frac{W_i}{\sum_i W_i} \tag{6}$$

The subsequent diagram depicts the sequential procedures that must be executed in Fuzzy AHP.

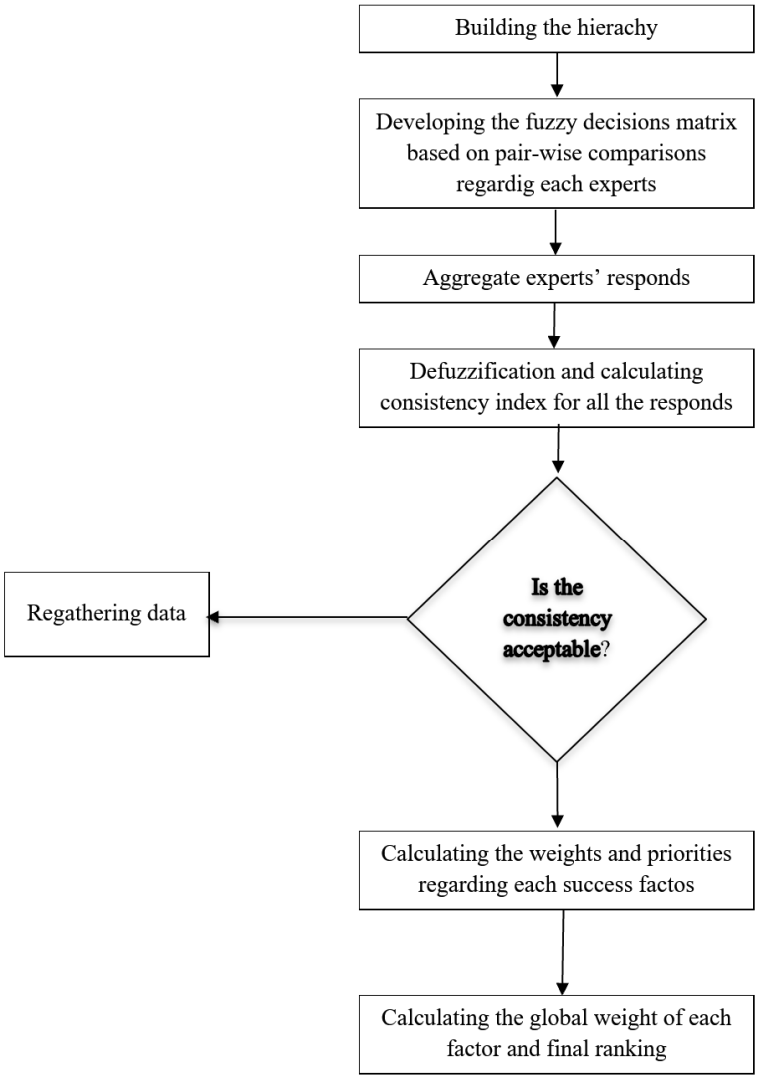

Figure 4.2: Steps of Fuzzy AHP

4.2.3. Data collection

4.2.3.1. Selection of experts

When selecting survey participants to evaluate the topic being studied, it is advisable to choose individuals who have relevant knowledge, expertise, and interest in the decision-making issue, and who are capable of providing clear and logical judgments (Mohammad & Hairunnizam, 2022). Mohammad (2022) emphasized the importance of specialists possessing a deep understanding of the subject matter or phenomenon being studied as the main factor for their selection, with their level of expertise being secondary. Moreover, it is crucial that the surveyed individuals demonstrate a readiness to participate in the decision-making process and articulate their perspectives and preferences using a fuzzy scale, as recommended by Mustafa (2013). The concept of fuzziness presents a barrier in terms of its definition and comprehension, often causing issues for persons who are not familiar with its concepts and practical use. Therefore, it is essential to take into account the degree of enthusiasm demonstrated by experts when responding to the questionnaire survey, as this will guarantee the acquisition of the most appropriate responses. In addition, Hwang et al. (2017) and Naim and Ayman (2020) have shown that when selecting experts, it is important to include a wide range of perspectives and interests from stakeholders or beneficiaries who are participating in the decision-making process. This guarantees that the data collected from surveys can be highly beneficial to the makers of the questionnaire. Moreover, it is crucial for individuals to have a variety of experiences and perspectives, since this can greatly improve the decision-making process by considering a broad spectrum of problem aspects.

The paper also considers the number of professionals selected for data collection. The determination of the ideal number of experts needed for fuzzy Analytic Hierarchy Process (AHP) is uncertain and depends on various factors, including the complexity and characteristics of the decision problem, the availability and reliability of the experts, and the desired level of confidence and precision. In 2021, Calik suggested incorporating a minimum of three experts to

reduce bias and guarantee consistency in the process of pairwise comparisons. Conversely, another viewpoint argues that having too many specialists should be avoided because it might lead to increased difficulties and costs in collecting and analyzing data. Moreover, this perspective posits that a surplus of experts could potentially contribute to increased levels of confusion and disagreement in the results (Payam and Edalatpanah, 2020). In their 2022 study, Mohammad and Hairunnizam proposed that the number of specialists in the domain of fuzzy Analytic Hierarchy Process (AHP) may vary depending on aspects such as the availability, accessibility, and variety of these specialists. Furthermore, they claimed that there is no clear criterion for determining the optimal number of experts in this particular setting.

However, there are specific factors that are typically considered when assessing the size of a target audience. Depending on the complexity and scope of the decision problem, it may be advisable to involve a larger number of experts when dealing with more complex and extensive circumstances that involve multiple criteria and possibilities (Pawel et al., 2021). In essence, as the number of experts and questions increases, the stability and reliability of test outcomes in a series may diminish. In their study, Pawel et al. (2021) suggested that recognizing the trade-off between cost and benefit involves admitting that involving more experts may result in higher costs and longer decision-making time. Nevertheless, it is conceivable that this could improve the precision and reliability of the results. In addition, Cui et al. (2023) suggested that increasing the number of experts involved in making judgments could potentially reduce the ambiguity and inconsistency commonly associated with such judgments. Nevertheless, it is crucial to acknowledge that the rise in the quantity of specialists can provide difficulties when trying to consolidate their evaluations.

These professionals are assigned the responsibility of supplying input data to tackle the research difficulties at hand. In addition, they employ the Fuzzy Analytic Hierarchy Process technique to evaluate and analyze multiple options or factors that impact decisions regarding foreign direct investment in Haiphong.

The approach to these experts were made by questionnaire survey, personal interviews and group meetings. To address the issue of non-response or missing data, multiple follow-up reminders were sent through email and phone to encourage participation. For in-person meetings, scheduling flexibility and multiple time slots were offered to accommodate the availability of busy respondents. In cases where some questions were partially answered or data was inconsistent, the responses were subject to a consistency check and follow-up clarification was requested from the respondent to ensure data integrity.

Table 4.2: Selection of experts for questionnaire survey

No	Experts	Description
1	FDI investors in Haiphong and neighbors	Individuals who make direct investment decisions in Haiphong and its neighboring areas
2	Researchers & academics	Experts who contribute theoretical and empirical insights on FDI
3	Consultants & practitioners	Professionals advising investors on optimal locations and policies
4	Policy makers & regulators	Officials from agencies such as the Haiphong Economic Zone Authority (HEZA) and the Ministry of Industry and Trade (MOIT).

HEZA: Haiphong Economic Zone Authority

MOIT: Ministry of Industry and Trade

In the process of collecting responses from experts in FDI inflows in Haiphong, four distinct groups were identified: FDI investors in Haiphong and neighboring areas, researchers and academics, consultants and practitioners, and policy makers or regulators. These groups encompass a diverse range of perspectives and insights related to foreign direct investment in the Haiphong region. To ensure that our analysis of FDI inflows is based on reliable and contextually relevant data, we adopted a stringent screening process for selecting respondents. In the first group of experts, Bac Ninh and Thai Nguyen were chosen as comparative regions due to their similar industrial profiles and proximity to Haiphong, allowing for an effective benchmark comparison. The

demographic characteristics of respondents are further explained in the following table.

Table 4.3: Demographic characteristics of respondents

Characteristics	Details	No of respondents	Percentage of respondents
Response rate	Questionnaire survey	20	100%
	Interview	10	60%
Affiliations	Investors	18	60%
	Researchers	5	17%
	Advisors	4	13%
	Policy makers	3	10%
Working seniority	Less than 5 years	0	-
	5-10 years	15	56%
	More than 10 years	12	44%

The survey achieved a response rate of 100%, whilst the interview had a response rate of 60%. Regarding the composition of the responses, there are 18 individuals who are investors in Haiphong and neighbors, 5 researchers, 4 advisors and 3 policy makers.

Regarding their level of experience, 44% of the participants had accumulated over 10 years of tenure in FDI sector. Among the participants, 56% have accumulated from 5 to 10 years of experience in the field while none has less than 5 years of job seniority. The weight of experts' ideas based on work experience is described in the following table.

Table 4.4: Weight of experts' ideas

Working seniority	< 5 years	5~10 years	>10 years
Weight	1	2	3

The weighting system, as depicted in Table 2.4, assigns a value of 1 to experts with less than 5 years of experience, 2 to those with 5–10 years, and 3 to

experts with over 10 years of experience. This system is grounded in the premise that greater professional experience is likely to yield more informed and stable judgments. Such an approach is consistent with the established literature on expert elicitation and ensures that the influence of each respondent's opinion on the final outcome is appropriately calibrated.

Among the four groups of experts, FDI investors in Haiphong and neighboring areas contributed the highest number of responses. This group is recognized as a key player in decision-making processes related to foreign direct investment due to their direct involvement and experience in the field. Consequently, their perspectives hold significant weight in shaping the overall understanding of FDI inflows in the Haiphong region. While 30 responses were initially collected, a rigorous consistency check led to the omission of 3 responses. This adjustment results in a final, reliable sample size of 27, ensuring that only coherent and consistent data are used in the subsequent analysis. The decision to omit inappropriate data was guided by the principle of upholding the accuracy and coherence of the information gathered. This meticulous approach ensures that the analysis and insights derived from the questionnaire responses are robust and reflective of the genuine trends and perspectives within the diverse expert groups.

4.2.3.2. Collection of data from experts

When developing a strategy to collect data from specialists, it is crucial to recognize that regardless of the chosen method, it is necessary to provide a thorough and informative explanation, along with recommendations, from the beginning. The participants must have a thorough understanding of the essential actions in order to effectively produce the relevant data. To avoid ambiguity, it is imperative to offer clarifications for the assessments made in choosing criteria, along with illustrations or definitions for both the criteria and alternatives. It is imperative to furnish thorough guidelines for both the process of comparing pairs and the utilization of the fuzzy scale. Specialists must have a thorough awareness of the exact meanings and range of the vague terms or scales used in the

questionnaire, such as "very high," "medium," "low," and similar terms (Nau, 2020).

When using the FAHP, it is common to use a numerical scale from 1 to 9 to evaluate how important a criterion is compared to others.

Table 4.5: Scale of importance for the Fuzzy-AHP analysis

AHP scale	Meaning	Convert into triangular fuzzy scale
1	Equally important	(1, 1, 1)
3	Weakly important	(2, 3, 4)
5	Fairly important	(4, 5, 6)
7	Strongly important	(6, 7, 8)
9	Absolutely important	(9, 9, 9)
2	Intermittent values	(1, 2, 3)
4		(3, 4, 5)
6		(5, 6, 7)
8		(7, 8, 9)

To capture both broad quantitative trends and in-depth qualitative insights, our data collection involved two complementary methods: a survey and interviews. A structured questionnaire was developed based on pilot testing and literature review. It was distributed both electronically and in person to 20 respondents, ensuring a broad collection of data. In addition, In-depth, semi-structured interviews were conducted with 10 experts. These interviews, held face-to-face in Haiphong and via online conferencing, provided qualitative insights. All sessions were recorded and transcribed to ensure accuracy. Both methods followed a standardized protocol, with clear instructions and definitions (e.g., clarifications for fuzzy scale terms such as ‘very high,’ ‘medium,’ and ‘low’). This dual approach enhanced the reliability of our data and supported the validity of the subsequent FAHP analysis.

The factors impacting FDI inflows are described and the survey questions to collect ideas from experts are calculated in the following tables.

Table 4.6: Factors impacting FDI inflows from Korean enterprises in Haiphong

Factors	Sub-factors	Remark	Explanation
Economics	**GRDP**	X_{11}	The total value of goods and services produced within a defined region over a specified period.
	Local supporting industries	X_{12}	Supporting industries that emphasizes the role of ancillary services and supply chain networks in enhancing operational efficiency and innovation.
	Consumer price index	X_{13}	Measures the average change in prices paid by consumers, signal economic instability and higher operational costs, deterring investment.
Social	**Industrial infrastructure**	X_{21}	Physical facilities, utilities, and services essential for industrial operations, including factories, transportation networks, utilities (electricity, water, etc.),
	Transport and logistics infrastructure	X_{22}	Physical networks and facilities such as roads, railways, ports, airports, and distribution centers that facilitate the movement of goods and services.
	Human capital	X_{23}	The knowledge, skills, and abilities of a country's workforce
	Wage rate	X_{24}	The earnings received by

			workers and the payment provided to employees or considered as labor cost
Political	**Institutional quality**	X_{31}	Regulatory frameworks that govern societal dynamics including legal regulations and laws, as well as government transparency, go integrity
	Political stability	X_{32}	The consistency and predictability of a country's political environment, characterized by peaceful transitions of power, adherence to the rule of law, and minimal political turmoil.

The responses to each inquiry are presented in tabular format, featuring selectable options in order to expedite the completion process for participants. Table 3.7 presented in this study depicts the survey question pertaining to the relative importance levels of a given criterion in comparison to others.

Table 4.7: Survey question on the relative importance of factors

Criteria	Scale																Criteria
	Absolutely more		Strongly more		Fairly more		Weakly more		Equal	Weakly more		Fairly more		Strongly more		Absolutely more	
Economic	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Social**
Economic	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Political**
Social	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Political**

Table 3.8 and 3.9 illustrates the relative significance of a sub-criteria in comparison to other sub-criteria within its respective group.

Table 4.8: Survey question on the relative importance of economic factor

Sub-Criteria	Scale									Sub-Criteria
	Absolutely	Strongly	Fairly	Weakly	Equal	Weakly	Fairly	Strongly	Absolutely	

	more		more		more		more			more		more		more		more		
X_{11}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{12}
X_{11}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{13}
X_{12}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{13}

Table 4.9: Survey question on the relative importance of social factors

Criteria	Scale																	Criteria
	Absolutely more		Strongly more		Fairly more		Weakly more		Equal	Weakly more		Fairly more		Strongly more		Absolutely more		
X_{21}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{22}
X_{21}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{23}
X_{21}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{24}
X_{22}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{23}
X_{22}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{24}
X_{23}	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	X_{24}

The survey concludes once all questions encompass the comprehensive assessment of the relative significance of all components and their respective sub-factors in relation to one another.

4.3. Application of Fuzzy AHP to examine the factors affecting FDI inflows from Republic of Korea to Haiphong city

By consulting with experts, an average pair-wise comparison matrix has been created based on the weight of each response to determine the weight assigned to each factor. The following table illustrates the matrix acquired.

Table 4.10: Pair-wise comparison matrix

Factors	Social	Economic	Political
Social	(1, 1, 1)	(5,6,7)	(2,3,4)
Economic	(0.14,0.17,0.2)	(1, 1, 1)	(0.33,0.5,1)
Political	(0.25,0.33,0.5)	(1,2,3)	(1, 1, 1)

The calculation of the fuzzy geometric mean values of the factors involves

the multiplication of matrix vectors that represent fuzzy integers.

Table 4.11: Fuzzy geometric mean value of each factor

Factors	Fuzzy geometric mean value $\tilde{r}_i$	Mean value
Social	$\tilde{r}_1 = ((1 * l_{12} * l_{13})^{\frac{1}{3}}, (1 * m_{12} * m_{13})^{\frac{1}{3}}, (1 * n_{12} * n_{13})^{\frac{1}{3}})$	(2.15,2.62,3.04)
Economic	$\tilde{r}_2 = ((\frac{1}{n_{12}} * 1 * l_{23})^{\frac{1}{3}}, (\frac{1}{m_{12}} * 1 * m_{23})^{\frac{1}{3}}, (\frac{1}{l_{12}} * 1 * n_{23})^{\frac{1}{3}})$	(0.36,0.44,0.58)
Political	$\tilde{r}_3 = ((\frac{1}{n_{13}} * \frac{1}{n_{23}} * 1)^{\frac{1}{3}}, (\frac{1}{m_{13}} * \frac{1}{m_{23}} * 1)^{\frac{1}{3}}, (\frac{1}{l_{13}} * \frac{1}{l_{23}} * 1)^{\frac{1}{3}})$	(0.63,0.87,01.14)
Sum		(3.15,3.93,4.77)
Inverse		(0.32,0.25,0.21)
Increasing order		(0.21,0.25,0.32)

Upon performing the computation of the fuzzy geometric mean values, the subsequent step involves the determination of the fuzzy weight for each factor. The comprehensive procedure for this calculation is elucidated in the subsequent table.

Table 4.12: Fuzzy weight of each factor

Factors	Fuzzy weight $\widetilde{w}_i$	Fuzzy weight value
Social	$\widetilde{w}_1 = \tilde{r}_1 \otimes (\tilde{r}_1 \oplus \tilde{r}_2 \oplus \tilde{r}_3)^{-1}$	(0.45,0.67,0.96)
Economic	$\widetilde{w}_2 = \tilde{r}_2 \otimes (\tilde{r}_1 \oplus \tilde{r}_2 \oplus \tilde{r}_3)^{-1}$	(0.08,0.11,0.19)
Political	$\widetilde{w}_3 = \tilde{r}_3 \otimes (\tilde{r}_1 \oplus \tilde{r}_2 \oplus \tilde{r}_3)^{-1}$	(0.13,0.22,0.36)

After obtaining the fuzzy weight of all criterion, the de-fuzzification procedure known as Centre of Area is utilized to determine the measured weight of each element. Table 3.13 provided illustrates the aforementioned method.

Table 4.13: Weight of each factor

Factors	Weight w_i	Weight value
Social	$w_1 = \frac{w_1^l + w_1^m + w_1^n}{3}$	0.69
Economic	$w_2 = \frac{w_2^l + w_2^m + w_2^n}{3}$	0.12

Political	$w_3 = \frac{w_3^l + w_3^m + w_3^n}{3}$	0.24

The weights calculated above represent the degree of significance assigned to each factor enabling FDI inflows from Korean enterprises in Haiphong based on expert opinions and fuzzy logic calculations. The highest weight among the three factors is assigned to the social factor, indicating that experts perceive social considerations as the most influential in attracting FDI to Haiphong. This suggests that social conditions, such as infrastructure, human and other related social indicators, are considered pivotal in the decision-making process of FDI investors. The economic factor has the lowest weight among the three factors, implying that, in the context of Haiphong, economic considerations have a relatively lower impact on FDI inflows compared to social and political factors. The lower weight suggests that these aspects are considered less critical by experts in influencing FDI decisions. The Political factor falls between the Economic and Social factors in terms of weight, indicating that political stability, government policies, and regulatory frameworks play a significant but intermediate role in attracting FDI to Haiphong. The moderate weight suggests that political considerations are important, but not as dominant as economic factors, in the decision-making process for FDI investors in Haiphong.

The last stage of the FAHP approach involves calculating the normalized weight for each factor, resulting in a total weight of one for all factors combined. The computation is delineated in the subsequent table.

Table 4.14: Normalized weight of the criteria

Factors	Normalized weight N_i	Normalized weight value	Rank
Social	$N_1 = \frac{w_1}{w_1 + w_2 + w_3}$	**0.66**	**1**
Economic	$N_2 = \frac{w_2}{w_1 + w_2 + w_3}$	**0.12**	**3**
Political	$N_3 = \frac{w_3}{w_1 + w_2 + w_3}$	**0.23**	**2**

Following the determination of the weights of the components, a consistency test was conducted. In the context of FAHP, the pair wise comparison matrix is represented by triangular fuzzy numbers. In order to calculate the consistency ratio, it is necessary to convert these numbers into crisp numbers (Freselam et al., 2014). Defuzzification is required for this. After the defuzzification process is carried out, the computation of the consistency ratio is performed according to the AHP technique. The table below demonstrates the computation of the consistency ratio for the weight assigned to each enabler in relation to FDI inflows.

Table 4.15: The calculation of consistency ratio

Factors	Social	Economic	Political	Weighted Sum	Priority	λ
Social	1	6	3	2.04	0.66	3.11
Economic	0.17	1	0.61	0.37	0.12	3.13
Political	0.36	2	1	0.70	0.23	3.09

Consistency index and consistency ratio are calculated as blow:

$$CI = \frac{\boldsymbol{\lambda}_{max} - n}{n-1} = \frac{\sum \frac{\boldsymbol{\lambda}}{\mathbf{3}} - 3}{2} = 0.05$$

$$CR = \frac{CI}{RI} = \frac{0.05}{0.58} = 0.09$$

According to the result of consistency ratio calculated above, the value less than 0.1 indicates that the expert judgments are in good agreement, and the pairwise comparisons are consistent with the principles of the AHP method. This enhances the credibility of the derived weights, contributing to a more reliable and robust decision-making process based on the fuzzy AHP analysis.

The sub-criteria weights are consistently computed using the identical methodology. Subsequently, the overall significance of each factor on a global

scale is determined by multiplying the local weight of each sub-factor with the corresponding weight of the relevant factor. The subsequent table demonstrates the methodology for calculating.

