

Chapter 5:

5. CONCLUSION MARKS.

5.1. For a long time, after finishing the wars, Vietnam has followed the economic-management mechanism based on bureaucratic, irrational state subsidies. This makes many difficulties for Vietnam's economy. To overcome the difficulties Vietnam has to renovate. The initial achievements of renovation in Vietnam for last 7 years are deservedly notable.

5.2. Vietnam's "open-door" policy, its incentives for foreign investment, attitude of Vietnam's state, and competitive advantages of Vietnam's market have attracted Foreign Direct Investment into Vietnam. Specialists of the World Bank recognized: "While Vietnam has no special policy for domestic investors, Foreign investors in Vietnam have emergent competitive advantages, for instance, incentives in taxes" (Vietnam - Transferred period to market economy, WB, 1993). On the other hand, FDI helped Vietnam to tide over difficulties, such as lack of capital, lack of management experiences, poor knowledge of market economy, etc. The results of attracting FDI in Vietnam for 1988-1994, as shown above, are deservedly encouraged. By this trend, and in accordance with specialists in this area, FDI in Vietnam will be increased very fast in the near future, especially when Vietnam becomes a member of ASEAN.

5.3. Malaysia has been quick to recognize Vietnam as an important trading partner and investment destination. At the present, Malaysia is one of the most powerful and successful foreign investors in Vietnam. He is the

first of all countries at speed of increase of number of investment projects and at scale of projects. His investment capital into Vietnam has increased year by year. To get more successes and to seize new investment opportunities in the new international atmosphere, however, Malaysia should pay more attention to investment conditions and "customs" in Vietnam, review all his investment activities for the last period, find out the reasons of the successes and losses, make a Master Plan for investment in Vietnam etc.

The things that Malaysia should do immediately, in our opinion, are:

1. *Setting up enough powerful representative offices in Vietnam,*
2. *Expanding research on Vietnam's market to find out new investment opportunities in new areas where Malaysia has its advantages, preparing the "competitive" programme to keep his present position in the List of Foreign Investors in Vietnam and increase his investment in Vietnam in the near future, before the FDI flow into Vietnam becomes faster and stronger because of America lifting trade embargo against Vietnam and Vietnam's taking part in ASEAN*
3. *Defining Direction of investment.* Although Vietnam's population is 70 million, its purchasing power is limited because of low income (tab.4.1). In 8-10 years, the purchasing power will be increased fast. So Malaysia should orient its investment into Vietnam in two directions : Production for export for 10 coming years (when domestic purchasing power is till low)

especially to Vietnam's neighbours (as stated in 4.4.2.) and, production for domestic demand and export for the long-term.

4. *Choosing reliable and workable Vietnamese partner* as mentioned in 4.4.4 to get detailly all necessary information not only "inside investment" but also "outside investment" in the location where they has licensed project.

5. Finally, *making a Master Plan* for investment in Vietnam - the country where many suitable conditions for investment can be found , and where Malaysian investors have reached lots of initial successes. The Master Plan should be based on the following political events :

- *. The USA left its embargo against Vietnam on 3/2/1994. The flow of foreign investment into Vietnam becomes faster and stronger.
- *. Vietnam will become a Member of ASEAN. New suitable conditions for investment, therein multi-partner investment, will be found .