

SUMMARY OF SCIENTIFIC RESEARCH

Name of research: Impact of economic freedom to the attraction of foreign direct investment: The Case of Vietnam

Author: Doan Ngoc Dieu Hang - QH-2009-E KTDN CLC

Pham Duc Thang - QH-2008-E KTDN

Bui Thi Hoai Trang - QH-2008-E KTDN

Instructor: PhD. Ha Van Tuan

Prize: Consolation prize at UEB level

Research objectives:

Find out the impact of economic freedom (evaluated by 10 index: business freedom, investment freedom, financial freedom, fiscal freedom, freedom from corruption, property rights, trade freedom, government size, monetary freedom and labor freedom) to FDI inflows in Vietnam and find out what factors have the strongest impact. From the analysis along with the consideration and comparison with the case of India and China, we make comments and suggest appropriate policies for attracting FDI in Vietnam.

Research structure:

The research includes three main chapters as follows:

Chapter 1: Theoretical fundamentals and practical basis of the study. This chapter offers the basic knowledge about FDI and economic freedom as well as the facts of FDI and economic freedom in Vietnam according to the experimental data.

Chapter 2: Analyzing the impact of economic freedom to attract FDI in Vietnam. Based on the theory from Chapter 1, in this chapter, research will clarify the impact of economic freedom to FDI in terms of Vietnam. In addition, this chapter also consider the case of two powers of attracting FDI (India and China) to further clarify the case of Vietnam and build a model to testing economic freedom to FDI, together with processing interpretation of process and relevant data.

Chapter 3: Based on evaluation and analysis results above, we proposed a number of suggested solutions and policies to enhance the attraction of foreign direct investment into Vietnam in the near future.

Research results:

1. Contribution of research to science

The study has accomplished the biggest goal showing the impact of economic freedom to foreign direct investment (FDI) inflows into Vietnam, more specifically, the direction and extent of the impact of economic freedom to FDI. Going further, research has found that Trade freedom is a key factor that has the greatest positive impact on FDI inflows among 10 factors of economic freedom.

Research the first time mentioned the relationship between economic freedom and FDI in Vietnam with sample data from 1995 to 2011. With these theoretical results tested by the models, research contribute a small part in the fundamental studies of FDI and economic freedom in Vietnam.

More importantly, research has laid the foundation of theoretical basis for future research on economic freedom in Vietnam.

2. Contribution of research to practice

From these results, combined with the previous reasoning about promoting FDI, we have proposed recommendations about solutions and policies to improve the level of attracting FDI inflows into Vietnam based on the expansion of economic freedom.

In addition, research have shown the direction and magnitude of the impact of each element of economic freedom to FDI, thereby building priority in policies to attract foreign direct investment to Vietnam.