Table 4.16: Local and global weights of the criteria

Criteria	Sub-criteria	Local weight	Global weight	Rank
Social	**Industrial infra**	**0.31**	**0.20**	**1**
0.66	**Trans&Log infra**	**0.28**	**0.18**	**2**
	Human capital	**0.24**	**0.16**	**3**
	Wage rate	**0.17**	**0.11**	**5**
Economic	**GRDP**	**0.26**	**0.03**	**9**
0.12	**Local supporting industries**	**0.31**	**0.04**	**8**
	CPI	**0.43**	**0.05**	**7**
Political	**Institutional**	**0.64**	**0.15**	**4**
0.23	**quality**			
	Political stability	**0.36**	**0.08**	**6**

In interpreting the results of the Fuzzy AHP for finding the weights of factors affecting FDI inflows in Haiphong, the provided weights for each factor offer insights into their relative importance in influencing FDI decisions. The highest weight is assigned to infrastructure factors including industrial, transport and logistics ones, suggesting that experts believe that the development of infrastructure plays a significant role in attracting FDI to Haiphong. Human resource is the following most influential factors, indicating that the supply of workers and quality of workers are crucial in shaping FDI inflows in Haiphong. Targeted investments to upgrade industrial parks, modernize transportation networks, and enhance logistics facilities will not only lower operational costs but also improve the overall competitive edge of Haiphong. Furthermore, developing vocational training and educational programs can ensure that the

workforce meets the evolving needs of foreign investors, while maintaining competitive wage levels can help attract labor-intensive industries.

The institutional quality has a moderate weight, suggesting that the effectiveness, efficiency, and reliability of a region's legal, regulatory, and governance frameworks is considered important but not as decisive as infrastructure and human factors in influencing FDI decisions. However, it cannot be denied that improving governance through clear, consistent, and investor-friendly policies can bolster the region's reputation as a stable destination for FDI. Efforts to enhance the efficiency of regulatory procedures and improve transparency will be critical in attracting and retaining foreign investments.

Other Factors (wage rate, CPI, political stability and local supporting industries) are positioned between the higher and lower weights, indicating their intermediate level of influence on FDI inflows. The specific positioning of these factors in terms of weights provides valuable information about their comparative importance within the context of the study. GRDP has the lowest weight, suggesting that, according to expert opinions, the level of emphasis on GRDP is relatively low compared to other factors in attracting FDI to Haiphong.

Overall, the Fuzzy AHP results provide a clear hierarchy of factors based on their perceived importance in influencing FDI inflows. Infrastructure and human resources are identified as the most critical factors, while GRDP is considered least influential. Policymakers and stakeholders can utilize this information to prioritize efforts and policies that enhance the identified crucial factors, fostering a more favorable environment for FDI in Haiphong.

The reliability of these results is supported by detailed consistency ratio calculations and validation tests. The low inconsistency ratios suggest that expert judgments were sufficiently coherent, lending robustness to the derived weights. This methodological rigor confirms that the prioritized criteria are statistically sound and reflect genuine expert consensus on what drives FDI inflows to Haiphong. Grouping these weights produces three priority clusters - (A)

Infrastructure (industrial and logistics), (B) Governance & Institutional Environment, and (C) Skills & Supporting-industry depth – each accounting for 84 percent of total weight. These clusters provide the analytical bridge to Chapter 5: every proposed solution is mapped back to the highest-weight factor (Table 4.16) so that recommendations directly reflect empirical priorities rather than generic best practice.

SUMMARY OF CHAPTER 4

This chapter focuses on establishing the methodological foundation of the study, outlining the rationale and systematic procedures employed to evaluate the factors influencing FDI attraction, particularly from Korean enterprises into Haiphong. It begins by introducing the overarching research approach, emphasizing the importance of structured, multi-criteria decision-making methods in analyzing complex investment dynamics.

The chapter presents a critical review of several decision-making methodologies, evaluating their suitability for addressing challenges in prioritizing FDI determinants and designing effective policy solutions. Special emphasis is placed on the Fuzzy Analytic Hierarchy Process (FAHP), which is selected for its ability to incorporate both quantitative and qualitative expert assessments while handling uncertainty through fuzzy logic.

A comprehensive explanation of the FAHP methodology is provided, including its theoretical basis, the integration of fuzzy sets into traditional AHP, and its enhanced capacity to model imprecise expert judgments. The procedural steps—formulating criteria and sub-criteria, developing pairwise comparison matrices, calculating fuzzy weights, and conducting consistency checks—are thoroughly detailed.

The chapter also elaborates on how expert input is synthesized, drawing from a diverse panel that includes academic scholars, government officials, and Korean enterprise managers. This ensures the analysis reflects a balanced and

multidimensional perspective. Using the FAHP method, the study calculates the relative importance of each determinant influencing Korean FDI decisions in Haiphong, thereby offering an empirically grounded framework for solution prioritization.

By applying this methodological approach, the chapter contributes not only to the reliability and validity of the research findings but also to a clearer understanding of the strategic levers that policymakers and local authorities can act upon to enhance FDI attraction in a targeted and evidence-based manner.

CHAPTER 5. CHAPTER 5. SOLUTIONS TO PROMOTE FOREIGN DIRECT INVESTMENT FROM KOREAN ENTERPRISES INTO HAIPHONG CITY

Chapter 5 solutions are derived strictly from the FAHP priorities identified in Chapter 4. Sections 5.1–5.2 restate the top-three factor clusters. Section 5.3 aligns each solution with its corresponding factor weight of industrial and logistics infrastructure, weight of institutional quality and political stability, and human-capital and supporting-industry. Any proposal that falls outside Hai Phong's administrative mandate has been re-scoped to municipal or provincial instruments. For example leveraging the City People's Committee for streamlined site approvals rather than national-level tax holidays. This structure ensures the solution set is both evidence-based and context-appropriate for Hai Phong.

5.1. Analysis on the orientation of the central and Haiphong's government in attracting foreign direct investment

5.1.1. Orientation of Vietnamese government on attracting foreign direct investment

The Vietnamese government's approach to attracting foreign direct investment is articulated through various strategic documents, policies, and legal frameworks designed to promote sustainable socio-economic development and enhance Vietnam's position in the global investment landscape. The 10-year Socio-Economic Development Strategy 2021 - 2030, approved at the Party Congress, and Decision No. 667/QD-TTg of the Prime Minister highlight the government's commitment to fostering FDI as a crucial driver of economic growth.

Key legal documents regulating FDI activities in Vietnam include the Investment Law No. 61/2020/QH14, Law No. 03/2022/QH15 amending the Investment Law, and other related decrees and circulars issued by the government and relevant ministries. These legal frameworks provide the foundation for creating a conducive environment for foreign investors, offering

clarity and stability in investment regulations. Vietnam's state policies emphasize several strategic priorities in attracting FDI are as follows.

The government aims to attract focused foreign investment by selecting specific regions, markets, and strategic partners aligned with global and regional economic contexts. This strategy involves repositioning investment flows to reduce reliance on risky markets and prioritize connecting with global production and supply chains. Emphasis is placed on attracting green investment, high technology, and advanced management practices to drive sustainable development. Besides, Vietnam seeks to strengthen partnerships with multinational corporations, promoting collaboration for mutual development. This involves enhancing linkages between domestic production and global value chains, thereby improving Vietnam's integration and positioning within international production networks. The focus is on increasing the localization rate and value-added content of domestic businesses while promoting social responsibility and environmental protection. Furthermore, the government sets specific targets to increase the proportion of registered investment capital from key countries and territories in total foreign investment. Notable regions include Asia (Korea, Japan, Singapore, China, Taiwan, Malaysia, Thailand, India, Indonesia, Philippines), Europe (France, Germany, Italy, Spain, Russia, UK), and the Americas (United States). This regional focus reflects Vietnam's strategic approach to diversifying sources of FDI and strengthening economic ties with key international partners.

Recently in 2025, Vietnam government made new Resolution to chart a new and ambitious future to become a developed, high income country by 2045 nearly after 40 years from the major economic reforms opened the national economy in 1986. Under internal and external challenges like growth slowthing, low labor productivity and regional uncertainty, national Communist Party Portfolio has issued four landmark resolutions which was stated by General Secretary To Lam that ‘Four Pillars’ that will drive the country forward in the new era, the era of Vietnam on the rise. Four resolutions cover all aspect reforms

of national economy. Firstly Resolution 68 which is regarded as most important and urgent thing to encourage private sector with aambitious bench marks. Vietnam targets two million businesses operating mationwide by 2030 with at least 20 large enterprises participating in global value chains. Among national GDP, the private sector should contribute between 55 and 50 percentage employing about 85 percent of the workforce. Labor productivity growth in the private sector is set to reach 8.5 ~ 9.5 percent annually and technology and innivation capacity is expected to rank among the top three in Southeast Asia and the top five in Asia. To realize these goals, there are seven key inivittives. Institutional reform to eliminate the ‘ ask-give’ mechanism is the first. Legal protection for businesses by clear overlapping inspections and shift to remote audits based on digital data is the second. Resource access easily and encourage at least 30 percoent high tech and start-up firms is the third. The fourth is enterepreneurship and talent development by training 10,000 CEOs. The fifth is innovation and digital transformationby allowing p to 20 percent of taxable income to fund innovation, and allow 200 percent of Research and Development spending to be tax-deductible. Another two thinks are supply chain integration and enterprise expansion to ‘1.000 exemplary enterprises’ initiative and ‘Go Global’ program to support overseas expansiion.

Resolution 57 is emphasing science and technology under the adaption in December 2024, it calls for science, technology, innovation, and digital transformation to become the top breakthrough and the main engine for rapid development of modern productive forces. It emphasize R&D importance and fully commit to make R&D lead national development.

Resolution 66 is the ground to enable the reform realize by making legal reform issue on April of 2025. This resolution set key goals for the Vietnam to aim transparent, unified and feasible legal system that supports streramlined governamce, completing a full legal reform for the three-tier government by 2027.

Resolution 59 with international integration approved on January of 2025

defines international integration as a comprehensive, strategic endeavour that requires initiative and resilience.

With these four resolution, they are closely linked and interdependent to support each other. To make these resolution to be success, leaders require to make urgent action in 2025 as a gateway year to the 2045 goal. Issuing action plan for each resolution, reviewing and amending laws, launching major program for R&D, advancing various trade pacts and a potential free trade agreement with the US, improvingthe business climate, creating specialized implementation task forces, training legal, tech and business leaders, expanding public outreach and consensus building and all Vietnameses should become pioneers in national development. These resolutions will be a clear guideline for Vietnam future economy.

Therefore, it can be seen that Vietnam's state policies and strategic orientations for attracting FDI underscore the importance of targeted investment promotion, cooperation with multinational corporations, and regional diversification of investment sources. By leveraging legal frameworks and policy incentives, Vietnam aims to enhance its competitiveness, promote sustainable development, and maximize the socio-economic benefits derived from foreign investment.

5.1.2 Orientation on attracting FDI in Haiphong

The viewpoints and orientations for attracting foreign direct investment in Hai Phong, Vietnam, are clearly delineated through several strategic documents and action programs aimed at fostering economic growth, promoting sustainable development, and enhancing the city's competitiveness in the global investment landscape.

Resolution 45-NQ/TW of the Politburo outlines the strategic framework for building and developing Hai Phong City until 2030, with a vision to 2045. This resolution provides a comprehensive roadmap for socio-economic development, infrastructure improvement, and investment promotion in Hai Phong, emphasizing the importance of leveraging FDI to drive economic growth.

Resolution No. 30-NQ/TW of the Politburo focuses on socio-economic development and national defense in the Red River Delta until 2030, with a vision to 2045. This resolution underscores the regional context within which Hai Phong operates and highlights the strategic significance of the city's development in the broader socio-economic landscape.

The Hai Phong city planning period 2021 - 2040, with a vision to 2050, provides a detailed blueprint for urban development, industrial expansion, and infrastructure modernization. This long-term planning framework integrates FDI attraction strategies into the city's development trajectory, aligning investment priorities with sustainable growth objectives.

In terms of action program, Action Program No. 76-CTr/TU of the Standing Committee of Hai Phong City Party Committee operationalizes Resolution 45-NQ/TW, outlining specific measures and initiatives to implement strategic objectives. This action program emphasizes the importance of improving investment promotion efforts, enhancing trade relations, and exploring new markets for Hai Phong's industrial products.

With respect to investment promotion, in Hai Phong, private capital and FDI are recognized as vital resources for driving economic growth and ensuring sustainable budget contributions. Efforts are focused on improving the effectiveness of investment promotion, trade facilitation, and market development, leveraging advantages from Vietnam's free trade agreements (FTAs) with various countries.

The city's strategy for attracting FDI prioritizes key economic sectors such as high technology, environmentally friendly industries, and projects that contribute significantly to budget revenues. Emphasis is placed on promoting research and development, technology transfer, and value chain integration to enhance the competitiveness of domestic enterprises and foster industrial linkages. Partnerships with strong markets and investors, including Japan, the United States, the European Union, and Korea, are prioritized to attract high-quality FDI. Creating a favorable investment environment, characterized by

transparent regulations, efficient administrative procedures, and supportive infrastructure, is essential to attracting foreign investors and fostering long-term partnerships.

To sum up, Hai Phong's strategy for attracting FDI is anchored in comprehensive political resolutions, city planning frameworks, and action programs that prioritize key economic sectors, enhance investment promotion efforts, and foster strategic partnerships with international investors. By leveraging these strategic orientations and policy frameworks, Hai Phong aims to position itself as a dynamic and attractive destination for foreign investment, driving sustainable economic development and regional integration.

5.2. Strategic analysis on the current situation of FDI from Korean enterprises in Haiphong city

Before conducting a SWOT analysis of Korean FDI in Haiphong, it is crucial to recognise five macro-level shifts that have reshaped Korean investment decisions since 2020. First, supply-chain resilience: the COVID-19 shock, semiconductor shortages and the Russia-Ukraine war have accelerated “China + 1 + X” diversification, prompting Korean chaebols to rebalance production footprints toward politically trusted, mid-cost locations. Second, geo-economic fragmentation: US–China tech decoupling, the Inflation Reduction Act and the OECD’s 15 % global-minimum-tax regime have altered cost–benefit calculations and made treaty coverage a decisive site-selection filter. Third, carbon and ESG imperatives: Korea’s 2050 net-zero pledge, the EU’s CBAM and major customers’ Scope-3 requirements mean that new overseas plants must access renewable power, green logistics and verifiable ESG compliance – areas in which Haiphong is rapidly scaling such as the VEA rooftop-solar programme and the Lach Huyen cold-ironing pilot. Fourth, Industry 4.0 adoption: pandemic-era remote operations, 5G and smart-factory roll-outs have increased the premium on industrial zones that offer fibre backbones, 24/7 data centres and automation-ready utilities. Finally, domestic policy resets – notably Vietnam’s

Power Development Plan VIII, the National Digital Transformation Strategy and the 2024 amendments to the Investment Law (which clarify land-lease terms and global-minimum-tax offsets) have significantly enhanced Haiphong's investment proposition.

To further enhance the strategic relevance and depth of the SWOT analysis, Haiphong's position can be clearly contextualized through comparisons with other key Vietnamese provinces that have successfully attracted Korean FDI, notably Bac Ninh and Ho Chi Minh City. Bac Ninh, located adjacent to Hanoi, has excelled in attracting Korean FDI, particularly from major corporations like Samsung, thanks to its proximity to the capital, excellent industrial infrastructure, robust local supplier networks, and proactive local governance that streamlines administrative procedures and offers tailored incentives. Bac Ninh's well-developed industrial clusters have created significant agglomeration benefits that Haiphong can benchmark against, particularly in the electronics and high-tech manufacturing sectors.

Ho Chi Minh City, as Vietnam's economic hub, offers an entirely different competitive landscape, driven by extensive urban infrastructure, well-established service sectors, advanced human capital, and highly developed social amenities. These elements allow HCMC to attract Korean FDI not only in manufacturing but also in high-value services such as finance, logistics management, and technology development. Haiphong, by comparison, must clearly position itself by emphasizing its unique advantages, such as strategic maritime connectivity, closer proximity to the Chinese and East Asian markets, and specific infrastructure tailored for industries such as shipbuilding, automotive, logistics, and heavy manufacturing, which differ from those predominantly attracted to HCMC.

In recognizing these comparative perspectives, Haiphong's SWOT analysis can more effectively identify both unique competitive edges and critical areas for improvement, allowing it to strategically differentiate itself from Bac

Ninh and HCMC. By learning from these provinces, Haiphong can better capitalize on its distinctive strengths and address the critical weaknesses that have limited its potential to fully exploit the Korean FDI inflow opportunities.

5.2.1. Strengths

Haiphong, located in northern Vietnam, possesses several key strengths that make it an attractive destination for FDI. This part aims to analyze and highlight these strengths, supported by evidence, data, and relevant examples.

5.2.1.1. Geographical location and proximity to markets

Haiphong's strategic geographic location is a pivotal strength that significantly contributes to its attractiveness for FDI. Situated in northern Vietnam, Haiphong serves as a vital gateway to the North and enjoys close proximity to the lucrative Chinese market. This advantageous position offers numerous logistical benefits and business opportunities for foreign investors seeking to establish manufacturing or distribution hubs in the region.

Haiphong's proximity to the Chinese market is particularly advantageous for international trade and investment. China is a key global economic powerhouse and a major trading partner for Vietnam. Being near this market enables Haiphong-based businesses to leverage China's supply chains, access raw materials, and tap into consumer markets. This geographic advantage reduces transportation costs and facilitates efficient supply chain management, making Haiphong an attractive destination for FDI from Chinese and international companies alike.

Haiphong's location along major transportation routes, including roadways and waterways, enhances its connectivity to domestic and international markets. The city is strategically positioned along Vietnam's coastal corridor and has access to modern transportation infrastructure. Notably, the Lach Huyen Deep Sea Port, inaugurated in 2018, stands out as one of the largest deep-water ports in Vietnam. This state-of-the-art port facility accommodates large cargo

vessels and facilitates efficient maritime trade activities. The presence of such modern infrastructure strengthens Haiphong's role as a key trading gateway, attracting international shipping and trade activities and further enhancing its appeal to foreign investors.

The logistical benefits derived from Haiphong's geographic location make it an ideal location for foreign investors looking to establish manufacturing or distribution operations. The city's proximity to major markets allows for shorter lead times and reduced transportation costs, factors that are critical for optimizing supply chain efficiency. Additionally, the availability of a deep-water port like Lach Huyen facilitates the import and export of goods, supporting the growth of export-oriented industries and attracting multinational corporations seeking efficient trade routes.

The inauguration of the Lach Huyen Deep Sea Port represents a significant milestone in Haiphong's economic development and FDI attraction strategy. This modern port infrastructure accommodates large container ships and supports international shipping activities, enabling Haiphong to handle increased trade volumes and expand its role as a regional trading hub. The port's capacity to handle diverse cargo types and its strategic location along the coast enhance Haiphong's competitiveness in attracting FDI, particularly in industries reliant on efficient logistics and global supply chains.

Therefore, Haiphong's strategic geographic location, with its proximity to major markets and modern transportation infrastructure, positions the city as a compelling destination for FDI. The logistical advantages offered by this strategic location enable Haiphong to support diverse industries, enhance trade connectivity, and drive economic growth. Foreign investors seeking to capitalize on Vietnam's growing economy and regional integration can leverage Haiphong's geographic strengths to establish successful and sustainable business operations in the northern region.

5.2.1.2. Complete transportation infrastructure

Haiphong's robust transportation infrastructure is a key strength that enhances its attractiveness for FDI. The city boasts well-developed road networks, a modern deep-sea port, and proximity to international airports, offering significant logistical advantages to businesses and investors operating in the region. The presence of comprehensive transportation infrastructure in Haiphong facilitates seamless connectivity and efficient movement of goods within the city and across national and international borders. Well-maintained road networks enable smooth transportation of raw materials and finished products to and from industrial zones, commercial centers, and export terminals. This efficient connectivity reduces transportation costs for businesses and contributes to the overall competitiveness of Haiphong as an investment destination.

Haiphong's modern deep-sea ports play a pivotal role in facilitating international trade and attracting FDI. The ports and logistics facilities accommodates large cargo vessels and supports diverse maritime activities, including container shipping and bulk cargo handling. Foreign investors benefit from the port's capabilities in handling increased trade volumes, improving supply chain efficiency, and enabling access to global markets. The port's proximity to industrial zones further enhances its appeal to investors looking to establish manufacturing or export-oriented businesses.

Besides, investments made by the Haiphong Department of Transport in expanding and upgrading the city's road network have significantly enhanced accessibility to industrial zones and key economic areas. Improved road infrastructure reduces transit times, facilitates smoother traffic flow, and increases accessibility to production facilities and distribution centers. Foreign investors benefit from enhanced connectivity to strategic locations within Haiphong, supporting operational efficiency and productivity.

Data from the Haiphong Department of Transport underscores the city's commitment to infrastructure development. Significant investments in expanding and upgrading road networks demonstrate Haiphong's proactive

approach in improving transportation facilities to support economic growth and attract FDI. These infrastructure investments not only benefit local businesses but also contribute to Haiphong's competitiveness on a regional and global scale.

The availability of comprehensive transportation infrastructure in Haiphong has attracted multinational corporations and foreign investors seeking to capitalize on Vietnam's growing economy. Companies such as LG Electronics, LG Display, and Heesung Electronics have established manufacturing facilities in Haiphong, leveraging the city's transportation advantages to streamline operations and access international markets. This influx of FDI contributes to job creation, technology transfer, and overall economic development in Haiphong and the surrounding region.

Hence, Haiphong's robust transportation infrastructure, characterized by well-developed road networks, a modern deep-sea port, and improved accessibility to industrial zones, serves as a significant strength in attracting FDI. Foreign investors benefit from efficient connectivity, reduced transportation costs, and enhanced supply chain efficiency, making Haiphong an ideal location for business expansion and investment in Vietnam's dynamic market. Continued investments in transportation infrastructure will further bolster Haiphong's competitiveness and position the city as a strategic hub for regional trade and investment.

