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INVEST

FOREIGN DIRECT INVESTMENT

Vietnam's FDI inflows in 2022 amounted to USD 17.9 billion, up by 14.3% year-on-year and above their pre-pandemic level, while the total stock of FDI reached USD 210.4 billion (around 51.8% of the country's GDP), according to the UNCTAD's [World Investment Report 2023](#). Traditionally directed towards the light industry, FDI inflows quickly turn towards heavy industry, real estate, and tourism. Inflows are expected to continue, confirming the country's position as one of the most attractive countries in terms of FDI in Asia. The General Statistics Office reported that Vietnam attracted around USD 36.6 billion in foreign investment in 2023, marking a 32.1% year-on-year increase. During the same year, foreign investors allocated funds to 18 out of 21 economic sectors in the country, with processing-manufacturing receiving USD 23.5 billion or 64.2% of the total FDI capital, a rise of 39.9% compared to the previous year. In 2023, foreign investments in Vietnam originated from 111 countries and regions, with Singapore leading the way with over USD 6.9 billion, constituting 18.6% of the total FDI inflow.

Vietnam has emerged as one of the fastest-growing and relatively stable economies in Asia in recent years. The country boasts several favorable business conditions, including a stable political system, a consistent track record of high economic and market growth, a plentiful workforce of young and skilled laborers, strategic proximity to East Asia's top emerging economies, and a relatively open FDI environment. Its business-friendly policies distinguish it among its Southeast Asian counterparts and foster a robust inflow of foreign capital. Despite boasting a relatively high level of FDI net inflows as a percentage of GDP compared to its regional counterparts, Vietnam confronts notable challenges within its investment climate. These challenges encompass widespread corruption, the entrenched dominance of state-owned enterprises (SOEs) in specific sectors, regulatory uncertainty across key industries, a weak and opaque legal framework, inadequate enforcement of intellectual property rights, a scarcity of skilled labor, restrictive labor practices, and sluggish government decision-making processes. Moreover, with significant reliance on inputs from the People's Republic of China, Vietnamese manufacturing faces vulnerabilities related to forced labor risks within supply chains, although both the government and industry are actively engaged in addressing these concerns. Foreign and domestic private entities enjoy the privilege to establish and possess business enterprises in Vietnam and participate in various legal remunerative activities in unregulated sectors. However, Vietnam imposes statutory restrictions on foreign investment, such as foreign ownership limits (FOLs) and joint partnership requirements, particularly in sectors like banking, network infrastructure services, non-infrastructure telecommunication services, transportation, energy, and defense. Recent regulations, implemented in March 2021, specify 25 business lines where foreign investment is prohibited and outline market access requirements for 59 other business lines. Although Vietnam's Law on Investment stipulates equal treatment for foreign and domestic investors, foreign investors have voiced grievances regarding encountering additional obstacles in obtaining routine government approvals. Furthermore, the government maintains foreign ownership limits (FOLs) in industries deemed vital to national security. Vietnam ranks 46th among the 132 economies on the [Global Innovation Index 2023](#) and 59th out of 184 countries on the latest [Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow (<i>million USD</i>)	15,800	15,660	17,900

Foreign Direct Investment	2020	2021	2022
FDI Stock (million USD)	176,911	192,571	210,471
Number of Greenfield Investments*	134	128	181
Value of Greenfield Investments (million USD)	10,957	11,785	25,916

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Vietnam	East Asia & Pacific	United States	Germany
Index of Transaction Transparency*	7.0	5.9	7.0	5.0
Index of Manager's Responsibility**	4.0	5.2	9.0	5.0
Index of Shareholders' Power***	2.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN VIETNAM

Strong Points

The main strengths of the country's economy are:

- Steady and stable growth estimated at around 7-8% over the next ten years (Business France, 2021) with a positive economic outlook
- A young, inexpensive, skilled and fast-growing workforce
- Socio-political stability
- A regional hub of competitive and attractive industrial production
- A government that seeks to liberalise the economy and introduce free-market reforms
- Agricultural and energy production sectors that can rely on abundant resources but are still largely under-exploited
- A strategic location (sharing borders with China, located in the centre of Southeast Asia and a long coastline)

Weak Points

The main obstacles to the development of the country are:

- Weak health and transport infrastructure
- Weak financial structures and in particular the banking sector: the regulation of the financial sector has many shortcomings and its lack of independence vis-à-vis the government makes it opaque.
- A complex business environment: financial investments are subject to a whole series of opaque regulations that can not be legally guaranteed and intellectual property rights are not systematically respected

- A non-transparent legal framework: the judicial system is subject to political influences, and commercial disputes often take years to resolve
- High risks of corruption
- Great disparities of development and poverty in many regions
- Recurring tensions with China on the subject of sovereignty in the South China Sea
- Partial public sector reforms, with high levels of SOE debt and declining returns on equity
- Limited foreign exchange reserves

Government Measures to Motivate or Restrict FDI

The promotion of foreign investments is part of Vietnam's development strategy. To that end, the government is improving its judicial system, creating more incentives and taxation policies for foreign investors and trying to respect its commitments with regard to the international community. "Business Forums", opportunities for foreign investors to establish fruitful dialogue and to assert their interests, are frequently organised between the Vietnamese government and the private sector. Additionally, Vietnamese efforts to maintain socio-political stability and set up and professionalise investment promotion activities also play a crucial role in increasing the FDI flow. Recent moves to diversify the economy and shift to high value-added industries also demonstrate the country's desire to attract new types of FDI.

In 2019, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) went into effect, and Vietnamese officials approved the EU-Vietnam Free Trade Agreement (EVFTA) in late 2020. Such agreements ease FDI inflows into the country, offer better market entry for Vietnamese exports, and promote reforms that assist all foreign investors.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Vietnam

[Asian Development Bank](#), Proposed Projects in Asia

[DgMarket](#), Tenders Worldwide

Finding Assistance For Further Information

Investment Aid Agency

[Ministry of Planning and Investment](#)

[Vietnam Trade Promotion Agency](#)

Other Useful Resources

[Invest in Vietnam](#)

Doing Business Guides

[Country Commercial Guide for Vietnam - ITA](#)

Vietnam Tax Guide - Deloitte

Doing Business in Vietnam - UHY

Doing Business in Vietnam - World Bank

Doing Business in Vietnam - PwC