



Multinationals signal strong intentions

By Ha Oanh

The commitments of numerous corporations to expand their investments in Vietnam are the fruitful results of the government's efforts to broaden investment opportunities while actively supporting investors.

Swire Coca-Cola last week inaugurated its manufacturing plant in the southeast province of Tay Ninh. With a total investment of \$136 million and a production capacity of one billion litres of beverages per year, this is not only Coca-Cola's largest facility in Vietnam but also the first food and beverage plant in the country to achieve LEED Gold certification for green building standards.

"Beyond investing in infrastructure, this plant reflects our dedication to sustainable development and our aspiration to make meaningful contributions to the communities we call home across Vietnam," said Milly Cheng, general director of Coca-Cola Vietnam.

According to Cheng, the inauguration of the Tay Ninh plant marks a significant milestone in Coca-Cola's journey in Vietnam.

"This state-of-the-art facility, blending innovation and sustainability, demonstrates our strong belief in Vietnam's immense growth potential and our long-term investment commitment here," she added.

Coca-Cola is not the only one with confidence in Vietnam's market potential. Lego Group from Denmark inaugurated its \$1.3 billion factory in Binh Duong (now



Photo: Le Toan

New facilities from big names are demonstrating their belief in Vietnam's investment environment

part of Ho Chi Minh City) in early April, while Syre Group from Sweden recently invested \$1 billion in a project in Binh Dinh, now incorporated into Gia Lai province.

Likewise, in early June, Jeffrey Perlman, chairman of Warburg Pincus, met with Minister of Industry and Trade Nguyen Hong Dien and reaffirmed his firm's long-term investment commitment to Vietnam while advocating for stronger Vietnam-US bilateral economic and trade relations.

Such commitments from numerous investors explain why Vietnam's foreign direct investment (FDI) inflows remain robust. In the first six months of the year, registered FDI reached nearly \$21.52

billion, a 32.6 per cent increase compared to the same period last year - the highest since 2009. Disbursed FDI amounted to \$11.72 billion, the highest for the first half of any year in the past five years.

"These figures as evidence of Vietnam's success in attracting foreign investment," said Deputy Minister of Finance Nguyen Duc Tam at the Coca-Cola plant inauguration. "While concerns about tax policies are real and may cause some foreign investors to be cautious in disbursing funds, particularly for large-scale, long-term projects, Vietnam retains significant advantages in the global race to attract FDI. These include a favourable investment and business environment

and, most importantly, the Vietnamese government's commitment to supporting investors."

In addition, at Techcombank's International Investment Conference 2025, Deputy Prime Minister Ho Duc Phoc stated, "The government is committed to accompanying both domestic and foreign investors. We call on investors to actively invest in Vietnam, particularly in high-tech, energy, processing, services, and financial investment sectors."

To sustain the momentum in attracting major foreign investors, the Ministry of Finance is proactively implementing several solutions within its authority. These include developing tailored policies

to promote high-potential economic zones such as Van Don and Van Phong, free trade zones, border economic zones, and regions outlined in various resolutions.

Additionally, the ministry is urgently establishing national and provincial investment one-stop portals to streamline processes. It is also promptly addressing obstacles and recommendations for major foreign-led projects to expedite investment procedures and project progress.

In a significant move to create breakthroughs in attracting FDI, the National Assembly has passed a resolution on establishment of international financial centres in Vietnam, effective from September 1 (see Page 9).

"To implement this, the MoF must issue decrees on the hubs and on capital-related matters. The Foreign Investment Agency (FIA) is requested to promptly prepare and report," said Deputy Minister of Finance Nguyen Thi Bich Ngoc.

The FIA is likely to establish dedicated task forces to directly negotiate and support major corporations such as Nvidia and SK in investing in Vietnam, Ngoc added.

"It should proactively approach and invite potential investors in key sectors like high-tech, IT, and high-quality services, Deputy Minister Ngoc said. "Efforts should also focus on creating a cohesive and robust system of preferential policies to prioritise investments in high-tech fields such as AI, smart supply chains, renewable energy, and green technology."■



Vietnam is actively recalibrating its core investment prospects. **Dr. Sven David**, general director and CEO at VIET Transformation Advisors, analyses the landscape of foreign direct investment in Vietnam in the new context.