In comparison to Bac Ninh, which predominantly relies on road infrastructure, Haiphong holds a significant competitive advantage with its deep-water port capabilities, crucial for industries dependent on maritime logistics. Conversely, while Ho Chi Minh City offers extensive logistics infrastructure, Haiphong provides faster and cost-efficient maritime access to East Asian markets.

5.2.1.3. Foundation for urban economic development

Haiphong's status as a major urban center in Vietnam, supported by a solid foundation for economic development, serves as a key strength that enhances its

attractiveness for FDI. The city's well-developed urban infrastructure, thriving commercial districts, and strategically planned industrial zones create a conducive environment for business growth and investment, attracting foreign investors seeking stable and dynamic business opportunities.

Haiphong's urban infrastructure is characterized by modern amenities, well-maintained road networks, and commercial districts that cater to diverse industries and business activities. The city's central business district offers a range of services, including banking, legal, and consulting services, supporting the needs of foreign investors and multinational corporations. The presence of commercial hubs enhances Haiphong's appeal as a hub for trade and commerce, facilitating business transactions and networking opportunities. Haiphong's strategically planned industrial zones and business parks provide dedicated areas for manufacturing, logistics, and technology industries. These zones offer infrastructure, utilities, and incentives tailored to attract foreign investment. Notable industrial parks in Haiphong, such as VSIP Haiphong and Nam Dinh Vu Industrial Park, have attracted multinational corporations and foreign investors, contributing to job creation, technology transfer, and economic growth.

Haiphong's GRDP serves as a tangible indicator of the city's economic performance and attractiveness to investors. The consistent positive growth of Haiphong's GRDP reflects the city's economic resilience, stability, and potential for sustained development. Investors are drawn to Haiphong's growing economy, favorable business climate, and opportunities for expansion and diversification. According to the General Statistics Office of Vietnam, Haiphong's GRDP growth over the past decade can be divided into two distinct phases. From 2011 to 2015, the city experienced an average annual growth rate of 7.1%. Subsequently, from 2016 to 2019 (excluding 2020), Haiphong's GRDP growth soared to an impressive average of 14.7% per year, marking a significant increase compared to the earlier period. Even amidst the challenges of the COVID-19 pandemic in 2020, Haiphong achieved a growth rate of 11.2%, surpassing the national average of 2.9%. In the first nine months of 2021, despite ongoing economic

disruptions due to COVID-19, Haiphong sustained a remarkable growth rate of 12.3%, significantly outpacing the national growth rate of 1.42% during the same period. Haiphong's effective containment measures against COVID-19 have contributed to its economic resilience and sustained growth momentum, positioning the city favorably for continued economic expansion in the future.

Haiphong's strategic location near major transportation routes, including roadways, railways, and waterways, enhances its connectivity to regional and global markets. The city's proximity to Hanoi and international airports facilitates efficient movement of goods and people, supporting international trade and business activities. Foreign investors benefit from Haiphong's strategic position as a gateway to Northern Vietnam and its accessibility to key economic centers in the region. Haiphong's solid urban foundation and economic growth trajectory position the city as a promising destination for FDI in emerging sectors such as technology, renewable energy, and advanced manufacturing. Continued investments in urban infrastructure, innovation hubs, and sustainable development initiatives will further enhance Haiphong's competitiveness and attractiveness to investors seeking long-term growth opportunities in Vietnam.

Therefore, Haiphong's strong urban foundation, characterized by robust infrastructure, thriving commercial districts, and strategic industrial zones, serves as a significant strength in attracting FDI. The city's economic resilience, evidenced by positive GRDP growth, underscores its appeal to foreign investors seeking stable and dynamic business environments. By leveraging its urban strengths and fostering sustainable development, Haiphong is poised to emerge as a leading investment destination in Vietnam's evolving economic landscape.

5.2.1.4. Initiative of the city government and central government support

Haiphong's proactive city government plays a crucial role in fostering entrepreneurship, supporting investment, and creating a favorable business environment for FDI. The government's initiatives to streamline administrative

procedures, offer incentives, and support business development contribute significantly to Haiphong's attractiveness as an investment destination.

Haiphong's city government has implemented measures to simplify and streamline administrative procedures related to business registration, licensing, and permits. By reducing bureaucratic hurdles and improving efficiency in regulatory processes, the government enhances the ease of doing business in Haiphong. Foreign investors benefit from expedited processes, enabling faster project implementation and operational startup. Besides, Haiphong's government offers a range of incentives and support programs to attract and retain investors. These incentives may include tax breaks, land lease preferences, and financial subsidies for eligible projects. Additionally, the government provides business advisory services, access to infrastructure, and networking opportunities to facilitate business development and expansion. These initiatives create a conducive environment for investment and entrepreneurship in Haiphong. Also, Haiphong receives support from the Central Government of Vietnam through infrastructure investments and policy frameworks that promote FDI. Central government initiatives focus on developing key infrastructure projects, such as transportation networks, industrial zones, and utilities, to enhance Haiphong's connectivity and competitiveness. Policy frameworks, including preferential trade agreements and investment incentives, further encourage foreign investors to choose Haiphong as a strategic investment location.

The World Bank's Doing Business report consistently ranks Vietnam, including Haiphong, among the top improvers for ease of doing business. This ranking reflects the positive efforts of Vietnam's government, including Haiphong's city government, in implementing reforms to improve the business climate and attract investment. The report highlights Haiphong's commitment to regulatory transparency, efficiency, and investor-friendly policies, which contribute to its favorable reputation among foreign investors. According to the World Bank's Doing Business report for 2020, Vietnam ranked 70 globally for ease of doing business, showcasing the effectiveness of government reforms in

creating a business-friendly environment. Haiphong's specific contributions to these improvements are evident through streamlined administrative procedures and proactive investment promotion initiatives.

Haiphong's proactive city government and collaborative efforts with the Central Government position the city for continued growth and investment attraction. Continued policy reforms, infrastructure investments, and business support initiatives will further enhance Haiphong's competitiveness as a preferred destination for FDI. By maintaining a conducive investment climate and fostering innovation, Haiphong is poised to capitalize on emerging opportunities and sustain its economic development trajectory in the global marketplace.

In summary, Haiphong's strengths in geographic location, transportation infrastructure, skilled labor force, urban foundation, government initiatives, and central support create an attractive investment environment for foreign businesses. These strengths position Haiphong as a promising destination for FDI, driving economic growth and fostering long-term prosperity for the city and its stakeholders.

5.2.2. Weaknesses

Haiphong, despite its many strengths, faces several challenges and weaknesses that affect its ability to attract FDI. This chapter aims to analyze these weaknesses and their implications for Haiphong's investment climate, supported by evidence, data, and relevant examples.

5.2.2.1. Shortage of skilled workforce and difficulty in attracting talent

Although possessing workforce with relatively high qualifications, compared to workforce demand, Haiphong still lacks skilled workforce, particularly in attracting well-off households, poses a significant challenge to its ability to attract FDI and sustain economic growth. The city's labor market struggles to meet the demands of foreign investors seeking specialized skills and

expertise, hindering the development of industries requiring advanced technical knowledge and innovation.

Haiphong faces challenges in attracting and retaining skilled workers, especially in key sectors such as manufacturing, technology, and logistics. According to a recent report from HEZA, the city's labor market encounters difficulties in recruiting and retaining talent with specialized skills and industry experience. This shortage of skilled labor can limit Haiphong's capacity to support FDI projects and promote economic diversification. The availability of skilled labor is crucial for attracting and sustaining FDI in Haiphong. Foreign investors rely on a qualified workforce to drive innovation, enhance productivity, and maintain competitive advantages in the global market. The shortage of skilled workers may deter investors from establishing or expanding operations in Haiphong, particularly in knowledge-intensive industries that require specialized expertise.

The skilled workforce shortage in Haiphong poses implications for the city's economic growth and development. Industries requiring advanced technical skills, such as information technology, engineering, and biotechnology, may face challenges in finding qualified professionals to support business activities. This limitation can inhibit innovation, research, and development efforts, impacting Haiphong's competitiveness in the regional and global economy.

To address the skilled workforce shortage, Haiphong's government and relevant stakeholders are implementing targeted initiatives and policies, including investment in education and training, industry-academic partnerships, workforce development programs and talent attraction and retention strategies. Addressing the skilled workforce shortage is essential for Haiphong to enhance its attractiveness as an investment destination and foster sustainable economic growth. By investing in human capital development, promoting industry collaboration, and implementing targeted workforce strategies, Haiphong can position itself as a hub for innovation, talent, and FDI in Vietnam's evolving

economy. Continued efforts to address the skills gap will be critical for unlocking Haiphong's full potential and driving long-term prosperity.

This skilled labor constraint contrasts significantly with Ho Chi Minh City's robust human capital supported by numerous prestigious universities, and Bac Ninh's proactive labor policies and educational partnerships tailored specifically to Korean investors' needs.

5.2.2.2. Limited availability of clean land for industrial development

Haiphong's industrial development is hampered by the limited availability of clean and suitable land for investment purposes, which poses significant challenges for attracting FDI and supporting economic growth. The high recovery costs associated with contaminated land and the scarcity of ready-to-develop parcels deter potential investors from establishing operations in the city, impacting Haiphong's capacity to accommodate new businesses and expansion projects.

The shortage of clean industrial land in Haiphong restricts the city's ability to meet the demand for investment from domestic and foreign businesses. The recovery and redevelopment of contaminated industrial sites can be costly and time-consuming, posing challenges for investors seeking ready-to-develop land parcels. The limited availability of suitable industrial land may lead to increased land prices and competition among investors, further complicating the investment landscape in Haiphong. The scarcity of industrial land in Haiphong negatively impacts its attractiveness for FDI. Investors may face uncertainties and additional costs associated with land remediation and environmental compliance, reducing the overall appeal of the city as an investment destination. The lack of available land for industrial development may limit Haiphong's capacity to accommodate new manufacturing facilities, logistics centers, and industrial parks, hindering economic diversification and job creation.

The cleanup and redevelopment of contaminated industrial sites in

Haiphong exemplify the challenges associated with limited industrial land availability. Investors seeking ready-to-develop land parcels must navigate complex regulatory processes, environmental assessments, and remediation efforts, adding significant costs and delays to investment projects. The time-consuming nature of land cleanup can deter potential investors looking for efficient and cost-effective development opportunities.

Addressing the limited availability of industrial land is critical for Haiphong to unlock its economic potential and attract sustainable FDI. By implementing targeted land use policies, remediation strategies, and infrastructure investments, Haiphong can create a conducive environment for investment, job creation, and economic development. Continued efforts to expand industrial land supply and streamline regulatory processes will be essential for positioning Haiphong as a competitive and attractive investment destination in Vietnam's evolving economy.

5.2.2.3. Underdeveloped transportation infrastructure

Haiphong's transportation infrastructure, including railway, aviation, and inland waterway traffic, is underdeveloped compared to other major urban centers in Vietnam. This deficiency poses significant challenges that hinder the city's ability to attract FDI, impacting supply chain efficiency, market accessibility, and connectivity with key economic hubs.

Haiphong's railway network is not as extensive or advanced compared to other urban centers like Hanoi or Ho Chi Minh City. Limited railway connectivity restricts efficient cargo transportation and passenger mobility, affecting Haiphong's integration into regional and national transportation networks. Besides, although Haiphong is served by Cat Bi International Airport, the airport's capacity and connectivity may be insufficient to meet the demands of growing economic activities. Inadequate air transport options limit Haiphong's accessibility for international investors and impede business travel, affecting the city's competitiveness in the global market. Despite Haiphong's coastal location

and access to inland waterways, further development and optimization of water transport systems are needed. Limited inland waterway traffic constrains Haiphong's capacity to leverage its maritime advantages for trade and logistics operations, impacting the city's role as a regional economic hub.

The underdeveloped transportation infrastructure in Haiphong can disrupt supply chain efficiency and market accessibility for businesses operating in the city. Delays in cargo transportation, limited air cargo capacity, and constraints in waterway traffic increase logistics costs and operational challenges. Foreign investors evaluating Haiphong as an investment destination may consider these transportation limitations when assessing the feasibility of business operations. According to HEZA (2024), Haiphong's transportation infrastructure requires significant investment to enhance connectivity and support economic development. The data highlights the need for targeted infrastructure upgrades and investments in railway, aviation, and waterway networks to address transportation bottlenecks and improve Haiphong's competitiveness as an investment destination. The example of infrastructure investment in Haiphong's transportation sector underscores the importance of addressing transportation challenges to attract FDI. Targeted investments in railway expansions, airport upgrades, and waterway developments can enhance connectivity, reduce logistics costs, and stimulate economic growth. These improvements will contribute to Haiphong's ability to attract and retain investors seeking efficient transportation networks and market connectivity.

Investing in transportation infrastructure is essential for enhancing Haiphong's competitiveness and attractiveness as an investment destination. By addressing transportation challenges, Haiphong can unlock its economic potential, promote sustainable growth, and position itself as a strategic hub for trade, investment, and logistics in Vietnam's dynamic economy. Continued efforts to improve transportation networks will be crucial for driving Haiphong's economic development and facilitating long-term prosperity.

5.2.2.4. Lack of developed urban areas and social infrastructure

Haiphong's underdeveloped urban areas and social infrastructure present significant challenges that impact the city's ability to attract FDI and foster a conducive business ecosystem. The deficiency in large universities, advanced healthcare facilities, and modern amenities detracts from Haiphong's appeal as an investment destination, particularly for investors seeking a well-established urban environment with access to essential services and amenities.

Haiphong lacks major universities and higher education institutions compared to cities like Hanoi and Ho Chi Minh City. The absence of top-tier educational institutions limits opportunities for knowledge-intensive industries, research collaborations, and talent development, affecting the city's innovation potential and workforce quality. Also, the availability of advanced healthcare facilities in Haiphong is limited, impacting the quality of healthcare services accessible to residents and expatriates. The deficiency in specialized medical services and treatment options may discourage investors concerned about healthcare access and employee well-being. Haiphong's urban landscape lacks modern amenities such as shopping malls, recreational centers, and cultural venues commonly found in larger cities. The absence of vibrant urban spaces and lifestyle amenities diminishes Haiphong's appeal for international investors and skilled professionals seeking a high quality of life.

The underdeveloped urban areas and social infrastructure in Haiphong can deter foreign investors seeking well-established business ecosystems with access to essential services and amenities. The absence of top-tier universities, advanced healthcare facilities, and modern amenities may hinder talent attraction, limit knowledge-intensive industry growth, and affect the overall business environment's attractiveness. Haiphong's urban infrastructure development lags behind major cities like Hanoi and Ho Chi Minh City. The data underscores the need for targeted investments in higher education, healthcare, and urban amenities to enhance Haiphong's competitiveness and support sustainable economic growth. The absence of major universities and advanced healthcare

facilities in Haiphong limits opportunities for knowledge-intensive industries such as technology, biotechnology, and research. Investors may prefer locations with robust educational and healthcare ecosystems to support innovation, talent development, and industry collaboration.

Investing in urban and social infrastructure is essential for enhancing Haiphong's attractiveness as an investment destination and fostering sustainable economic development. By prioritizing infrastructure development initiatives, Haiphong can unlock its potential, improve its competitive edge, and position itself as a vibrant hub for business, innovation, and quality living in Vietnam's evolving economy. Continued efforts to address urban infrastructure challenges will be crucial for driving Haiphong's long-term growth and prosperity.

5.2.2.5. Underdeveloped service sector

Haiphong's underdeveloped service sector, particularly in modern services such as finance, banking, legal services, and business support, presents significant challenges that impact the city's ability to attract FDI and support diversified economic growth. The lack of sophisticated service offerings may hinder multinational corporations (MNCs) seeking comprehensive business support and financial services, limiting Haiphong's competitiveness as an investment destination.

Haiphong's service sector lacks diversity and sophistication compared to major urban centers. The deficiency in modern services such as finance, banking, legal services, and business support may impede MNCs' ability to access specialized expertise and professional services required for complex business operations. The underdeveloped service sector in Haiphong may lack robust business support infrastructure, including industry-specific consulting firms, legal advisors, and financial institutions. The absence of comprehensive support services can deter investors seeking a conducive business environment with access to expert guidance and assistance. More to the point, Haiphong's financial services industry may be limited in scope and capability, affecting the

availability of banking, investment, and capital financing options for businesses. The lack of sophisticated financial services can restrict investment opportunities and hinder economic development.

The underdeveloped service sector in Haiphong poses challenges for attracting FDI, particularly from MNCs seeking a well-established business ecosystem with comprehensive service offerings. The deficiency in modern services may deter investors looking for sophisticated financial, legal, and business support, impacting Haiphong's competitiveness in the global market. Haiphong's service sector requires investment and development to enhance competitiveness and meet the demands of a growing economy. The data highlights the need for targeted initiatives and investments to strengthen Haiphong's service infrastructure and support the city's economic diversification.

Investing in the development of Haiphong's service sector is essential for enhancing the city's competitiveness and attractiveness as an investment destination. By prioritizing service sector development initiatives, Haiphong can strengthen its business ecosystem, support economic diversification, and facilitate sustainable growth. Continued efforts to promote service sector investments and enhance service capabilities will be crucial for positioning Haiphong as a preferred hub for business and investment in Vietnam's evolving economy.

5.2.2.6. Slow development of domestic business force

Haiphong's slow domestic business development, characterized by the limited presence of domestic manufacturing corporations and headquarters, poses significant challenges that impact the city's ability to attract FDI and foster economic diversification. The lack of a robust domestic business force may hinder Haiphong's resilience and expose the local economy to risks associated with dependence on a small number of companies or projects for budget revenue.

Haiphong's business landscape is dominated by MNCs and foreign investors, with relatively few domestic manufacturing corporations establishing

headquarters or major production facilities in the city. The slow development of domestic enterprises may limit economic diversification and innovation, affecting Haiphong's competitiveness and long-term growth prospects. Moreover, the reliance on foreign investment and MNCs for economic activities may expose Haiphong to external shocks and business downturns. The lack of a robust domestic business force can increase the city's vulnerability to global economic fluctuations and geopolitical uncertainties. Also, Haiphong's dependence on a small number of companies or projects for budget revenue highlights the risks associated with revenue concentration. A limited domestic business base may affect tax revenue generation and fiscal sustainability, impacting the city's capacity to fund essential services and infrastructure development.

The slow development of Haiphong's domestic business force may impact its attractiveness for FDI, particularly from investors seeking a diversified and resilient business ecosystem. The reliance on foreign investors and MNCs may deter prospective investors looking for opportunities to collaborate with local enterprises and foster inclusive economic growth. Haiphong's domestic business sector faces challenges in terms of growth and expansion, with limited headquarters and major production facilities established by domestic enterprises. The data underscores the need for targeted initiatives to promote domestic entrepreneurship and support the development of local businesses. Haiphong's reliance on a few key companies or projects for budget revenue exemplifies the vulnerability of the local economy to external shocks and business fluctuations. Economic dependencies on specific industries or foreign investors may amplify risks associated with revenue concentration, highlighting the importance of diversifying Haiphong's economic base.

Investing in domestic business development is essential for enhancing Haiphong's economic resilience, promoting inclusive growth, and attracting sustainable FDI. By prioritizing initiatives to support local entrepreneurship and diversify economic activities, Haiphong can strengthen its business ecosystem,

reduce dependency on foreign investment, and foster long-term prosperity. Continued efforts to promote domestic business growth will be crucial for positioning Haiphong as a dynamic and resilient investment destination in Vietnam's evolving economy.

In conclusion, Haiphong's weaknesses in skilled workforce availability, land for industrial development, transportation infrastructure, urban development, service sector maturity, domestic business development, and budget revenue diversification pose challenges for attracting FDI and sustaining economic growth. Addressing these weaknesses through targeted investments, policy reforms, and capacity-building initiatives will be essential to enhancing Haiphong's competitiveness and attractiveness as an investment destination in Vietnam.

5.2.3. Opportunities

Haiphong, positioned strategically within Vietnam's economic landscape, presents compelling opportunities to attract FDI amidst evolving international dynamics and regional economic developments. This chapter analyzes key opportunities that Haiphong can leverage to enhance its FDI attractiveness, supported by empirical evidence and data-driven insights.

5.2.3.1. International integration and new generation FTAs

Haiphong, as a key economic hub in Vietnam, stands poised to capitalize on the benefits derived from the country's active participation in international trade agreements, particularly the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA). These agreements have significant implications for enhancing market access, reducing trade barriers, and fostering investment flows, thereby positioning Haiphong as an appealing destination for MNCs aiming to expand their presence in the Southeast Asian region.

The CPTPP and EVFTA provide Haiphong with expanded market access to major global economies, including those in the Asia-Pacific region and Europe.

By lowering tariffs and eliminating non-tariff barriers, these agreements facilitate smoother trade transactions, making it more attractive for foreign investors to establish operations in Haiphong. The improved market access increases opportunities for export-oriented industries based in Haiphong to reach international markets competitively. Since the enactment of the EU-Vietnam Free Trade Agreement (EVFTA) in August 2020, there has been a significant increase in trade and investment from Europe, according to Vietnam Briefing in 2023. EU-Vietnam trade saw a notable surge of 14.8 percent in 2021, reaching US$63.6 billion. This growth was primarily driven by investments from several EU countries in renewable energy and other key sectors of Vietnam's expanding economy.

Haiphong's strategic location and well-developed infrastructure position it as a key gateway for European businesses looking to access the Vietnamese market and expand their operations in Southeast Asia. The city's proximity to major industrial zones, transportation networks, and the Lach Huyen Deep Sea Port facilitate efficient trade and logistics activities, enabling seamless integration of European investments into Haiphong's economy. Trade statistics and port activity reports demonstrate Haiphong's role as a critical entry point for European goods and investments entering Vietnam. The Lach Huyen Deep Sea Port, inaugurated in 2018, has significantly enhanced Haiphong's maritime connectivity and trade facilitation capabilities.

