

FDI FLOWS INTO VIETNAM FORECAST TO INCREASE IN H2: EXPERTS

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(MPI), announced that many large-scale projects, including billion-USD ones from Republic of Korea (RoK) firms are waiting to enter Vietnam, Hai Phong authorities on Jun 26 handed over a licence to LG Innotek Vietnam Hai Phong Co., Ltd. to add over 1 billion USD to its project in the northern port city, raising its total investment to over 2.05 billion USD.

However, the sum has yet to be counted in the total amount of FD in Vietnam in the first six months of 2023 when the additional capital poured into underway projects was recorded at 2.93 billion USD, down 57.1% year on year.

The reasons behind the decline include a lack of expansion of big projects, while a large amount of the added capital recorded in the first half of 2022 at 6.82 billion USD.

However, insiders noted that the situation has been improved, as the total FDI that Vietnam has attracted in the first six months of this year has reached 13.43 billion USD, a decrease of only 4.3% year on year, a lower level than a downturn of 7.3% in the five months, 17.9% in the four months, and 38.8% in the three months.

While the added capital fell sharply, the newly-registered capital in the first six months of this year increased strongly at 31.3% to 6.94 billion USD, and the capital poured in capital contribution and share purchase deals also surged 76.8% to over 4 billion USD. Once the capital injected in LG Innotek project is recorded, the chance for FDI in Vietnam to reverse is high.

Particularly, in the first half of this year, 10.2 billion USD of FDI was disbursed, up 0.5% year on year. Hoang said that the increase in

the disbursement rate showed the efficiency of the Government's efforts to support businesses in implementing their projects.

However, according to Hoang, although many large-scale firms are showing interest in Vietnam, they have remained cautious in giving final decisions.

He said that Japanese and RoK investors have tended to slow down in making investment decisions to consider internal problems of the economy and the US's encouragement of investors to switch production chains from China to other countries. Meanwhile, investors from Taiwan (China) are flocking to Vietnam, especially in the fields of electricity, electronics, technology and electric vehicles. Chinese firms are also establishing new production facilities outside the country to make full use of the host countries' advantages.

Right after China's reopening, Chinese investors have flocked to Vietnam. In the first six months of this year, China ranked third in terms of registered FDI in Vietnam with 1.95 billion USD, and ranked first in the number of new projects, accounting for 18% of the total 1,293.

Polytex Far Eastern Vietnam Ltd from Taiwan plans to invest an additional 250 million USD in Vietnam in the third quarter of 2023, raising its total investment to over 1 billion USD. Meanwhile, Cheng Loong, also from Taiwan, is implementing the second phase of its 1-billion-USD project in Vietnam.

Xiamen Hithium Energy Storage Technology and Growatt New Energy from China are also reportedly considering to invest a total of 1 billion USD in Vietnam.

These are positive news, and if realised, the FDI flows into Vietnam will increase remarkably in the coming time./.

(Source: VTV)