Haiphong's strategic location, coupled with the benefits derived from international trade agreements such as the CPTPP and EVFTA, positions the city as an attractive investment destination for multinational corporations seeking regional expansion and market diversification. The positive impact of these agreements on market access, trade facilitation, and investment promotion underscores Haiphong's potential to emerge as a dynamic economic hub in Vietnam's evolving business landscape. Continued efforts to leverage international trade opportunities and enhance business infrastructure will be instrumental in maximizing Haiphong's role as a preferred destination for foreign

investment and economic growth.

5.2.3.2. China + 1 strategy and investment diversification

Haiphong stands to benefit significantly from the global trend of "Moving out of China" (China + 1 strategy), which presents a compelling opportunity to attract investment from MNCs seeking to diversify their manufacturing and supply chain operations. The city's strategic location, skilled labor force, and competitive operating costs position it as an attractive alternative to China for investments in manufacturing, electronics, and logistics industries.

Haiphong's proximity to major international shipping routes and its connectivity to key markets in Southeast Asia make it an ideal location for companies looking to establish regional production hubs. The city's strategic positioning facilitates efficient logistics and distribution, enabling businesses to reach global markets effectively. Haiphong has experienced a surge in investment from MNCs relocating production facilities from China to Vietnam. This trend underscores the city's strategic appeal as part of the "China + 1" strategy, contributing to Haiphong's industrial growth and creating new employment opportunities. The city boasts a relatively skilled labor force compared to neighboring regions, with expertise in manufacturing, technology, and logistics. The availability of skilled workers enables companies to maintain operational efficiency and quality standards while reducing production costs compared to labor markets in China. Statistics from the Haiphong Department of Labor indicate a steady increase in skilled labor participation in key industries, reflecting the city's capacity to meet the demands of multinational investors seeking specialized workforce

Haiphong offers competitive operating costs, including lower labor costs and favorable tax incentives, making it economically advantageous for companies seeking cost-effective alternatives to China. The city's business-friendly environment and investment incentives further enhance its attractiveness as an investment destination. Comparative cost analysis demonstrates

Haiphong's cost competitiveness relative to other manufacturing locations in the region, supporting its appeal as part of the "China + 1" strategy for multinational corporations. The influx of investment from MNCs relocating from China to Haiphong has contributed significantly to the city's industrial growth and economic development. This trend has spurred job creation, technology transfer, and infrastructure development, positioning Haiphong as a dynamic manufacturing and logistics hub within Vietnam and the broader Asia-Pacific region.

Haiphong's strategic advantages, including its location, skilled labor force, and competitive operating costs, align well with the global "China + 1" strategy adopted by multinational corporations. The city's ability to attract investment from companies diversifying their supply chain operations from China underscores its growing importance in the regional investment landscape. By leveraging these opportunities effectively, Haiphong can further enhance its industrial competitiveness, foster economic diversification, and sustain long-term growth in the evolving global economy. Continued efforts to promote investment incentives, infrastructure development, and skill enhancement will be essential for maximizing Haiphong's potential as a preferred destination for multinational investments under the "China + 1" strategy.

A second wave of supply-chain reconfiguration is now under way as firms look beyond the single “China + 1” move toward three related risk-mitigation models: (i) reshoring production back to the home market when automation or strategic stockpiling justifies the cost; (ii) near-shoring to geographically closer, time-zone-aligned sites that shorten lead-times; and (iii) friend-shoring to politically trusted economies inside the same alliance or free-trade network. Korean conglomerates such as LG Electronics and Posco have already signalled that they view Vietnam—and the Red River Delta in particular—as their preferred friend-shoring node in ASEAN, combining tariff-free access (via EVFTA & CPTPP) with a familiar governance environment and a growing Korea-centric supplier base. Haiphong can leverage this shift by marketing itself

as the "trusted near-shoring platform" for Korean tier-1 suppliers that still need to serve China, Japan and ROK within a three-to-five-day sailing window. Accelerating customs digitalisation at Lach Huyen Port and reserving blocks of industrial-park land for Korea-only clusters will align the city with these evolving reshoring and friend-shoring decision metrics.

Compared to Bac Ninh, Haiphong provides superior maritime logistics, a significant advantage for multinational companies diversifying supply chains from China. Relative to Ho Chi Minh City, Haiphong offers competitive operating costs, notably lower industrial land prices and operational expenses, appealing to cost-sensitive investors.

5.2.3.3. Strategic competition and stability

Haiphong, positioned within the context of escalating strategic competition between the United States and China, benefits from Vietnam's overall stability and business-friendly environment, making it a safe and reliable investment destination in Southeast Asia. The city's political stability, supportive government policies, and infrastructure readiness provide assurances to investors amidst global geopolitical uncertainties, driving sustained investment flows into Haiphong's economy.

Haiphong enjoys political stability within Vietnam's broader stable governance framework. The city's local government demonstrates continuity and commitment to economic development, fostering a conducive environment for business growth and investment. Stability indicators, such as political risk assessments and investment sentiment surveys, underscore Haiphong's reputation for political stability and governance continuity, boosting investor confidence. Besides, Haiphong's government has implemented investor-friendly policies aimed at attracting and retaining foreign investment. These policies include tax incentives, streamlined regulatory processes, and support for infrastructure development, all of which contribute to Haiphong's competitiveness as an investment destination. Investment trend reports and

government policy analyses highlight the positive impact of Haiphong's supportive policies on investment attraction and economic growth. More to the point, Haiphong's well-developed infrastructure, including modern transportation networks and industrial zones, enhances the city's capacity to accommodate investment projects and facilitate efficient business operations. The availability of quality infrastructure reduces operational risks and costs for investors. Infrastructure development reports and investment surveys demonstrate the correlation between Haiphong's infrastructure readiness and increased investment activity in the city.

Amidst the strategic rivalry between the United States and China, Vietnam's geopolitical positioning as a stable and neutral player in the region has attracted heightened interest from investors seeking alternatives to China-centric supply chains. Haiphong's economic resilience and stability amidst regional geopolitical shifts have positioned the city as a preferred destination for diversifying investment portfolios and mitigating risks associated with global trade dynamics. Haiphong's strategic advantages, including political stability, supportive government policies, and infrastructure readiness, bolster its investment appeal amidst escalating US-China competition. The city's proactive approach to attracting foreign investment and fostering a business-friendly environment has contributed to sustained investment flows, highlighting Haiphong's significance as a safe and reliable investment destination in Southeast Asia. By capitalizing on these strengths and navigating global geopolitical uncertainties effectively, Haiphong can further enhance its competitiveness and attractiveness for foreign investors seeking long-term growth opportunities in Vietnam's dynamic economy. Continued efforts to promote stability, transparency, and infrastructure development will be essential for sustaining Haiphong's economic resilience and driving future investment growth.

5.2.3.4. Comparative advantage in infrastructure

The inauguration of the port systems marked a transformative milestone

for Haiphong's maritime connectivity. The deep-water port accommodates large cargo vessels and enhances Haiphong's capacity to handle international trade, supporting the city's role as a key logistics hub in the region. Port activity reports and trade statistics demonstrate the increased throughput and efficiency of Haiphong's port operations. Moreover, Haiphong boasts a network of well-maintained roads and highways, facilitating seamless transportation of goods and services within the city and to neighboring regions. The accessibility provided by these road networks reduces transportation costs and enhances market reach for businesses operating in Haiphong. Reports from the Haiphong Department of Transport highlight investments in road infrastructure and improvements in connectivity, contributing to the city's economic development and attractiveness for investors.

The combination of modern transportation networks, including the Lach Huyen Deep Sea Port and road infrastructure, has bolstered Haiphong's connectivity with major economic centers in Vietnam and neighboring countries. This enhanced connectivity reduces supply chain risks and facilitates efficient trade flows, encouraging businesses to establish operations in Haiphong. Industry surveys and investment trend analyses demonstrate the correlation between Haiphong's improved infrastructure and increased investment activity in the city's industrial zones and economic corridors.

Haiphong's investment in critical infrastructure assets has yielded tangible benefits in terms of attracting businesses and fostering economic growth. The city's strategic location within Vietnam's northern economic corridor, coupled with its modern transportation networks, positions Haiphong as a preferred destination for multinational corporations seeking strategic investment opportunities in Southeast Asia. Haiphong's infrastructure advantage, characterized by the port system and well-developed road networks, plays a pivotal role in driving trade and investment activities in the region. The city's proactive approach to infrastructure development has enhanced connectivity, logistics efficiency, and market accessibility, contributing to Haiphong's

economic competitiveness and attractiveness for foreign investors. Continued investments in infrastructure and logistics capabilities will be essential for sustaining Haiphong's growth trajectory and solidifying its position as a key economic hub in Vietnam's evolving business landscape.

In summary, Haiphong's strategic advantages, coupled with evolving global economic trends and regional integration initiatives, create a favorable environment for attracting FDI and fostering sustainable economic growth. By capitalizing on international integration, investment diversification strategies, geopolitical stability, and infrastructure development, Haiphong can position itself as a preferred destination for multinational investors seeking growth opportunities in Vietnam and the broader Asia-Pacific region. Continued policy support, infrastructure investments, and proactive engagement with global markets will be essential for realizing Haiphong's full potential as a dynamic hub for foreign investment and economic development.

5.2.4. Threats

Haiphong, despite its strategic advantages and opportunities, faces several significant challenges that may impact its ability to attract and retain FDI. This part analyzes key threats that could impede Haiphong's FDI prospects.

5.2.4.1. Distance from emerging localities

Haiphong, despite its economic advancements, grapples with the challenge of distance from emerging economic hubs and industrial zones within Vietnam, which could impact its attractiveness for FDI. This analysis delves deeper into the logistical hurdles and competitiveness issues posed by Haiphong's relative distance from key economic centers, supported by real data and evidence.

The distance between Haiphong and emerging economic centers presents logistical complexities for investors considering the city for business expansion. While Haiphong has witnessed economic growth, its distance from major urban centers like Hanoi and other emerging economic hubs poses challenges in terms

of transportation, supply chain management, and market access. The average distance between Haiphong and key economic centers such as Hanoi, Hai Duong, and Thai Binh is around 100km. This distance creates logistical challenges, including longer transportation times and higher logistics costs, potentially affecting Haiphong's competitiveness as an investment destination. The distance factor may influence investment decisions, particularly for industries reliant on efficient transportation and connectivity. Investors seeking proximity to major urban centers and supply chain networks may prefer locations closer to economic hubs, where infrastructure and market access are more readily available.

While the distance challenge presents a notable hurdle for Haiphong in attracting FDI, strategic interventions and targeted investments can mitigate these challenges and enhance the city's competitiveness. By addressing logistical complexities and leveraging its unique strengths, Haiphong can position itself as a compelling investment destination within Vietnam's evolving economic landscape. Continued collaboration between government agencies, private sector stakeholders, and industry experts will be crucial in realizing Haiphong's full potential as a hub for foreign investment and economic growth.

5.2.4.2. Competition from Hanoi region

Haiphong confronts significant competition from the neighboring Hanoi region, particularly in the realm of private investment and high-quality human resources. Hanoi, being the capital city of Vietnam, boasts a diverse economic ecosystem, prestigious academic institutions, and rich cultural amenities that attract investors seeking a dynamic urban environment. This analysis delves deeper into the implications of Hanoi's attractiveness on Haiphong's FDI inflows, supported by real data and evidence. Hanoi offers a more diversified economic landscape, with established industries, business clusters, and a robust startup ecosystem. The city serves as a regional hub for finance, technology, education, and research, providing ample opportunities for investors across various sectors. Also, Hanoi hosts prestigious universities, research institutions, and specialized

training centers, supplying a steady stream of skilled labor and talent to meet industry demands. The availability of high-quality human resources enhances Hanoi's competitiveness in attracting investment, particularly in knowledge-intensive sectors.

The competition from Hanoi region poses challenges for Haiphong in attracting FDI and skilled workforce. Hanoi's attractiveness may divert potential investment away from Haiphong, as investors prioritize locations with established economic ecosystems and broader market access. Haiphong may face difficulties in retaining high-quality human resources, as skilled workers may prefer opportunities available in Hanoi's diverse job market and academic institutions.

Addressing the challenges posed by competition from the Hanoi region requires a multi-faceted approach, combining targeted economic development strategies, investment incentives, and human resource initiatives. By leveraging its unique strengths and implementing proactive measures, Haiphong can enhance its competitiveness, attract FDI, and position itself as a vibrant economic hub within Vietnam's evolving business landscape. Continued collaboration between public and private stakeholders will be essential in realizing Haiphong's full potential and fostering sustainable economic growth in the region.

The close proximity of Bac Ninh to Hanoi allows it to benefit directly from Hanoi’s diversified economic ecosystem, intensifying competition for Haiphong. To effectively compete, Haiphong must clearly articulate its distinct maritime logistical advantages and targeted industry focus.

5.2.4.3. Climate change and adaption challenges

Haiphong, like many coastal cities, faces significant vulnerabilities to the impacts of climate change, posing risks to its economic resilience and attractiveness for FDI. This analysis explores the specific climate-related challenges confronting Haiphong, supported by real data and evidence from climate change impact assessments and vulnerability studies.

Haiphong is susceptible to rising sea levels, which can lead to coastal erosion, saltwater intrusion, and increased flood risks. These phenomena threaten critical infrastructure, including ports and industrial zones, affecting business operations and logistics. Haiphong is prone to extreme weather events, such as typhoons and heavy rainfall, which can cause widespread damage to infrastructure, disrupt supply chains, and impact productivity. The frequency and intensity of these events are expected to increase due to climate change. Meteorological data and climate modeling studies indicate an upward trend in extreme weather events in the Haiphong region, necessitating adaptive strategies and disaster preparedness. Failure to address climate-related risks and implement adaptation measures can undermine Haiphong's economic sustainability and deter foreign investors concerned about sustainability. Climate change-induced hazards pose risks to critical infrastructure in Haiphong, affecting port operations, transportation networks, and industrial facilities. Without adequate adaptation measures, infrastructure damage can disrupt business activities and increase operational costs. Foreign investors increasingly prioritize sustainability and climate resilience in their investment decisions. Haiphong's ability to demonstrate proactive climate adaptation measures and environmental stewardship is crucial for attracting responsible investments.

Addressing climate change risks requires collaborative efforts among government agencies, private sector stakeholders, and civil society organizations. By prioritizing climate adaptation measures and demonstrating commitment to sustainability, Haiphong can mitigate risks, enhance economic resilience, and attract responsible investments that contribute to long-term prosperity and environmental stewardship. Continued research, capacity-building, and international cooperation will be essential for Haiphong's climate resilience agenda and sustainable development goals.

Despite its economic potential and strategic advantages, Haiphong faces significant threats that could hinder its ability to attract and sustain foreign direct investment. Addressing these challenges requires proactive measures, including

infrastructure development, policy reforms, climate resilience initiatives, and strategic partnerships with neighboring regions. By acknowledging and mitigating these threats effectively, Haiphong can strengthen its investment climate, enhance competitiveness, and foster sustainable economic growth in the face of evolving challenges. Continued collaboration between government agencies, businesses, and civil society will be essential for navigating these threats and positioning Haiphong as a resilient and attractive investment destination in Vietnam's dynamic business landscape.

5.3. Solutions to promote FDI from Korean enterprises into Haiphong

In the contemporary global economy, attracting FDI requires not only addressing immediate business needs but also aligning local strategies with broader international investment trends. Haiphong's strategy for attracting FDI from Korean enterprises is positioned within three significant global contexts: South Korea's evolving FDI strategies, global sustainability and green investment movements, and the restructuring of international supply chains.

South Korea's recent FDI strategies increasingly prioritize resilience through diversified and politically stable locations, including adopting "China +1" approaches to mitigate geopolitical risks. Korean enterprises are particularly attentive to locations offering robust logistics infrastructure, efficient connectivity, and favorable regulatory environments that facilitate seamless business operations. Consequently, Haiphong’s strategic solutions specifically target these key factors identified as highly valued in the Fuzzy AHP analysis.

Moreover, the international shift toward sustainable and green investment emphasizes the importance of environmental protection, renewable energy integration, and carbon footprint reduction. Korean companies are actively seeking investment destinations that support their commitments to achieving ESG goals, particularly in response to global regulatory frameworks such as the European Union's Carbon Border Adjustment Mechanism and Korea’s own ambitious net-zero targets by 2050.

The ongoing global supply chain restructuring, accelerated by the pandemic and geopolitical tensions, underscores the need for efficient, adaptable, and digitally integrated industrial ecosystems. Korean firms are repositioning their supply chains to ensure resilience, efficiency, and sustainability. Haiphong, with its strategic maritime location and potential for comprehensive logistics development, is ideally suited to capitalize on these changes, positioning itself as a preferred node for Korean enterprises navigating this restructuring.

Thus, the solutions proposed here are strategically prioritized according to the critical determinants highlighted by the Fuzzy AHP analysis and expert consultations. Enhancing industrial infrastructure, particularly logistics capabilities, emerges as a top priority due to its significant weighting in reducing operational costs and enhancing supply chain reliability. Similarly, regulatory simplification, environmental sustainability, and targeted support for high-tech and renewable energy investments are also prioritized, aligning directly with contemporary global investment trends and the specific preferences of Korean investors. This prioritized approach ensures that the interventions not only respond to immediate needs but also enhance Haiphong's strategic foresight, effectively addressing the long-term investment requirements and sustainability commitments of Korean enterprises.

5.3.1. Solutions for industrial infrastructure development

To attract FDI from Korean enterprises to Haiphong City, it is crucial to develop robust industrial infrastructure. Ensuring an industrial park land fund for investors is fundamental. By providing readily available and well-prepared industrial land, Haiphong can reduce the setup time for Korean investors, making the city a more attractive destination for FDI. Accelerating the establishment of the Southern Coastal Economic Zone can serve as a significant driving force. This zone can be tailored to meet the needs of Korean enterprises, offering incentives and support systems that align with their operational requirements, thereby stimulating economic growth in Haiphong. Furthermore, developing circular industrial parks with a focus on sustainability and environmental

protection will appeal to Korean companies prioritizing green and sustainable practices, enhancing Haiphong's attractiveness as an investment destination.

5.3.1.1. Ensure industrial park land fund for investors

Ensuring an industrial park land fund for investors is a critical component of developing industrial infrastructure to attract Foreign Direct Investment (FDI) from Korean enterprises to Haiphong City. This solution involves several strategic steps and offers numerous advantages, as detailed below.

In terms of land acquisition and preperation, indentification and earmarking large tracts of land that are suitable for industrial development is necessary. This involves considering factors such as proximity to transportation networks, availability of utilities, and environmental impact. Once identified, the land must be cleared, leveled, and prepared for construction. This includes ensuring proper drainage, road access, and utility connections (electricity, water, gas, and sewage).

With regards to zoning and regulatory approvals, it is recommended to implement zoning regulations that designate specific areas for industrial use since this helps in preventing land-use conflicts and ensures that industrial activities do not adversely affect residential areas. Besides, securing all necessary regulatory approvals from local and national authorities, ensuring compliance with environmental and industrial regulations are also needed. In order to establish a transparent and efficient process for allocating land to investors, this should involve clear criteria and a streamlined application process to attract credible investors. Moreover, offering incentives such as tax breaks, subsidies for infrastructure development, and reduced land lease rates are methods to attract and retain investors.

By providing prepared industrial land, Haiphong can significantly reduce the initial investment required by Korean enterprises. This makes the city a more attractive investment destination, as companies can quickly set up operations without the high costs and delays associated with land acquisition and

preparation. More to the point, a well-managed industrial park land fund, coupled with transparent allocation processes and regulatory compliance, builds investor confidence. Korean enterprises are more likely to invest in a region where the risks associated with land acquisition and development are minimized.

5.3.1.2. Accelerate the process of establishing the Southern Coastal Economic Zone as a new driving force

Accelerating the process of establishing the Southern Coastal Economic Zone (SCEZ) as a new driving force for industrial infrastructure development is a crucial strategy for attracting FDI from Korean enterprises to Haiphong City. The SCEZ can serve as a dedicated economic area with tailored incentives and infrastructure, designed to meet the specific needs of foreign investors, particularly from Korea. This approach can significantly enhance Haiphong's attractiveness by providing a well-planned, strategically located, and efficiently managed environment for industrial activities. The rapid establishment of the SCEZ involves streamlining regulatory approvals, ensuring swift land acquisition and development, and creating robust support systems for businesses. This includes developing essential infrastructure such as roads, utilities, logistics hubs, and communication networks. Moreover, the SCEZ can offer targeted incentives like tax breaks, reduced tariffs, and simplified administrative procedures to lower operational costs and bureaucratic hurdles for Korean companies. By focusing on high-tech industries and sustainable practices, the SCEZ can also align with the corporate priorities of many Korean enterprises, which often emphasize innovation and environmental responsibility. Furthermore, the SCEZ can serve as a hub for fostering industrial clusters, where companies within the same industry or value chain can benefit from proximity, shared resources, and collaborative opportunities. This can lead to increased efficiency, innovation, and competitiveness. Establishing the SCEZ quickly can also signal Haiphong's commitment to economic development and foreign investment, building confidence among potential investors. Ultimately, the accelerated development of

the SCEZ can transform Haiphong into a dynamic economic center, driving significant inflows of FDI from Korean enterprises and fostering long-term economic growth and industrial diversification in the region.

5.3.1.3. Develop circular industrial parks, sustainable development and environmental protection

Developing circular industrial parks with a focus on sustainable development and environmental protection is a pivotal strategy for attracting FDI from Korean enterprises to Haiphong City. Circular industrial parks prioritize the efficient use of resources, minimizing waste and pollution, and promoting the recycling and reusing of materials within the industrial ecosystem. This approach aligns with the increasing global emphasis on sustainability and corporate social responsibility, values that are highly regarded by many Korean enterprises. Implementing sustainable practices in industrial parks can significantly reduce environmental impact, making Haiphong an attractive destination for eco-conscious investors. This includes integrating renewable energy sources, such as solar and wind power, into the industrial infrastructure, thereby reducing reliance on non-renewable resources and lowering greenhouse gas emissions. Additionally, advanced waste management systems that focus on reducing, reusing, and recycling waste can further enhance the environmental credentials of these parks. Promoting green technologies and innovations within the industrial park can lead to the development of new, sustainable products and processes, creating a competitive edge for businesses operating there. Moreover, fostering a culture of sustainability can enhance the corporate image of the companies involved, helping them to meet international environmental standards and appeal to environmentally conscious consumers. By developing circular industrial parks, Haiphong not only addresses the environmental concerns of modern enterprises but also creates a resilient and sustainable industrial base. This strategic move can attract Korean businesses that are keen to invest in regions with strong environmental policies, driving economic growth while ensuring long-term

environmental protection. Furthermore, such parks can facilitate collaboration and knowledge sharing among businesses, research institutions, and government agencies, fostering innovation and sustainable development practices. Overall, the establishment of circular industrial parks underscores Haiphong's commitment to sustainable development, making it a leading destination for green FDI from Korean enterprises. This model is particularly aligned with Korean enterprises' global ESG strategies and their preference for sustainable production environments in Southeast Asia.

5.3.2. Solutions for developing transportation and logistics infrastructure

5.3.2.1. Develop a multimodal transportation system connecting Hai Phong seaport and the rear region

Developing a multimodal transportation system that effectively connects Hai Phong seaport with the rear region, including roads, inland waterways, and railways, is essential for enhancing the city's transportation and logistics infrastructure to attract FDI from Korean enterprises. A comprehensive multimodal transportation network ensures seamless, efficient, and cost-effective movement of goods, which is a critical factor for investors. By integrating different modes of transport, such as road networks, railways, and inland waterways, Haiphong can offer flexible and resilient logistics solutions that can adapt to various shipping needs and reduce congestion. Specifically, enhancing the role of inland waterway transport, especially along the crucial inland waterway transport corridor No. 1 from Hai Phong to Bac Ninh and Hanoi, can significantly alleviate pressure on road networks and provide a more sustainable and economical transportation alternative. Inland waterways offer the advantage of lower transportation costs and reduced emissions, aligning with the growing emphasis on sustainable logistics. Improving the efficiency and capacity of these waterways can facilitate smoother, faster, and more reliable cargo transit, which is particularly appealing to Korean enterprises that prioritize

logistics efficiency and environmental responsibility. Additionally, the development of modern logistics hubs and intermodal terminals along these corridors can streamline operations, reduce handling times, and enhance the overall supply chain efficiency. This integrated approach not only boosts Haiphong's logistical capabilities but also strengthens its position as a strategic gateway for regional trade, making it an attractive destination for Korean FDI. By ensuring robust and diversified transportation infrastructure, Haiphong can meet the high standards of Korean investors, drive economic growth, and establish itself as a premier logistics and industrial hub in the region. This multimodal integration strengthens Haiphong's positioning as a resilient supply chain node, complementing global restructuring efforts and Korea's "China +1" diversification strategies.

5.3.2.2. Develop a multimodal transportation system connecting Hai Phong seaport and the rear region

Enhancing the throughput capacity and operational efficiency of the Hai Phong seaport system, particularly its container ports, is a critical strategy for attracting FDI from Korean enterprises to Haiphong City. As one of Vietnam's key maritime gateways, Hai Phong's seaport infrastructure needs to accommodate increasing cargo volumes and the evolving demands of global trade. Focusing on the development of seaports in the Lach Huyen and Nam Do Son areas is essential to boost the port's capacity to receive large container ships, which are increasingly used in international shipping for their cost-efficiency and economies of scale. This involves expanding berth capacities, deepening navigation channels, and upgrading port handling facilities to ensure quick and efficient loading and unloading operations. Advanced port management systems and automation can further streamline operations, reducing turnaround times and enhancing the reliability of the port services. These improvements not only increase the seaport's capacity to handle larger volumes of cargo but also improve operational efficiency, which is crucial for minimizing delays and costs

associated with shipping logistics. For Korean enterprises, whose supply chains rely on timely and cost-effective transportation of goods, such enhancements are highly attractive. They ensure that Hai Phong can support large-scale industrial activities and provide seamless connectivity to international markets. Furthermore, the development of these ports can stimulate ancillary industries, create jobs, and foster economic growth in the region. By positioning itself as a modern, efficient, and high-capacity seaport, Hai Phong can significantly boost its appeal to Korean investors looking for robust logistics infrastructure to support their operations, thereby driving substantial inflows of FDI and solidifying its status as a premier logistics hub.

5.3.2.3. Planning and developing logistics centers to ensure scale and convenient location connecting seaports, providing a variety of value-added logistics services for import and export goods

Planning and developing logistics centers to ensure scale and convenient locations connecting seaports is a crucial strategy for enhancing Haiphong City's transportation and logistics infrastructure to attract FDI from Korean enterprises. These logistics centers serve as vital nodes in the supply chain, facilitating the efficient movement, storage, and distribution of goods. By strategically situating these centers near key seaports, Haiphong can maximize operational efficiency and minimize transit times, making it an attractive destination for Korean investors. These centers can provide a variety of value-added logistics services, such as packaging, labeling, quality control, and inventory management, which are essential for import and export activities. Offering these services on-site reduces the need for multiple handling and transportation steps, lowering costs and improving the speed and reliability of the supply chain.

Additionally, incorporating advanced technologies like warehouse management systems, automated sorting, and tracking solutions can further enhance the operational efficiency and transparency of these logistics centers. For Korean enterprises, which often operate in high-tech and fast-moving

industries, such streamlined logistics capabilities are highly appealing. They ensure that goods can be moved quickly and reliably to and from the seaports, supporting just-in-time manufacturing and distribution models. Furthermore, these logistics centers can foster industrial clustering, where related businesses benefit from proximity and shared services, leading to increased collaboration, innovation, and competitiveness. The development of well-planned logistics hubs can also drive local economic growth by creating jobs and attracting ancillary businesses. By investing in these logistics centers, Haiphong can significantly boost its logistics infrastructure, making it a more competitive and attractive location for Korean FDI, ultimately fostering long-term economic growth and development in the region.

5.3.3. Solutions for human resource development

5.3.3.1. Incentives for businesses (both foreign and domestic) actively participate in training, education and human resource development.

Providing incentives for businesses, both foreign and domestic, that actively participate in training, education, and human resource development is a key strategy for attracting FDI from Korean enterprises to Haiphong City. This approach acknowledges the critical role of a skilled and well-trained workforce in the success of any business operation. By offering tax breaks, grants, or other financial incentives to companies that invest in employee training programs, internships, and educational partnerships, Haiphong can create a robust talent pipeline tailored to the needs of Korean investors. Such incentives encourage businesses to collaborate with local educational institutions to develop industry-relevant curricula and training modules, ensuring that graduates possess the skills required by modern industries. This not only enhances the employability of the local workforce but also ensures that businesses have access to skilled labor, reducing the costs and risks associated with hiring and training new employees.

For Korean enterprises, which often require specialized skills and high

levels of technical proficiency, this can be a significant draw. Moreover, companies that engage in these activities can benefit from improved employee satisfaction and retention, as workers value opportunities for career development and skill enhancement. These collaborative efforts between businesses and educational institutions can also foster innovation and technological advancement, further enhancing Haiphong's competitiveness as an investment destination. By promoting a culture of continuous learning and professional development, Haiphong can position itself as a center of excellence in human resources, making it an attractive location for Korean FDI. Ultimately, these incentives not only help to attract investment but also contribute to the long-term economic development of the city by building a highly skilled and adaptable workforce.

5.3.3.2. Increase investment in developing practical facilities, developing and attracting and training teaching staff at the city's educational and training establishments

Increasing investment in developing practical facilities and attracting and training teaching staff at Haiphong's educational and training establishments is a crucial strategy for enhancing human resource development and attracting FDI from Korean enterprises. Practical, hands-on training facilities equipped with the latest technologies and industry-standard equipment are essential for preparing a workforce that meets the high demands of modern industries. By investing in these facilities, Haiphong can ensure that its educational institutions provide students with real-world experience and skills that are directly applicable to their future careers. This type of training is particularly appealing to Korean enterprises, which often require employees who are proficient in the use of advanced technologies and manufacturing processes.

Moreover, developing and attracting skilled teaching staff is equally important. High-quality educators and trainers are essential for delivering effective training programs and ensuring that students receive the best possible

education. By offering competitive salaries, professional development opportunities, and incentives for continued education and industry engagement, Haiphong can attract top-tier educators who can impart cutting-edge knowledge and practices to their students. This investment in teaching staff not only enhances the quality of education but also ensures that the curriculum remains relevant to industry needs.

For Korean enterprises, having access to a well-trained, highly skilled workforce is a significant factor in their investment decisions. It reduces the need for extensive on-the-job training and ensures that new hires can contribute productively from day one. Additionally, well-equipped training facilities and skilled educators can foster innovation and continuous improvement within the workforce, aligning with the dynamic and competitive nature of Korean industries.

Ultimately, increasing investment in practical training facilities and educational staff development strengthens Haiphong's human resource capabilities, making it a more attractive destination for FDI. It demonstrates a commitment to building a future-ready workforce that can support the growth and success of foreign enterprises, thereby driving long-term economic development in the region.

5.3.3.3. Increase public investment in scientific research on high technology applications, thereby developing the research capacity of educational and training institutions

Increasing public investment in scientific research on high technology applications is a strategic approach to enhancing the research capacity of educational and training institutions in Haiphong, which is pivotal for attracting FDI from Korean enterprises. This investment will involve the allocation of significant funds towards upgrading research facilities, equipping laboratories with state-of-the-art technology, and fostering partnerships between educational

institutions and high-tech industries. By providing grants and scholarships, the initiative aims to support research projects and attract top-tier talent to local universities and research centers. Enhanced research facilities and financial support will enable institutions to conduct cutting-edge research, leading to technological advancements and innovation growth. These developments will produce a highly skilled workforce with specialized training in high-tech fields, increasing their employability and alignment with the needs of Korean enterprises. Moreover, promoting STEM education and creating continuous professional development programs will ensure a steady supply of qualified candidates proficient in the latest technologies. Establishing collaboration frameworks with Korean firms will further solidify economic ties, providing practical industry experience through joint research programs, internships, and exchange initiatives. Additionally, setting up dedicated R&D centers in partnership with Korean companies and offering investment incentives will attract direct investment, creating high-tech jobs and facilitating knowledge transfer. Highlighting local research strengths at international forums will boost Haiphong's reputation as a research hub, drawing global talent and investment. Overall, this comprehensive approach to bolstering scientific research and educational capacity will create a conducive environment for FDI, making Haiphong an attractive destination for Korean enterprises seeking innovation and skilled human resources. This effort directly supports Korea’s strategic interest in locating R&D-intensive operations in ASEAN countries, especially in emerging high-tech corridors like Northern Vietnam.

5.3.3.4. Strengthen connections between businesses (including Korean businesses) and training facilities in developing training programs, internships, recruitment, development, and technology transfer

Strengthening connections between businesses, including Korean enterprises, and training facilities in Haiphong is crucial for developing human resources and attracting foreign direct investment (FDI). This strategy involves

establishing collaborative frameworks that align educational programs with industry needs, ensuring that training institutions produce graduates with skills tailored to the demands of Korean businesses. By developing joint training programs, businesses can provide input on curricula, ensuring that students are equipped with the latest industry-specific knowledge and technical competencies. Internships and practical training opportunities facilitated by these partnerships allow students to gain hands-on experience, making them job-ready upon graduation.

Moreover, these connections can streamline recruitment processes, as businesses can identify and nurture talent early, reducing hiring costs and turnover rates. Facilitating technology transfer through these partnerships ensures that local training facilities and businesses stay abreast of the latest technological advancements, fostering an environment of continuous learning and innovation. Additionally, collaborative development initiatives, such as joint research projects and innovation labs, can drive technological advancements and boost local expertise. This symbiotic relationship not only enhances the skillset of the local workforce but also makes Haiphong a more attractive destination for Korean enterprises looking to invest in regions with a ready pool of skilled and industry-aligned human resources. The increased alignment between business needs and educational outputs ensures that Haiphong can offer a competitive advantage in attracting and retaining FDI from Korean firms, ultimately fostering economic growth and development in the region.

5.3.3.5. Develop Korean language teaching programs at schools, universities and colleges in Hai Phong

Developing Korean language teaching programs at schools, universities, and colleges in Haiphong is a strategic initiative to enhance human resources and attract foreign direct investment (FDI) from Korean enterprises. This initiative involves integrating Korean language courses into the curriculum

across educational institutions, thereby fostering a multilingual workforce proficient in both Vietnamese and Korean. By doing so, students gain language skills that significantly improve their communication capabilities with Korean businesses, reducing language barriers and facilitating smoother interactions.

Enhanced language proficiency also fosters better cultural understanding, which is crucial for effective collaboration and integration within Korean corporate environments. Furthermore, offering Korean language programs can make local graduates more attractive to Korean employers, who value employees that can navigate both linguistic and cultural nuances. This, in turn, can streamline the recruitment process for Korean companies looking to establish operations in Haiphong, as they can readily find candidates who meet their linguistic and cultural requirements. Additionally, the presence of Korean language education signals to Korean investors that Haiphong is committed to creating a welcoming and supportive environment for their business operations. This educational initiative can also lead to partnerships and exchange programs with Korean educational institutions, further enriching the local academic and cultural landscape. Ultimately, by equipping the local workforce with Korean language skills, Haiphong can enhance its appeal as a destination for Korean FDI, fostering economic growth and strengthening bilateral ties with South Korea.

5.3.3.6. Ensuring the supply of social housing, helping to attract the workforce to live and work in Hai Phong

Ensuring the supply of social housing in Haiphong is a vital strategy for attracting a skilled workforce, which in turn enhances the city's appeal to Korean enterprises seeking FDI. Adequate and affordable housing solutions directly address the living standards and quality of life for employees, making Haiphong a more attractive place to live and work. By investing in social housing, the local government can provide stable and affordable living conditions for workers, which helps to retain local talent and attract workers from other regions. This

stability is crucial for building a reliable and contented workforce, reducing turnover rates, and improving productivity. For Korean companies considering Haiphong as an investment destination, the availability of social housing ensures that their employees will have access to decent and affordable accommodation, which is a significant factor in their decision-making process. Moreover, social housing projects can stimulate local economic growth by creating construction jobs and boosting related industries. These projects also demonstrate the government's commitment to improving infrastructure and supporting the workforce, sending a positive signal to potential investors about the city's dedication to sustainable development.

Additionally, by integrating social housing initiatives with urban planning and public transportation systems, Haiphong can create more cohesive and efficient living environments, further enhancing its attractiveness to both domestic and foreign businesses. Overall, ensuring the supply of social housing is a multifaceted approach that not only improves living conditions for the workforce but also strengthens Haiphong's competitive edge in attracting FDI from Korean enterprises, fostering long-term economic growth and development.

5.3.3.7. Encourage and attract Korean educational and training institutions to cooperate with local educational and training institutions in training human resources to meet investors' requirements

Encouraging and attracting Korean educational and training institutions to cooperate with local counterparts in Haiphong is a strategic approach to developing human resources that meet the specific requirements of investors, thereby enhancing the city's appeal to Korean enterprises seeking FDI. This collaboration can take various forms, including joint degree programs, exchange programs for students and faculty, collaborative research projects, and the sharing of best practices in pedagogy and curriculum development. By leveraging the expertise and experience of Korean institutions, local educational

entities can elevate their standards and align their training programs with the needs of Korean businesses. This ensures that graduates possess the skills, knowledge, and cultural competencies required by these enterprises, making them more attractive to potential employers.

Additionally, such partnerships can facilitate technology transfer and innovation, as well as provide local students with exposure to international standards and practices. The presence of Korean educational institutions in Haiphong also signals to potential investors that the city is committed to creating a conducive environment for their operations, where their workforce can receive tailored training that directly benefits their business objectives. Moreover, these partnerships can lead to the development of specialized training centers that focus on industries critical to Korean investors, further enhancing the city's competitive edge. Overall, fostering cooperation between Korean and local educational institutions not only builds a highly skilled and adaptable workforce but also strengthens Haiphong's position as an attractive destination for Korean FDI, driving economic growth and fostering deeper bilateral ties.

5.3.4. Solutions to improve public administration efficiency

Promoting digital transformation in public administrative procedures related to foreign investors is a crucial strategy for improving public administration efficiency and attracting FDI from Korean enterprises to Haiphong. This transformation involves the digitization of administrative processes, making them more streamlined, transparent, and accessible. By implementing online platforms for business registration, licensing, tax filing, and other essential services, the government can significantly reduce the time and cost associated with these procedures. This not only enhances the ease of doing business but also minimizes bureaucratic hurdles and reduces opportunities for corruption, thereby creating a more attractive investment climate. For Korean enterprises, efficient and user-friendly administrative processes can be a decisive factor in their investment decisions, as they seek environments where their operations can be set up and managed with minimal friction.

Moreover, digital transformation can facilitate better data management and real-time tracking of applications, providing investors with timely updates and reducing uncertainty. This modernization also aligns with global best practices, showcasing Haiphong as a forward-thinking and investor-friendly city. Additionally, the digital transformation of public administration can improve inter-agency coordination, leading to more coherent and integrated support for foreign investors. By promoting digital transformation, Haiphong not only enhances its administrative efficiency but also positions itself as a competitive and attractive destination for Korean FDI, fostering a more dynamic and robust economic environment.

5.3.5. Solutions to improve political mechanism

5.3.5.1. Ensure consistency, transparency and simplification of procedures for foreign investors

Ensuring consistency, transparency, and simplification of procedures for foreign investors is essential for improving political mechanism to attract FDI from Korean enterprises to Haiphong. Consistency in procedures means that regulations and processes remain stable and predictable over time, reducing the risk and uncertainty for investors. Transparent procedures ensure that all investors have access to the same information and are subject to the same rules, which helps to build trust and confidence in the investment environment. Simplifying procedures involves streamlining bureaucratic processes to make them more efficient and less time-consuming, which can significantly lower the entry barriers for foreign investors. For Korean enterprises, a clear, fair, and efficient regulatory framework is a critical factor in the decision-making process for investment. When these companies can easily navigate the legal and administrative requirements, they are more likely to invest in the region. Moreover, simplification of procedures can reduce administrative costs and increase the overall attractiveness of Haiphong as a business destination. By prioritizing these elements, Haiphong can create a more business-friendly

environment that meets international standards, thus enhancing its competitiveness in the global market. This approach not only attracts new investments but also encourages existing investors to expand their operations, contributing to sustainable economic growth and development in the region.

5.3.5.2. Have policies related to providing carbon credits for FDI enterprises when investing in Haiphong

Implementing policies related to providing carbon credits for FDI enterprises when investing in Haiphong can significantly enhance the city's attractiveness to Korean enterprises. Carbon credits are a market-based mechanism that incentivizes companies to reduce their carbon emissions by providing them with credits that can be traded or sold if they achieve emissions reductions. By offering carbon credits to FDI enterprises, Haiphong can position itself as a forward-thinking and environmentally conscious investment destination. This policy would be particularly appealing to Korean enterprises, many of which are increasingly committed to sustainable practices and reducing their carbon footprints in response to global environmental standards and consumer expectations. Providing carbon credits can lower the overall cost of implementing green technologies and practices for these companies, making Haiphong a more cost-effective and attractive location for investment. Furthermore, such policies would align with global trends toward sustainability and corporate social responsibility, enhancing Haiphong's reputation as a leader in environmental stewardship. This could attract not only direct investment from Korean enterprises but also from other international companies seeking to meet their sustainability goals. Additionally, the implementation of carbon credit policies could stimulate local markets for green technologies and renewable energy, fostering innovation and creating new economic opportunities within Haiphong. Overall, offering carbon credits to FDI enterprises would improve the city's political mechanism by aligning economic growth with environmental sustainability, making Haiphong a more competitive and attractive destination

for Korean and global investors alike. Such initiatives also resonate with global trends in sustainable investment and carbon accountability, key priorities for Korean conglomerates adapting to EU and Korean environmental compliance standards.

5.3.5.3. Have preferential policies for foreign investors using high and environmentally friendly technology

Implementing preferential policies for foreign investors, particularly those employing high and environmentally friendly technology, is a strategic approach for Haiphong to attract FDI from Korean enterprises. This policy framework could significantly enhance Haiphong's investment landscape by offering various incentives such as tax breaks, subsidies, and streamlined administrative processes for businesses that align with green technology and high-tech standards. Korean companies, which are renowned for their advancements in technology and environmental sustainability, would find these incentives particularly appealing. By focusing on high and environmentally friendly technology, Haiphong can ensure sustainable development, reduce environmental degradation, and foster innovation. Furthermore, this strategy aligns with global trends toward sustainable business practices and can position Haiphong as a leading hub for green technology in the region. To optimize these policies, Haiphong should establish clear criteria for what constitutes high and environmentally friendly technology, ensure transparency in the application and approval process, and create a robust support system for investors to navigate these incentives effectively. Additionally, collaboration with Korean trade and investment bodies can help tailor these policies to meet the specific needs and preferences of Korean investors, thereby enhancing the attractiveness and competitiveness of Haiphong as a destination for FDI. This strategic alignment not only enhances economic ties between Vietnam and South Korea but also promotes a sustainable and technologically advanced industrial base in Haiphong.

5.3.6. Solutions for the development of supporting industry

5.3.6.1. Have policies to support local supporting businesses in terms of credit, market information, procedural and legal issues

Developing policies to support local supporting businesses in terms of credit, market information, procedural, and legal issues is crucial for fostering an environment conducive to attracting FDI from Korean enterprises to Haiphong. Strengthening local businesses, which serve as critical components of the supply chain, can significantly enhance the overall investment climate. Access to credit is fundamental; providing favorable loan terms and financial incentives can help local businesses scale up and modernize their operations, aligning them with the requirements of foreign investors. Equally important is the provision of comprehensive market information; local businesses need insights into market trends, potential partnerships, and competitive landscapes to make informed decisions and align their offerings with the demands of Korean enterprises. Simplifying procedural and legal frameworks can also play a pivotal role in reducing the bureaucratic burden on local businesses, thereby improving their efficiency and appeal as reliable partners for foreign investors. By addressing these areas, Haiphong can create a robust supporting industry that meets the high standards expected by Korean companies, thereby making the region more attractive for FDI. Furthermore, fostering a synergistic relationship between local suppliers and foreign investors can lead to increased knowledge transfer, technological advancements, and enhanced productivity. Such policies not only bolster the local economy but also create a more integrated and resilient industrial ecosystem that is capable of sustaining long-term growth and competitiveness on a global scale. This comprehensive support for local businesses is essential for Haiphong to position itself as a premier destination for Korean enterprises seeking reliable and efficient supply chain partners in their investment endeavors.

5.3.6.2. Support for local supporting businesses in digital transformation

Supporting local supporting businesses in their digital transformation efforts is a crucial strategy for enhancing Haiphong's attractiveness to FDI from Korean enterprises. Digital transformation can significantly improve the efficiency, productivity, and competitiveness of local businesses, making them more appealing partners for technologically advanced Korean firms. By facilitating access to digital tools and technologies, such as advanced manufacturing systems, data analytics, and supply chain management software, Haiphong can help local businesses streamline their operations, reduce costs, and increase their responsiveness to market demands. This digital upgrade not only improves operational efficiency but also enhances the capability of local suppliers to meet the stringent quality and precision standards often required by foreign investors.

Furthermore, digital transformation can enable better integration into global value chains, allowing local businesses to seamlessly connect with Korean enterprises, facilitating smoother transactions, real-time communication, and collaborative innovation. Providing training and support in digital literacy, cyber security, and IT infrastructure development is also essential to ensure that local businesses can effectively implement and sustain these technologies. Such support can come in the form of government subsidies, partnerships with technology providers, and access to digital innovation hubs. By fostering a digitally adept supporting industry, Haiphong can position itself as a forward-looking, technologically advanced region that aligns with the strategic priorities of Korean investors. This not only boosts the local economy but also enhances Haiphong's reputation as a dynamic investment destination capable of sustaining high-tech and innovative industrial activities. Overall, digital transformation support for local businesses is a pivotal component in creating a robust, competitive, and attractive industrial environment for FDI from Korean enterprises.

5.3.6.3. Promote connection activities between Korean businesses,

through KOCHAM and local supporting businesses

Promoting connection activities between Korean businesses, particularly through the Korean Chamber of Commerce and Industry (KOCHAM), and local supporting businesses is a strategic approach to foster an attractive investment environment in Haiphong. KOCHAM serves as a pivotal platform for facilitating interactions, partnerships, and knowledge exchange between Korean enterprises and local firms. By leveraging KOCHAM's network, Haiphong can create opportunities for local businesses to showcase their capabilities, understand the specific needs and standards of Korean companies, and establish direct business relationships. Organizing regular networking events, business matchmaking sessions, and industry-specific seminars can enhance mutual understanding and trust, paving the way for successful collaborations. Additionally, these activities can provide local businesses with insights into international best practices, advanced technologies, and innovative processes used by Korean enterprises, which can drive improvements in their own operations. Establishing a dedicated liaison office within KOCHAM to support and guide local businesses in navigating potential partnerships can further streamline this process. This proactive engagement not only helps local firms align more closely with the expectations of Korean investors but also demonstrates Haiphong's commitment to fostering a supportive and collaborative business environment. Such connections can lead to increased investment flows, joint ventures, and the integration of local businesses into global supply chains, ultimately boosting the region's economic development and competitiveness. By promoting strong ties between Korean businesses and local supporting industries, Haiphong can enhance its attractiveness as a premier destination for Korean FDI, ensuring sustained industrial growth and economic prosperity.

5.3.6.4. Guide and support local businesses in green transformation, adapting to the requirements of the international market

Guiding and supporting local businesses in their green transformation efforts to meet international market requirements is a critical strategy for Haiphong to attract FDI from Korean enterprises. As global markets increasingly prioritize sustainability and environmental responsibility, aligning local businesses with these trends is essential. Providing comprehensive guidance on adopting green technologies and sustainable practices can help local businesses reduce their environmental footprint, enhance their competitiveness, and comply with international regulations and standards. This support can include offering financial incentives for green initiatives, facilitating access to eco-friendly technologies, and providing training on sustainable practices and environmental management systems. By helping local businesses achieve certifications such as ISO 14001, Haiphong can ensure they meet the environmental criteria often required by foreign investors.

Furthermore, creating a green business ecosystem can attract Korean enterprises that are committed to sustainability and seek to partner with suppliers who share their environmental values. This alignment not only opens up new business opportunities but also enhances the reputation of Haiphong as a forward-thinking, environmentally conscious investment destination. Establishing partnerships with international environmental organizations and leveraging expertise from leading Korean companies in green technology can further accelerate this transformation. Additionally, fostering a culture of sustainability through awareness campaigns and community engagement can ensure long-term commitment to green practices. By supporting the green transformation of local businesses, Haiphong can position itself as a competitive and attractive hub for Korean FDI, driving sustainable industrial growth and contributing to global environmental goals.

5.4. Recommendations and proposals

To create a conducive environment for Korean FDI in Haiphong, Vietnam, a multi-agency approach is essential. The following recommendations provide

tailored strategies for each key organization to strengthen Haiphong's appeal to Korean investors, streamline processes, and foster long-term partnerships.

5.4.1. Ministry of Construction

The Ministry of Construction should expand the land area allocated for industrial and logistics purposes. By collaborating with Haiphong's Department of Planning and Investment, the Ministry can prioritize land availability in zones with existing or planned transport networks, facilitating efficient logistics for Korean businesses. Enhancing transport connectivity by developing dedicated networks that link these industrial areas to Haiphong's ports, airports, and regional markets will improve the attractiveness of the city for Korean firms looking for reliable logistical access. Additionally, offering competitive and transparent leasing terms with options for long-term leases will provide the stability needed to attract significant Korean investment, especially in manufacturing and supporting industries.

5.4.2. Department of Finance

The Department of Finance should focus on the development of supporting industries to strengthen Haiphong's supply chain network for Korean firms. This can be achieved by identifying Vietnamese SMEs capable of meeting Korean standards of quality and reliability, thereby fostering local supplier networks that reduce operational costs and drive local industry growth. Support for these suppliers can include incentives like tax reductions or grants, and training programs in partnership with Korean firms to improve standards and practices aligned with Korean investment needs. To further facilitate investment, a specialized Korean Investment Support Unit within the department could offer guidance on regulatory requirements, market entry strategies, and partnership opportunities with local suppliers, making the process smoother and more efficient for Korean investors.

5.4.3. Ministry of Finance

The Ministry of Finance, along with the Department of Finance, can support Korean FDI through targeted investment attraction policies and simplified licensing processes. By working with Korean trade agencies to identify high-priority sectors such as high-tech, renewable energy, and advanced manufacturing, the Ministry could offer tax breaks, subsidies, and streamlined processes that align with these sectors. Accelerating the licensing process for projects that support Vietnam's economic goals, with clear guidelines on procedures and timelines, will help reduce entry barriers for Korean investors. Enhanced legal protections, including intellectual property rights, fair dispute resolution, and contract enforcement, would also increase investor confidence. Establishing an advisory panel of Korean and Vietnamese industry experts to provide feedback on policy changes would allow continuous improvement to the investment environment based on the real-time needs of Korean firms.

5.4.4. People's Committee of Haiphong

Finally, the People's Committee should focus on creating a supportive environment for Korean expatriates and their families by developing dedicated housing areas with cultural amenities, healthcare services, and social infrastructure tailored to the Korean community. Digital transformation initiatives across administrative departments would also benefit investors by improving transparency and efficiency; a centralized online portal could manage inquiries, applications, and FDI-related approvals. Additionally, collaboration with educational institutions and Korean companies to establish Korean language schools and vocational training centers would help meet the specific operational needs of Korean firms. Workforce development programs, supported by Korean firms, would build a pipeline of skilled labor in advanced manufacturing, technology, and business management, reducing dependency on imported talent and lowering operational costs.

By implementing these targeted recommendations, each organization can play a crucial role in making Haiphong a more attractive and competitive

investment destination for Korean firms. Strengthened infrastructure, favorable policies, local workforce development, and supportive ecosystems will foster sustainable FDI inflows, deepening economic ties between the Republic of Korea and Haiphong, Vietnam.

5.4.5. Sustainability and green investment incentives

Given the increasing global emphasis on sustainable development and corporate responsibility, Haiphong should actively incorporate sustainability measures and green investment incentives into its FDI attraction strategy, specifically targeting Korean investors. The Ministry of Finance, in coordination with the Ministry of Natural Resources and Environment, should develop comprehensive policies for carbon credit mechanisms, incentivizing companies to reduce greenhouse gas emissions and adopt clean technologies. Implementing carbon credit policies, such as emission trading systems and carbon offsets, will significantly enhance Haiphong's appeal to Korean enterprises, many of which have robust sustainability commitments and regulatory obligations regarding carbon emissions reduction.

Moreover, environmental protection measures should be strengthened by establishing eco-industrial parks that emphasize circular economy principles, renewable energy integration, waste reduction, and recycling practices. Korean companies with ambitious ESG targets will find such sustainable infrastructures particularly attractive, facilitating their compliance with international sustainability standards, such as the EU's Carbon Border Adjustment Mechanism and Korea's 2050 net-zero goals.

The People's Committee of Haiphong should proactively collaborate with Korean trade and industry associations, such as KOCHAM, to understand the specific sustainability expectations and standards required by Korean investors. Furthermore, providing direct financial incentives, like green subsidies, low-interest loans, and tax reductions, for investments in renewable energy projects and green technology implementation will position Haiphong as a forward-

looking, environmentally responsible investment destination.

These combined initiatives in sustainability and green investment not only align with global investment priorities but also position Haiphong strategically as an attractive location for responsible and future-oriented Korean enterprises, ultimately supporting long-term economic growth, resilience, and environmental stewardship..

SUMMARY OF CHAPTER 5

Chapter 5 delves into the strategies designed to attract foreign direct investment to Haiphong, Vietnam, offering a multi-dimensional analysis that incorporates global investment trends, national and local government policies, and the specific interests of Korean investors. This comprehensive approach underscores the complex interplay between global economic forces and localized strategies, aiming to position Haiphong as a competitive and attractive destination for FDI.

A key element of the chapter is the application of a SWOT analysis, which provides a structured framework to evaluate Haiphong's current FDI environment. The analysis identifies the city's strategic advantages, including its location as a major port city, proximity to Hanoi, and its established industrial zones, which make it a hub for logistics and manufacturing. However, weaknesses such as underdeveloped infrastructure in certain areas, administrative inefficiencies, and a shortage of highly skilled labor are noted as barriers to maximizing FDI potential. Opportunities are highlighted through emerging global trends, such as shifts in supply chain strategies post-COVID-19 and increased interest from Korean investors seeking to diversify their overseas operations. At the same time, threats such as intense regional competition from neighboring countries and uncertainties in global economic conditions are addressed, emphasizing the need for proactive strategies to mitigate these challenges.

Building on these insights, the chapter outlines cohesive and targeted

solutions to enhance Haiphong's attractiveness to Korean investors. These solutions are rooted in a nuanced understanding of both local needs and investor expectations:

- Enhancing Industrial Infrastructure: The chapter emphasizes the importance of upgrading industrial parks with state-of-the-art facilities and ensuring their alignment with the technological and operational needs of modern industries.
- Advancing Transportation and Logistics: Recognizing Haiphong's role as a vital logistics hub, the solutions advocate for the modernization of port facilities, integration of multimodal transport systems, and improved connectivity to domestic and international markets.
- Developing Human Resources: Addressing the skills gap is prioritized through collaborations with vocational schools, universities, and training programs tailored to the demands of Korean businesses.
- Improving Administrative Efficiency: Streamlined administrative processes, greater transparency, and a reduction in bureaucratic hurdles are identified as critical to creating a favorable business environment.
- Refining Political and Regulatory Frameworks: Stability in political and economic policies is deemed essential for long-term investment confidence.
- Supporting Local Industries: The chapter proposes fostering partnerships between foreign investors and local firms, encouraging technology transfer, and promoting value chain integration.

CONCLUSION

This thesis has provided a thorough examination of strategies to enhance foreign direct investment from the Republic of Korea into Haiphong, Vietnam. By addressing a significant gap in the literature, the study has contributed both methodologically and practically to understanding how Hai Phong can improve its appeal to Korean investors. The research employed the Fuzzy AHP to systematically identify and prioritize the key factors influencing the investment decisions of Korean enterprises, marking a methodical approach to an underexplored area of study.

A comprehensive review of domestic and international studies revealed a lack of focused research specifically targeting the dynamics of Korean FDI in Haiphong. This study bridged that gap by identifying three primary factors—economic, social, and political – alongside nine critical sub-factors that influence investment decisions. These sub-factors include GRDP, consumer price index, local supporting industries, industrial infrastructure, transportation and logistics, human capital, wage rate, political stability, and institutional quality. Among these, the analysis highlighted that social factors, particularly industrial infrastructure, transportation and logistics capabilities, and human resource quality, play the most influential roles in attracting Korean FDI. These findings underscore the importance of creating a well-rounded investment ecosystem that not only addresses economic and political considerations but also prioritizes social infrastructure to meet investor needs.

A SWOT analysis of Haiphong's FDI landscape further complemented the findings. This analysis provided a detailed understanding of the city's strengths, such as its strategic location and existing industrial base, and weaknesses, including administrative inefficiencies and gaps in infrastructure. Opportunities were identified in the growing interest of Korean investors seeking diversified markets, while threats included intense regional competition and potential economic uncertainties.

Based on the analysis and calculations derived from the Fuzzy AHP method and SWOT analysis, the study proposed several solutions to improve Haiphong's FDI attraction from Korean enterprises. These solutions are categorized into three main areas: government policies, human resources, and infrastructure. Recommendations include policy reforms to create a more investor-friendly environment, initiatives to enhance the quality and availability of human capital, and improvements in infrastructure to support business operations and logistics.

On a scientific level, this thesis enriches the body of knowledge regarding FDI attraction strategies, particularly in the context of Haiphong's engagement with Korean investors. It introduces a structured and data-driven approach that can be adapted and applied to similar contexts worldwide. The findings also serve as a foundation for further academic research, encouraging deeper exploration of FDI dynamics in Vietnam and beyond. From a practical standpoint, the research outcomes offer actionable insights for multiple stakeholders. For management agencies, he recommendations provide a roadmap for refining policies and strategies to tattract and sustain FDI. For Korean enterprises, Korean investors can leverage the findings to make more informed decisions about expanding their operations in Haiphong. For supporting services, local businesses and service providers can adapt their offerings to better cater to the needs of FDI enterprises. Finally, for education institutions, the study's findings can guide curriculum development to produce a workforce equipped to meet the demands of a competitive, FDI-driven market.

This study emphasizes the interconnectedness of policy, infrastructure, and human resource development in creating an investment-friendly environment. By implementing the proposed solutions, Haiphong has the potential to strengthen its competitive position as a leading destination for Korean FDI. This will not only drive local economic growth but also contribute to deeper economic ties between Vietnam and the Republic of Korea. Ultimately, this thesis underscores the importance of a collaborative approach involving

policymakers, industry stakeholders, and educational institutions to foster sustainable economic development. By addressing current challenges and leveraging its inherent strengths, Haiphong can attract significant FDI inflows, positioning itself as a pivotal player in Vietnam's economic landscape.

.

PUBLISHED PAPERS RELATING TO THE THESIS

1. Ko Tae Yeon – Nguyen Minh Duc – Dan Duc Hiep: "The determinants of foreign direct investment (FDI) from Korean enterprises to Haiphong city", Journal of Trade Science (1) 2023, Vol 11, pp. 43-50.
2. MA. Ko Tae Yeon – PhD. Nguyen Minh Duc – Assoc.Prof.PhD. Dan Duc Hiep: "A study on the enablers of foreign direct investment inflows from the republic of korea into Haiphong, Vietnam", Journal of Finance & Accounting Research 2024, Vol 05 (30) (In press).
3. NCS Ko Tae Yeon – TS. Nguyễn Minh Đức: "Comparative analysis on Haiphong's competitive advantages for foreign direct investment", Kỷ yếu Hội thảo Khoa học Quốc gia 'Chuyển đổi số trong quản lý kinh tế, kinh doanh và tài chính – kế toán', 2023.
4. TS. Nguyễn Minh Đức – Ko Tae Yeon: "Phân tích mối quan hệ giữa năng lực gia nhập chuỗi cung ứng toàn cầu của doanh nghiệp địa phương và khả năng thu hút đầu tư trực tiếp nước ngoài (FDI): Trường hợp của FDI từ Hàn Quốc vào Hải Phòng, Kỷ yếu Hội thảo khoa học 'Giáp pháp thúc đẩy các doanh nghiệp nhỏ và vừa tham gia vào chuỗi cung ứng toàn cầu', 2023.
5. MSc. Ko Tae Yeon – Dr. Nguyen Minh Duc: "Comparative analysis on competive advantages of ASEAN countries for foreign direct investment: The case of LG group", The transport journal, March 2024, pp. 131-134.

REFERENCES

1 Abbas A., Moosa I. and Ramiah V. (2022). The contribution of human capital to foreign direct investment inflows in developing countries. Journal of Intellectual Capital, Vol. 23 No. 1, pp. 9-26.

2 Abdel-Gadir, S. (2010). Another look at the determinants of foreign direct investment in MENA countries: An empirical investigation. Journal of Economic Development, 35 (2), pp. 75-95.

3 Adhana, D. K. (2016), Foreign direct investment in Indian agricultural sector: Opportunities and challenges. KAAV international journal of economics, commerce & business management, Vol. 3, pp. 32-37.

4 Ali, S., and Guo, W. (2005), Determinants of FDI in China. Journal of Global Business and Technology, Vol. 1 (2), pp. 21-33

5 An, Zhiyong (2012), Taxation and foreign direct investment (FDI): empirical evidence from a quasi-experiment in China. International Tax and Public Finance, vol. 19 (5), pp. 660-676

6 Asiedu, E. (2002). On the determinants of foreign direct investment to developing countries: Is Africa different? World Development, 30(1), 107-119.

7 Asiedu, E. (2006). Foreign direct investment in Africa: The role of natural resources, market size, government policy, institutions and political instability. The World Economy, 29(1), 63-77.

8 Asiedu, E., & Lien, D. (2011). Democracy, foreign direct investment and natural resources. Journal of International Economics, 84(1), 99–111.

9 Athukorala, P. C., and Menon, J. (1995), Developing with Foreign Investment: Malaysia. Australian Economic Review, Vol. 28 (1), pp. 9-22.

10 Audretsch, D. B., & Feldman, M. P. (1996). R&D spillovers and the geography of innovation and production. The American Economic Review, 86(3), 630-640.

11 Aziz, O., & Mishra, A. (2015). Determinants of FDI inflows to Arab economies. The Journal of International Trade & Economic Development, 25, 1–32.

12 Behrman J. N. (1972). The Role of International Companies In Latin American Integration. The International Executive, Vol. 14.3, pp. 18-20.

13 Bende-Nabende, A., & Ford, J. L. (1998). FDI, policy adjustment and endogenous growth: Multiplier effects from a small dynamic model for Taiwan, 1959–1995. World Development, 26(7), 1315–1330.

14 Bhasin, R., & Murthy, K. V. B. (2018). The Evolving Framework of Determinants of Foreign Direct Investment: A Review of Literature. MANTHAN: Journal of Commerce and Management, 4.

15 Blonigen, B. A., & Piger, J. (2014). Determinants of foreign direct investment. Canadian Journal of Economics/Revue canadienne d'économique, 47(3), 775-812.
16 Boermans, M. A., Toelfsma, H., and Zhang, Y. (2011), Regional determinants of FDI in China: a factor – based approach. Journal of Chinese economic and business, Vol. 9 (1), pp. 23-42
17 Borensztein E., De Gregorio J., and Lee J.W. (1998), How Does Foreign Direct Investment Affect Economic Growth?, Journal of International Economics 45, p.115–135
18 Bouabdi, O. (2015). The Spatial Dimension of FDI in the MENA Countries. Applied Economics Quarterly (Formerly: Konjunkturpolitik), 61(1), 93–113.
19 Brans, J. P., & Mareschal, B. (2005). PROMETHEE methods. In Multiple criteria decision analysis: State of the art surveys (pp. 163-186). Springer.
20 Brash, D. T. (1966), American Investment in Australian Industry. Canberra: Australian University Press
21 Buckley, J. J. (1985). Fuzzy hierarchical analysis. Fuzzy Sets and Systems, 17(3), 233-247.
22 Buckley, J. J. (2002). Triangular norms in Fuzzy Logic. Fuzzy Sets and Systems, 126(1), 5-9.
23 Buckley, P. & Casson, M. (1976), The Future of the Multinational Enterprise. London, Mac Millan
24 Buckley, P. & Casson, M. (1981), The Optimal Timing of a Foreign Direct Investment. Economic Journal, vol. 91 (March)
25 Buckley, P. J. (1989). The Limits of Explanation: Testing the Internalisation Theory of the Multinational Enterprise BT - The Multinational Enterprise: Theory and Applications (P. J. Buckley (ed.); pp. 77–93).
26 Buckley, P. J., & Casson, M. (1985). The Economic Theory of the Multinational Enterprise: Selected Papers. St. Martin's Press.
27 Buckley, P. J., Clegg, L. J., & Wang, C. (2002). The impact of inward FDI on the performance of Chinese manufacturing firms. Journal of International Business Studies, 33(4), 637-655.
28 Bui, K. A. (2023), Đầu tư trực tiếp nước ngoài ở Việt Nam trong bối cảnh mới, Luận văn tiến sỹ, Viện chiến lược Việt Nam.
29 Bui, T. A. (2011), Determinants of foreign direct investment in Vietnam 1988-2009. University of Greenwich
30 Bui, T.T.A; Phan, V.C; Bui, Q.H; (2016), Completing investment environment in order to promote foreign direct investment to Haiphong city. Vietnam Maritime University's research.
31 Busse, M., & Hefeker, C. (2007). Political risk, institutions and foreign direct investment. European Journal of Political Economy, 23(2), 397-415.

32 Calik A. (2021). A novel Pythagorean fuzzy AHP and fuzzy TOPSIS methodology for green supplier selection in the Industry 4.0 era. Soft Compute Vol 25, pp. 2253–2265.
33 Campos, J. E., Lien, D., & Pradhan, S. (1999). The Impact of Corruption on Investment: Predictability Matters. World Development, Vol. 27, No. 6, pp. 1059-1067.
34 Campos, N. F., & Kinoshita, Y. (2008). Foreign direct investment and structural reforms: Evidence from Eastern Europe and Latin America. IMF Working Papers, 08(26).
35 Caves, R. E. (1971). International Corporations: The Industrial Economics of Foreign Investment. *Economica*, *38*(149), 1–27.
36 Caves, Richard E. (1996). Multinational Enterprise and Economic Analysis. Cambridge: Cambridge University Press.
37 Coughlin, C. C., Terza, J. V., & Arromdee, V. (1991). State characteristics and the location of foreign direct investment within the United States. The Review of Economics and Statistics, 675-683.
38 Cui H., Zhang H., Zhou L., Yang C., Li B. and Zhao X. (2023). Fuzzy analytic hierarchy process with ordered pair of normalized real numbers. Soft Computing, Vol. 27, pp. 12267-12288.
39 Daude, C., & Stein, E. (2007). The Quality of Institutions and Foreign Direct Investment. Economics & Politics, Vol. 19, No. 3, pp. 317-344.
40 De Propris, L., & Driffield, N. (2006). The importance of clusters for spillovers from foreign direct investment and technology sourcing. Cambridge Journal of Economics, 30(2), 277-291.
41 Deane, R. S. (1970), Foreign Investment in New Zealand Manufacturing. Wellington: Sweet and Maxwell
42 Dhingra, N., and Sidhu, H. S. (2011), Determinants of FDI Inflows to India. European Journal of Social Sciences, Vol. 25 (1), pp. 21-31
43 Dimitrova, A., & Triki, D. (2018). Does state fragility matter for foreign direct investment? Evidence from Southern and Eastern Mediterranean countries. *Management Decision*, *56*(8), 1787–1803.
44 Dimitrova, A., Rogmans, T., & Triki, D. (2020). Country-specific determinants of FDI inflows to the MENA region. *Multinational Business Review*, *28*(1), 1–38.
45 Don, A. W. (2007), Determinant of the Factors Affecting Foreign Direct Investment (FDI) Flow to Sri Lanka and its Impact on the Sri Lankan Economy. University of the Thai Chamber of Commerce
46 Driffield, N. (2002), Determinants of inward investment in the UK: A panel analysis. Applied Economics, Vol. 34 (5), pp. 555-560.
47 Dunning J. H. (1998). Location And The Multinational Enterprise: A Neglected Factor. Journal of International Business Studies, Vol. 29.1, pp. 45-66.
48 Dunning J.H. (1973). The Determinants of International Production. Oxford Economic Papers, Vol. 25 No.3, pp. 289-336.

49 Dunning J.H. (1980). Toward An Eclectic Theory Of International Production: Some Empirical Tests. Journal of International Business Studies, Vol. 2.1, pp. 9-3.
50 Dunning, J. H. (1958), American Investment in British Manufacturing Industry. London: George Allen and Unwin
51 Dunning, J. H. (1979). Explaining Changing Patterns of International Production: In Defence of the Eclectic Theory. Oxford Bulletin of Economics and Statistics, 41(4), 269–295.
52 Dunning, J. H. (1981). International Production and the Multinational Enterprise. London: Allen and Unwin.
53 Dunning, J. H. (1993). Multinational Enterprises and the Global Economy. Addison-Wesley Publishing Company.
54 Dunning, J. H. (1994), Globalization: The Challenge for National Economic Regimes. Dublin: Economic and Social Council
55 Dunning, J. H. (1998). Location and the Multinational Enterprise: A Neglected Factor? Journal of International Business Studies, 29(1), 45–66.
56 Economic and Social Commission for Asia and the Pacific. (2017). Fundamentals of FDI. Training course of promotion, attraction and facilitation of FDI for inclusive and sustainable development, Hap An June 2017.
57 Fei, C. F. (2009), A research on the Position Factors Guangdong Province Attracting Agriculture FDI. South China Agriculture University
58 Flamm, K. (1984), The Volatility of Offshore Investment. Journal of Development Economics, 16, pp.231-248.
59 Freselam M., Ainul A.M. and Masdi M. (2014), Comparative Analysis between Fuzzy and Traditional Analytical Hierarchy Process. MATEC Web of Conferences, 13(2), pp. 01006
60 Fujita, M., Krugman, P., & Venables, A. J. (1999). The spatial economy: Cities, regions, and international trade. MIT Press.
61 Galan, Benito, and Vencente (2007), Factors determining the location decisions of Spanish MNEs: an analysis based on the investment development path. Journal of International Business Studies, Vol. 38 (6), pp. 875-997.
62 Galan, J. I., and Benito, J. G. (2001), Determinant factors of FDI: Some empirical evidence. Europe Business Review, Vol. 13 (5), pp. 269-278.
63 Gastanaga, V., Nugent, J., & Pashamova, B. (1998). Host country reforms and FDI inflows: How much difference do they make? World Development, Vol. 26, No. 7, pp. 1299-1314.
64 Globerman, S., & Shapiro, D. (2002). Global foreign direct investment flows: The role of governance infrastructure. World Development, 30(11), 1899-1919.

65 Goldsbrough, D. G. (1979), The Role of Foreign Direct Investment in the External Adjustment Process. Staff Papers Vol. 26, pp. 725-754.
66 Goswami, V. (2024). Do institutional determinants matter for FDI inflows location choice? Evidence from sub-national panel data in India. International Journal of Emerging Markets, 19(11), 3685–3708.
67 Graham, E. (2000), Strategic Management and transnational firm behavior: a formal approach, in Pitelis, C. and Sugden, R., The Nature of the Transnational Firm. London, Routledge, 2nd edition
68 Graham, E. M., and Krugman, P. R. (1989), Foreign Direct Investment in the United States. Washington D. C.: Institute for International Economics.
69 Graham, E., & Ovadia, J. S. (2019). Oil exploration and production in Sub-Saharan Africa, 1990-present: Trends and developments. The Extractive Industries and Society, 6(2), 593–609.
70 Gupta, V. K. (1983). A Simultaneous Determination of Structure, Conduct and Performance in Canadian Manufacturing. *Oxford Economic Papers*, *35*(2), 281–301.
71 Gwartney, J., Lawson, R., & Hall, J. (2010). Economic Freedom of the World: 2010 Annual Report. Fraser Institute.
72 Hai Phong City People's Committee (2021), Hai Phong's master plan for 2021 - 2040, with a vision to 2050
73 Hai Phong Statistical Office (2024), Internal report 2024
74 Hanson, G. (2001), Should Countries Promote Foreign Direct Investment?, G-24 Discussion Papers 9, United Nations Conference on Trade and Development
75 Harris S. and Wheeler C. (2005). Entrepreneurs' relationships for internationalization: functions, origins and strategies. International Business Review, Vol. 14, pp. 187–207.
76 HEZA (2023), Annual Report 2023
77 HEZA (2024). South coastal economic zone – New dynamics for economic development of Haiphong city. Seminar by Vietnam Maritime University and Haiphong Economic Zone Association.
78 Hirschman, A. O. (1958), The Strategy of Economic Development, New Haven: Yale University Press
79 Hoang N. D. (2020). Determinants of FDI In Vietnam: An Application of The Gravity Model. Master thesis. University of Economics Ho Chi Minh City.
80 Hoang, C. C. (2013), Trade liberalization and foreign direct investment in Vietnam: An approach through the Gravity model and Hausman – Taylor estimation method. Journal of Science and Development, No. 11 (1), pp. 85-96.
81 Hoang, H.H., Huynh, C.M., Duong, N.M.H. et al. Determinants of foreign direct investment in Southern Central Coast of Vietnam: a

spatial econometric analysis. Econ Change Restruct 55, 285–310 (2022). https://doi.org/10.1007/s10644-020-09315-3

82 Hoang, T. T. (2006), Determinants of Foreign Direct Investment in Vietnam. Working paper, pp. 958-975

83 Huang, C. L. (1996). A new method for ranking fuzzy numbers through the computation of centroid points. Fuzzy Sets and Systems, 80(3), 359-367.

84 Huang, Tao. (2009). FDI in China, a Brief Summary. Zhong Guo: Ren Bao.

85 Hwang B. N., Pai N. Y. and Wu C. H. (2017). Fuzzy AHP for determining the key features and cognitive differences of mobile game development among designer and game player. Multimedia Tools and Applications, Vol. 76, pp. 18265-18290.

86 Hwang, C.L., & Yoon, K. (1981). Multiple Attribute Decision Making: Methods and Applications. Springer.

87 Hymer, S. (1970). The Efficiency (Contradictions) of Multinational Corporations. *The American Economic Review*, *60*(2), 441–448.

88 IMF (2009). Balance of Payments and International Investment Position Manual. IMF, Washington DC.

89 Khair, U. Z., Hashim, S., and Awan, Z. (2006), Economics Determinants of Foreign Direct Investment in Pakistan. Gomal Unversity Journal of Research, Vol. 22, pp. 49-57.

90 Khan M.A. (2007). Role of human capital in attracting foreign direct investment: A South Asian perspective. SAARC Journal of Human Resource Development, pp. 5-25.

91 Khan, H., Dong, Y., Bibi, R., & Khan, I. (2023). Institutional Quality and Foreign Direct Investment: Global Evidence. Journal of the Knowledge Economy. https://doi.org/10.1007/s13132-023-01508-1

92 Kinda, T. (2010). Investment climate and FDI in developing countries: Firm-level evidence. World Development, 38(4), 498-513.

93 Klir, G. J., & Yuan, B. (1995). Fuzzy sets and fuzzy logic: theory and applications. Prentice Hall.

94 Kumar, N. (1990), Multinational Enterprises in India. London: Routledge.

95 Kurtović, S., Nehat, M., Blerim, H., & and Talović, S. (2020). The determinants of FDI location choice in the Western Balkan countries. Post-Communist Economies, 32(8), 1089–1110.

96 Le H. S. (2020), Research on attracting foreign direct investment in Quang Ninh province in the new development context. Doctoral thesis, University of Mining and Geology.

97 Le V. A. (2004). Locational Determinants of Foreign Direct Investment: The Case of Vietnam. Working paper. Nagoya University.

98 Le, H. V., & Pomfret, R. (2011). Technology spillovers from foreign direct investment in Vietnam: Horizontal or vertical spillovers? Journal of the Asia Pacific Economy, 16(2), 183-201.
99 Le, N. Q. (2022), Vietnam's policy to attract foreign direct investment to 2030. PhD thesis, University of Commerce.
100 Le, T. L. and Nguyen, T. T. (2013), Factors affecting the satisfaction of foreign direct investment enterprises: a typical case study in Da Nang. Journal of Development and Integration, No. 11 (21).
101 Le, T. T. (2007), Does Foreign Direct Investment Have an Impact on the Growth in Labor Productivity of Vietnamese Domestic Firms? Research Institute of Economy, Trade and Industry (RIETI).
102 Lipsey R (2002), Home and Host Country Effects of FDI, Lidingö, Sweden
103 Liu, K., Kevin, D., and Maria, E. V. (2012), Determinants of regional distribution of FDI inflows across China's four regions. Internation Business Research, Vol. 5 (12)
104 Loree, D. W., & Guisinger, S. E. (1995). Policy and non-policy determinants of US equity foreign direct investment. Journal of International Business Studies, 26(2), 281-299.
105 Lv, L., Wen, S., and Xiong, Q. (2010), Determinants and performance index of foreign direct investment in China's agriculture. China Agricultural Economic Review, Vol. 2 (1), pp. 36-48.
106 Macharis, C., Springael, J., De Brucker, K., & Verbeke, A. (2004). PROMETHEE and AHP: The design of operational synergies in multi criteria analysis. Strengths and weaknesses. Stochastic Environmental Research and Risk Assessment, 18(6), 339- 377.
107 Markowitz, H. (1952). Portfolio Selection. The Journal of Finance, 7(1), 77-91.
108 Marshall, A. (1890). Principles of Economics. Macmillan.
109 Md A., Sagar M., Md A. I., Jubayer A. M. and Khan M. H. (2020). A Comparative Study of AHP and Fuzzy AHP Method for Inconsistent Data. International Journal of Sciences: Basic and Applied Research, Vol 54, No. 4, pp. 16 -37.
110 Meyer, K. E., and Nguyen, H. V. (2005), Foreign Investment Strategies and Sub-national Institutions in Emerging Markets: Evidence from Vietnam. Journal of Management Studies, Vol. 42 (1), pp. 63-93
111 Mijiyawa, A. G. (2015). What Drives Foreign Direct Investment in Africa? An Empirical Investigation with Panel Data. African Development Review, 27(4), 392–402.
112 Ministry of Planning and Investment (2023), FDI attraction situation in Vietnam and Vietnam's overseas investment in 2023, Available at https://www.mpi.gov.vn/en/Pages/2023-12-29/FDI-attraction-

situation-in-Vietnam-and-Vietnam-s-fh2c25.aspx, last accessed Jan 2nd 2025

113 Mirza, H. (1986), Multinationals and the Growth of the Singapore Economy. New York: St. Martin's Press

114 Mody, Ashoka and Srinivasan, Krishna. (1998). Japanese and United States Firms as Foreign Investors: Do they march to the same tune? Canadian Journal of Economics, Canadian Economics Association, Vol. 31, No. 4, pp. 778-799.

115 Mohammad T. And Hairunnizam W. (2022). A Guide to Integrating Expert Opinion and Fuzzy AHP When Generating Weights for Composite Indices. Advances in Fuzzy Systems, Vol. 2022, pp. 1-12.

116 Moosa, I. A. (2003). Foreign Direct Investment. In I. A. Moosa (Ed.), International Financial Operations (pp. 318–340). Palgrave Macmillan UK.

117 Mustafa B. A. (2013). A Fuzzy AHP Approach for Supplier Selection Problem: A Case Study in a Gear Motor Company. International Journal of Managing Value and Supply Chains, Vol.4, No. 3, pp. 11-23.

118 Na, L., and Lightfoot, W. S. (2006), Determinants of foreign direct investment at the regional level in China. Journal of Technology Management in China, Vol. 1 (3), pp. 262-278.

119 Naim A. and Ayman Q. (2020). Implementing Fuzzy AHP and FUCOM to evaluate critical success factors for sustained academic quality assurance and ABET accreditation. PLoS ONE, Vol. 15, No. 9, pp. 1-30.

120 National Assembly (2005), Vietnam's Investment Law

121 National Assembly (2021), 10-year Socio-Economic Development Strategy 2021 – 2030, No. 16/2021/QH15.

122 Nau M. L. (2020). Four Common Mistakes when Designing Questionnaires for Data Quality. Available at https://norstatgroup.com/blog/four-common-mistakes-when-designing-questionnaires-for-data-quality, last accessed on Aug 25th 2023.

123 Ngouhouo, I. (2008). Les investissements directs etrangers en Afriquecentrale: Attractivité et effects économiques. Thèse de doctorat, Université du Sud Toulon Var.

124 Nguyen T. N. A. (2016). Regional Determinants of FDI Location in Vietnam. Journal of Economics and Development. Vol.18, No.1, pp. 19-37.

125 Nguyen, H. T., Ho, P. T., & Vo, T. T. (2019). Infrastructure Development and FDI Attraction in Vietnam. Journal of Asian Business and Economic Studies, 26(1), 34-50.

126 Nguyen, M. T. (2010), Factors affecting the attraction of foreign direct investment in a locality of Vietnam. Journal of Science and Technology, No. 5 (40).
127 Nguyen, N. A. (2014), Research on factors affecting foreign direct investment attraction in the Central key economic region. Danang University of Economics.
128 Nguyen, T. D., & Nguyen, T. T. (2007). The Determinants of Provincial Foreign Direct Investment in Vietnam: An Empirical Analysis. ASEAN Economic Bulletin, 24(2), 211-226.
129 Nguyen, T. D., & Nguyen, T. T. (2010). The impact of inflation on foreign direct investment inflows: Evidence from Vietnam. Asian Journal of Business and Management Sciences, 1(12), 1-10.
130 Nguyen, T. D., Duysters, G., & Patterson, J. (2009). Foreign direct investment absorptive capacity theory. Journal of International Business Studies, 40(8), 1295-1313.
131 Nguyen, T. H. T., Vu, P. T. M., Nong T. L. and Ngo T. H. (2024). New Southern Policy and Foreign Direct Investment Trend from Republic of Korea to Asean Countries. TNU Journal of Science and Technology. 229(08), pp. 425-432
132 Nguyen, T. L. A., Saleh, A., and Vinen, D. (2013), Multinational Corporations (MNCs) Motivations to Invest in the Vietnamese Services Industry. Finance and Economics Conference, Vol. 5, pp. 5-7.
133 Nguyen, T. Q. (2017). Attracting FDI in supporting industries: A case study of the electronics and automotive sectors in Vietnam. Journal of Economics and Development, 19(2), 85-95.
134 Nguyen, X. T. (2013), Attracting investment into local economy: International experience. Proceedings of the conference on investment promotion in the Central Coast region.
135 Nielsen, B. B., Asmussen, C. G., & Weatherall, C. D. (2017). The location choice of foreign direct investments: Empirical evidence and methodological challenges. Journal of World Business, 52(1), 62–82.
136 Nonnenberg, M. and Mendonca, M. (2004). The Determinants of Direct Investment in Developing Countries. Working Paper, Institute of Applied Economic Research.
137 Noorbakhsh, F., Paloni, A., & Youssef, A. (2001). Human capital and FDI inflows to developing countries: New empirical evidence. World Development, Vol. 29, No. 9, pp. 1593-1610.
138 North, D. (1990). A transaction cost theory of politics. Journal Of Theoretical Politics, Vol. 2, No. 4, pp. 355-367.
139 North, D. (1991). Institutions. Journal Of Economic Perspectives, Vol. 5, No. 1, pp. 97-112.
140 North, D. C. (1990). Institutions, Institutional Change and Economic Performance. Cambridge University Press.

141 Omri, A., & Kahouli, B. (2014). The nexus among foreign investment, domestic capital and economic growth: Empirical evidence from the MENA region. Research in Economics, 68(3), 257–263.
142 Organization for Economic Co-operation and Development (OECD). (Various years). OECD FDI Statistics. Available at: OECD FDI Statistics Portal.
143 Oviatt B. M. and McDougall P. P. (2005). Toward a theory of international new ventures. Journal of International Business Studies, Vol. 36, pp. 29–41.
144 P. Doh, J. (2019). MNEs, FDI, inequality and growth. Multinational Business Review, 27(3), 217–220.
145 Pawel K., Witold P. and Adam K. (2021). Fuzzy Analytic Hierarchy Process in a Graphical Approach. Group Decision and Negotiation, Vol. 30, pp. 463-481.
146 Payam S. S. and Edalatpanah S. (2020). Supplier selection using fuzzy AHP method and D-Numbers. Fuzzy Ext. Application, Vol 1, No. 1, pp. 1-140
147 Pham T. H. H. (2012). Determinants of FDI into China and Vietnam: A Comparative Study. Working Paper. Laboratoire d'Economie et de Management Nantes-Atlantique Université de Nantes.
148 Pham, H. T., & Nguyen, D. T. (2019). The impact of local supporting industries on foreign direct investment: The case of Vietnam. International Journal of Economics and Business Research, 18(4), 421-436.
149 Pham, H. T., & Vo, D. H. (2014). Infrastructure and FDI Attraction in Vietnam: An Empirical Analysis. Journal of Economics and Development, 16(1), 73-88.
150 Pham, H. T., & Vo, D. H. (2020). Human Capital, Productivity, and FDI Inflows in Vietnam. Journal of International Economics and Management, 20(3), 45-63.
151 Pham, L. (2011). Inflation and FDI: The Vietnamese case. Journal of Economics and Development, 13(2), 23-39.
152 Pham, L. (2011). Infrastructure development and FDI in Vietnam. Journal of Economics and Development, 13(2), 23-39.
153 Pham, L. (2011). The impact of economic reforms on the attraction of FDI in Vietnam. Journal of Economics and Development, 13(2), 23-39.
154 Pham, Thi Kim Oanh (2017), Promoting foreign direct investment to Vietnam: the case study of Haiphong city. Master thesis at Haiphong university.
155 Pheng, L. S., and Hongbin, J. (2006), Analysing ownership, locational and internationalization andvantages of Chinese construction MNCs using rough sets analysis. Construction Management and Economics, Vol. 24 (11), pp. 49-65

156 Politburo (2019), Resolution 45-NQ/TW.
157 Politburo (2024), Resolution No. 30-NQ/TW.
158 Porter, M. E. (1990). The Competitive Advantage of Nations. Free Press.
159 Prime Minister (2022), Decision Approving the Strategy for foreign investment cooperation in the 2021- 2030 period, No. 667/QD-TTg.
160 Ranjan, V., & Agrawal, G. (2011). FDI Inflow Determinants in BRIC countries: A Panel Data Analysis. *International Business Research*, *4*(4), 255–263.
161 Roberts, B. M., & Almahmood, A. (2009). Source Country Characteristics and the Inflow of Foreign Direct Investment into Saudi Arabia. *The World Economy*, *32*(12), 1730–1746.
162 Root, F., & Ahmed, A. (1978). The influence of policy instruments on manufacturing Direct Foreign investment in developing countries. Journal Of International Business Studies, Vol. 9, No. 3, pp. 81-94.
163 Rugman, A. M. (2010). Reconciling Internalization Theory and the Eclectic Paradigm. *Multinational Business Review*, *18*(2), 1–12.
164 Saaty, T. L. (2008). Decision making with the analytic network process. International Journal of Services Sciences, 1(1), 83-98.
165 Saaty, T. L., & Vargas, L. G. (2006). Decision making with the analytic network process. Springer.
166 Safarian, A. E. (1966), Foreign Ownership of Canadian Industry. Toronto: University of Toronto Press
167 Samuelson Paul A. & Nordhaus William D., (1988). Economics, McGraw-Hill Book Company, 12th Edition.
168 Saunders, R. S. (1982), The Determinants of Foreign Direct Investment. Canadian Journal of Economics, Vol. 15, pp. 77-84.
169 Schneider, F., & Frey, B. S. (1985). Economic and political determinants of foreign direct investment. World Development, 13(2), 161-175.
170 Scott, W. R. (1995). Institutions and Organizations: Ideas, Interests and Identities. Sage.
171 Shamsuddin, A. F. (1994). Economic Determinants of Foreign Direct Investment in Less Developed Countries. The Pakistan Development Review, Vol. 33, pp. 41-51.
172 Siddiqui, A., & Iqbal, A. (2018). In search of spatial interdependence of US outbound FDI in the MENA region. *The World Economy*, *41*(5), 1415–1436.
173 Singh, H., & Jun, K. W. (1995). Some new evidence on determinants of foreign direct investment in developing countries (Policy Research Working Paper Series, Issue 1531). The World Bank.
174 Standing Committee of Hai Phong City Party Committee (2019), Action Program No. 76-CTr/TU.

175 Statistical yearbook 2023, General Statistics Office, Available at https://www.gso.gov.vn/en/default/2024/07/statistical-yearbook-of-2023/, last accessed Jan 9th 2024
176 Stefan C. (2021). 16 Advantages And Disadvantages Of Foreign Direct Investment. FDI Insights, List. Research FDI.
177 Stonehill, A. (1965), Foreign Ownership in Norwegian Enterprises. Oslo: Central Bureau of Statistics
178 Stubenitsky, F. (1970), American Direct Investment in Netherlands Industry. Rotterdam: Rotterdam University Press
179 Tejvan P. (2019). Factors that affect foreign direct investment (FDI). Economics Help. Available at https://www.economicshelp.org/blog/15736/economics/factors-that-affect-foreign-direct-investment-fdi/, last accessed Aug 31st 2023.
180 Tran, Q. T., & Le, T. H. (2015). Inflation and foreign direct investment in the manufacturing sector in Vietnam. Journal of Economic Studies, 42(4), 540-556.
181 Tran, T. Q. (2008), Reforms in FDI policy and the investment climate in Vietnam. Journal of World Trade, Vol. 42 (6), pp. 1179-1202
182 Tufan D., Nihan C. D. And Cengiz K. (2008), Fuzzy Analytic Hierarchy Process and Its Application. In: Kahraman, C. (eds) Fuzzy Multi-Criteria Decision Making. Springer Optimization and Its Applications, Vol 16.
183 Uddin, M., Chowdhury, A., Zafar, S., Shafique, S., & Liu, J. (2019). Institutional determinants of inward FDI: Evidence from Pakistan. International Business Review, 28(2), 344–358.
184 UNCTAD. (2021). World Investment Report 2021.
185 UNCTAD. (2023). Global foreign direct investment flows over the last 30 years. https://unctad.org/data-visualization/global-foreign-direct-investment-flows-over-last-30-years
186 Vernon R. (1966), International investment and international trade in the product cycle. Quarterly Journal of Economics 80, pp. 190-207
187 Vernon, R. (1971), The Multinational Spread of U.S. Enterprises. Basic Books.
188 Vietnam Briefing. (2023). Vietnam's Trade & Investment With The European Union Following The 2020 EVFTA. Retreived from https://www.vietnam-briefing.com/news/
189 Vietnam Foreign Investment Annual Report. (2021). Vietnam Foreign Investment Report 2021. Scientific and Technical Publisher
190 Villaverde, J., & Maza, A. (2015). The determinants of inward foreign direct investment: Evidence from the European regions. International Business Review, 24(2), 209–223.
191 Vinod K. N. and Ganesh L. S. (1996). An empirical analysis of the use of the Analytic Hierarchy Process for estimating membership values in a fuzzy set. Fuzzy Sets Syst., Vol 82(1), pp. 1-16.

192 Vo, X. H., & Le, H. T. (2017). Regional Disparities in FDI Attraction in Vietnam: An Empirical Analysis. Journal of Economic Development, 24(4), 93-108.
193 Vu Chi Loc (2011), International Investment Textbook, Foreign Trade University Publishing House.
194 Vu, V. N. (2018), Increasing foreign direct investment attraction in agriculture in the Red River Delta. Academy of Finance.
195 Wang, Y. M., & Zhang, H. W. (2009). An overview of fuzzy AHP applications in operations management. Applied Soft Computing, 9(2), 377-386.
196 Wei, S.-J. (2000). How Taxing is Corruption on International Investors? *The Review of Economics and Statistics*, *82*(1), 1–11.
197 Wheeler, D., & Mody, A. (1992). International investment location decisions: The case of US firms. Journal of International Economics, 33(1-2), 57-76.
198 Williamson, O. E. (1979). Transaction-Cost Economics: The Governance of Contractual Relations. *The Journal of Law and Economics*, *22*(2), 233–261.
199 World Bank (2011). Doing Business 2011. World Bank, Washington DC.
200 World Bank (2021). Doing Business 2021: Ease of doing business rank
201 World Bank (2021). Doing Business 2021: Making a Difference for Entrepreneurs.
202 World Bank (2021). Global Economic Prospects, June 2021: Pandemic, Recession, Recovery.
203 World Bank (2024). The World Bank in Vietnam: Overview. Available at https://www.worldbank.org/en/country/vietnam/overview, last accessed Jan 2nd 2025.
204 World Trade Organization (1996). Trade and foreign investment. World Trade Organization News: 1996 Press releases.
205 Youssouf, N. N. (2017). Robust FDI Determinants in Sub-Saharan African Countries. Applied Economics and Finance, 4(5), 21–30.
206 Zadeh, L. A. (1975). The concept of a linguistic variable and its application to approximate reasoning—I. Information Sciences, 8(3), 199-249.
207 Zhang, K. H. (2001), Does Foreign Direct Investment Promote Economic Growth? Evidence From East Asia and Latin America. Contemporary Economic policy, Vol. 19 (2), pp. 175-185
208 Zhang, K. H., Zhang, K. Y., & Zang, X. (2010). How does FDI affect industrial competitiveness? Evidence from China. Journal of Asian Economics, 21(4), 329-340.

209 Zhou, C., Delios, A., and Yang, J. (2002), Locational determinant of Japanese foreign direct investment in China. Asian Pacific Journal of Management, Vol. 19, pp. 63-86

APPENDIX

Appendix 1. Synthesis Report on Foreign Investment Situation in the 5-Year Period (01/01/2018 - 31/12/2022)

Source: Haiphong city, Department of Planning and Investment, Annual Report 2022

No	Criteria	Unit	2018	2019	2020	2021	2022	Total
I	**Performance**							
1	Invested capital	Millions of dollars	1,573.48	2,247.57	1,737.95	2,463.18	2,570.03	10,592.22
2	Revenue	Millions of dollars	12,425.54	16,597.00	19,651.70	25,055.85	26,761.69	100,491.78
3	Export	Millions of dollars	10,644.36	14,432.28	18,896.43	13,167.60	24,493.26	81,633.93
4	Import	Millions of dollars	11,121.38	13,499.87	16,935.29	21,028.45	21,434.36	84,019.35
5	Number of labors at the end of reporting period		190,383	204,164	226,089	236,270	239,500	1,096,406
6	Budget submission *(including Import and Export Tax)*	Millions of dollars	188.76	230.87	188.52	229.72	263.37	1,373,143
II	**Investment Application Status**							
2.1	**New Project Proposal**							
	Number of new projects	Project	104	91	76	53	89	413
	Registered capital	Millions of dollars	644.66	630.78	1,125.85	372.4	1,121.81	3,895.50
2.2	**Project Capital Adjustment Proposal**							
	Number of Capital Adjustment Projects	Project	45	61	27	65	42	240
	Registered Capital (increase or decrease)	Millions of dollars	1859.51	788.57	440	2,722.49	932.12	6,742.76
2.3	**Capital contribution, Share purchases, Purchase of capital**							

	contribution							
	Number of Capital Contributions, Share Purchases, and Contributions purchased	Number	37	62	54	25	20	198
	Capital contribution value, share purchase, and purchased capital contribution value as the registered capital	Millions of dollars	1,034.66	39.30	67.19	2,203.40	28.93	3,373.48
	Capital contribution value, share purchase, and purchased capital contribution value as the expected transaction value	Millions of dollars	1,034.66	39.30	67.19	2,203.40	28.93	3,373.48
III	**Investment Registration status**							
3.1	**New project**							
	Number of new projects	Project	104	91	76	53	89	413
	Registered capital	Millions of dollars	644.66	630.78	1,125.85	372.4	1,121.81	3,895.50
3.2	**Capital Adjustment Project**							
	Number of projects with increased adjustments	Project	45	61	27	65	42	240
	Increased adjusted capital	Millions of dollars	1859.51	788.57	440	2,722.49	932.12	6,742.76
	Number of projects with decreased adjustments	Project	1	5	2	5	5	6,982.76
	Decreased adjusted capital	Millions of dollars	3.00	15.78	0.31	38.57	52.56	110.21
3.3	**Capital contribution, Share purchases, Purchase of capital contribution**							

	Number of Capital Contributions, Share Purchases, and Contributions purchased	Number	37	62	54	25	20	198
	Capital contribution value, share purchase, and purchased capital contribution value as the registered capital	Millions of dollars	1,034.66	39.30	67.19	2,203.40	28.93	3,373.48
	Capital contribution value, share purchase, and purchased capital contribution value as the expected transaction value	Millions of dollars	1,034.66	39.30	67.19	2,203.40	28.93	3,373.48
IV	**Projects under suspension or termination**							
4.1	**Project under suspension**							
	Number of Projects under suspension	Project	0	0	4	0	1	5
	Registered capital of Projects under suspension	Millions of dollars	0	0	23.56	0	55.73	79.29
4.2	**Terminated projects**							
	Number of terminated projects	Project	16	21	21	24	27	109
	Registered capital of terminated projects	Millions of dollars	153.51	87.09	67.1	61.83	211.35	580.88

Appendix 2. Summary of FDI Capital by Origins in Haiphong city (up to June, 2023)

Appendix 2.1 Outside of Industrial zones

Rank	Countries	Investment Capital FDI (USD)
1	Korea	1,134,632,630
2	Japan	665,906,008
3	British Virgin Island	526,039,506.09
4	Hong Kong	266,744,248.50
5	Taiwan	205,982,857
6	Singapore	203,198,758.00
7	Australia	174,968,399.53
8	China	105,450,211.00
9	Netherlands	91,786,170
10	Thailand	65,973,050.00
11	Israel	60,000,000
12	United Kingdom	39,940,000.00
13	France	37,000,000.00
14	America	24,319,000.00
15	Samoa	14,800,000
16	Mauritius	13,600,000
17	India	11,100,000.00
18	German	10,670,000
19	Belgium	8,489,371.50
20	Brunei	5,700,000
21	Anguilla	5,000,000
22	Ukraina	4,939,000.00
23	Canada	2,069,000
24	Slovenia	2,000,000.00
25	Seychelles	800,000
26	Austria	500,000.00
27	Belize	500,000
28	Romania	500,000.00
29	Czech Republic	400,000.00
30	Russia	381,316.00
31	Panama	300,000
32	Italia	100,000
33	Marshall Island	50,000.00

Appendix 2.2 In Industrial zones

No	Industrial area	Countries	Investment Capital FDI (million USD)
1	Nomura - Haiphong	Taiwan	5.50
		Hong Kong	7.1
		Na Uy	9
		Japan	1,456.25
		Singaport	149.26
		Sweden	13
		TOTAL	**1640.11**
2	NCK	Hong Kong	1.00
		TOTAL	**1.00**
3	Do Son - Haiphong	Anguilla	21.15
		United Kingdom	9.66
		Apia Samoa	59.8
		Taiwan	29
		Korea	6.5
		Hong Kong	135.6
		Mauritius	0.75
		America	59.31
		Japan	9.95
		Samoa	1
		Seychelles	2.50
		Singapore	2.00
		China	119.39
		TOTAL	**456.61**
4	Khu công nghiệp An Dương	Taiwan	100.0
		Korea	12
		China	435.17
		Singapore	130.8
		America	7.97
		Hong Kong	265
		TOTAL	**950.94**
5	Dinh Vu (Deep C 1)	BVI	51.01
		Belgium	51
		Singapore	1287.23
		China	24.55
		Japan	679.91
		Taiwan	113.25
		German	39.58

		Netherlands	17.3
		Korea	593.23
		Hong Kong	690.56
		Indonesia	11
		Thailand	35.33
		Sweden	5.37
		TOTAL	**3599.32**
6	Trang Due	Japan	48.07
		Taiwan	8.66
		Korea	9,456.94
		Samoa	8.67
		BVI	3
		Bermuda	21
		Luxembourg	2
		Singapore	25
		Italy	3
		India	2
		Hong Kong	154.9
		America	10
		China	25.35
		Seychelles	20.3
		TOTAL	**9788.89**
7	Nam Dinh Vu 1	Netherlands	41.45
		TOTAL	**41.45**
8	Deep C 2A	Hong Kong	156.42
		Belgium	58.43
		Cayman Islands	2.13
		Korea	92.79
		Taiwan	809
		Japan	3
		The United Kingdom	42.8
		China	35
		Singapore	25
		TOTAL	**1224.57**
9	Deep C 2B	Hong Kong	25.45
		Belgium	15.65
		Korea	165.8
		China	15.5
		BVI	20
		Taiwan	9.8
		German	62.37

		Netherlands	25.83
		America	30
		Singapore	107.68
		Sweden	30
		TOTAL	**508.08**
10	VSIP	Japan	425.00
		Singapore	58.242
		TOTAL	**483.24**
11	MP Dinh Vu	Korea	0.243
		Japan	1.5
		Singapore	0.346
		China	1.934
		TOTAL	**4.023**
12	Non-tariff and Nam Dinh Vu (Zone1)	Taiwan	23.31
		German	15.53
		Netherlands	101.89
		Korea	118.67
		Hong Kong	71.3
		Russia	6
		Japan	19.5
		France	11.11
		Singapore	128.87
		China	213.63
		TOTAL	**709.81**

Appendix 3. Questionnaire Survey on Factors Affecting FDI Inflows

Survey on Factors Affecting the Promotion of FDI from Korean Enterprises in Haiphong City

Dear Respondent,

We extend our warm greetings and express our gratitude for your willingness to participate in our survey on "*Factors Affecting the Promotion of Foreign Direct Investment (FDI) from Korean Enterprises to Haiphong City*." Your insights are invaluable in unraveling the dynamics that shape the investment landscape between Korean enterprises and Haiphong, Vietnam.

Haiphong City, with its strategic location and burgeoning economic opportunities, has become an increasingly attractive destination for international investors. Among these investors, Korean enterprises have shown a growing interest in contributing to and benefiting from the economic potential that Haiphong offers. Understanding the factors that influence the promotion of FDI from Korean enterprises is essential for both local authorities and businesses to foster mutually beneficial partnerships.

The primary goal of this questionnaire is to identify and analyze the factors that impact the promotion of FDI from Korean enterprises to Haiphong City. Your firsthand experiences and opinions will contribute to a comprehensive understanding of the challenges and opportunities faced by Korean investors in Haiphong. The findings will aid in developing targeted strategies to enhance collaboration, streamline processes, and create an environment conducive to sustained FDI promotion.

Please be assured that your responses will be treated with the utmost confidentiality. Your identity will remain anonymous, and the information collected will be used solely for research purposes. Your participation is entirely voluntary, and you have the option to withdraw from the survey at any time without consequence. Carefully read each question and provide your honest and thoughtful responses. Your input is critical in shaping recommendations that can improve the promotion of FDI from Korean enterprises to Haiphong City.

We appreciate your time and dedication to contributing to this important research endeavor.
Thank you!

Dec 2023

Ko Tae Yeon
Vietnam Maritime University
Researcher in charge of survey analysis

Demographic Profile Questionnaire

Demographic Category	Details	Response
Sector	Investors in Haiphong	☐
	Investors in neighbor cities	☐
	Policy makers or Regulators	☐
	Consultants or Practitioners	☐
	Researchers or Academics	☐
	Others (Please describe)	
Years of experiences	< 5 years	☐
	5-10 years	☐
	> 10 years	☐
Current position	Executive manager	☐
	Senior manager	☐
	Middle manager	☐
	Specialist staff	☐
	Clerical Administrative	☐
	Other (Please describe)	

Survey on the Importance level of Factors Affecting the Promotion of FDI from Korean Enterprises to Haiphong City

1. How to indicate which FDI enabler is more important?

Select and enter the applicable value from the following <*Importance scale*>

<Importance Scale>

Meaning	Absolutely Important	Strongly Important	Fairly Important	Weakly Important	Equally Important
Scale	9	7	5	3	1

Intermittent values (2,4,6,8) can also be selected.

(Example): Compare "A" (left) and "B" (right) items and circle how much more important you think each item is.

Compare 2 items	Item	Important scale	Item
A is absolutely more important than B	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
A is strongly more important than B	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
A is fairly more important than B	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
A is weakly more important than B	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
The importance of A and B is the same	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
B is weakly more important than A	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
B is fairly more important than A	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
B is strongly more important than A	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B
B is absolutely more important than A	A	**9 8 7 6 5 4 3 2 1 2 3 4 5 6 7 8 9**	B

2. Survey questions

Following an in-depth analysis of the existing literature concerning the encouragement of FDI inflows in the region and discussions with survey participants from the previous session, we have compiled the subsequent list of elements influencing the promotion of FDI by Korean enterprises in Haiphong.

<Factors affecting FDI inflows by Korean enterprises in Haiphong>

Economic factors	Social factors	Political factors
GDP	Infrastructure	Institutional quality
Trade openness	Human capital	
Exchange rate	Wage rate	
Interest rate		
Inflation rate		

★From now on, please fill out the questionnaire as shown in the example above.

Please determine the importance of each factor in affecting the promotion of FDI from Korean enterprises in Haiphong City and **CIRCLE** the appropriate scale.

1) Which do you think is more important, Economic criteria, Soci al criteria or the Political criteria?

Factor	Importance Scale																	Factor
	Absolutely Important		Strongly Important		Fairly Important		Weakly Important		Equally Important	Weakly Important		Fairly Important		Strongly Important		Absolutely Important		
Economic	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Social**
Economic	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Political**
Social	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Political**

2) Which economic factor do you think is more important?

Factor	Importance Scale																	Factor
	Absolutely Important		Strongly Important		Fairly Important		Weakly Important		Equally Important	Weakly Important		Fairly Important		Strongly Important		Absolutely Important		
GRDP	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Local supporting industries**
GRDP	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**CPI**
Local supporting industries	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**CPI**

3) Which social factor do you think is more important?

Factor	Importance Scale																	Factor
	Absolutely Important		Strongly Important		Fairly Important		Weakly Important		Equally Important	Weakly Important		Fairly Important		Strongly Important		Absolutely Important		
Industrial Infrastructure	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Transportation & logistics infrastructure**
Industrial Infrastructure	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Human resources**
Industrial Infrastructure	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Wage rate**
Transportation & logistics infrastructure	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Human resources**
Transportation & logistics infrastructure	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Wage rate**
Human resources	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Wage rate**

4) Which political factor do you think is more important?

Factor	Importance Scale																	Factor
	Absolutely Important		Strongly Important		Fairly Important		Weakly Important		Equally Important	Weakly Important		Fairly Important		Strongly Important		Absolutely Important		
Institutional quality	9	8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	**Political stability**

¤ **Should you recommend other enablers for FDI attraction or suggestions for the promotion of FDI in Haiphong, please describe below.**

★ ***This is the end of the questionnaire.***

Thank you for your valuable participation in this survey on "*Factors Affecting the Promotion of Foreign Direct Investment (FDI) from Korean Enterprises in Haiphong City.*"
Your time and thoughtful responses are genuinely appreciated. The information gathered will contribute to developing targeted strategies, fostering collaboration, and enhancing the investment environment between Korean enterprises and Haiphong City. Should you have any further comments or insights that you believe are pertinent to the study, please feel free to include them in the space provided below. Your additional input will add depth to our analysis.
Once again, thank you for your valuable contribution.
Wishing you continued success and thank you for being a vital part of this research endeavor.
Sincerely,

Vietnam Maritime University/ Ko Tae Yeon