For decades, low labour costs and an abundant workforce served as key competitive advantages. Today, a more durable, compelling asset steadily takes their place: institutional credibility. This foundational shift is no longer merely theoretical, strong empirical evidence substantiates it.

In the first half of 2025, foreign direct investment inflows surged by

An investment narrative from cost gain to institutional trust

an impressive 32.6 per cent to \$21.52 billion, according to figures from Foreign Investment Agency under the Ministry of Finance.

This robust growth underlines Vietnam's emergence as a pivotal investment destination within a dynamic regional landscape, where even countries like Thailand recorded a 34 per cent increase in foreign investment during the first five months. Yet, the deeper transformation lies not in headline figures, but in profound policy changes, infrastructure enhancements, and a burgeoning culture of administrative accountability reshaping the entire investment ecosystem.

Vietnam's investment climate has long benefited from its inherent dynamism and sense of possibility. As the nation matures economically, it consciously shifts towards a model grounded in predictability, transparency, and trust. The transition from informal arrangements and ad hoc decisions to a system governed by clear, rules-based frameworks is reshaping how investors view and interact with

the Vietnamese market.

This structural evolution is vital not only for attracting fresh capital, but also for engaging a more sophisticated cohort of strategic investors: those seeking long-term certainty and a transparent operating environment. It signals Vietnam's intent to transition from a cost-based manufacturing hub to a destination for sustainable, high-value investment.

Vietnam's determined push for administrative reform reflects two concurrent forces: domestic demands for improved governance and international expectations shaped by a complex global investment context, especially in the wake of developments like Base Erosion and Profit Shifting 2.0.

The government has responded decisively. As reported by the Ministry of Home Affairs in 2025, a major restructuring of central government institutions reduced ministries and central agencies by approximately 20 per cent. This included the consolidation of five ministries, four

regulatory bodies, and five national media institutions.

Far from symbolic, these efforts represent a fundamental redefinition of the state's role: transitioning from a traditionally cautious gatekeeper to an agile, transparent, and responsive facilitator.

This captures a pivotal development: the replacement of informal, discretionary systems with more predictable and formal structures, which serve as the cornerstone of long-term institutional trust.

Reform and realignment

Vietnam's journey towards smart governance is anchored in a national commitment to comprehensive digital transformation. The strategy for e-government development towards 2030, issued in 2021, laid the strategic groundwork for this shift, setting the stage for the full digitalisation of public services by the end of 2025, with broader digital government and society goals extending to 2030. Operational aspects are

advanced through rules like those in 2024 establishing unified standards and predictable timelines for administrative procedures.

Particular emphasis is placed on reforming domains that have historically challenged investors, especially licensing and land administration. These areas are undergoing detailed process reengineering. Where once ambiguity and discretion prevailed, Vietnam now introduces standardised, repeatable, and digitally enabled processes.

These reforms improve efficiency and enable more consistent investor experiences across provincial and sectoral boundaries. While implementation varies regionally and remains technically complex, the overarching approach is pragmatic, sustained reform focused on infrastructure modernisation and tailored, context-sensitive execution.

This transition to predictable systems constitutes a form of "confidence infrastructure", an essential enabling layer that enhances trust between state and investor.

Institutional credibility has moved decisively to the centre of Vietnam's foreign funding strategy. This includes greater transparency, procedural consistency, and enforce-

By Prof. Dr. Nam Ho
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Foreign-led businesses are repositioning supply chains amid US tariffs changes, geopolitical tensions, and global supply chain volatility. For instance, 47 per cent of South Korean enterprises expand production to different areas, as shown in a recent report from the Korean Chamber of Commerce and Industry.

Vietnam, which recorded impressive foreign direct investment (FDI) growth in the first half of 2025, is emerging as one among the targeted destinations.

The new US tariff decision, especially on transshipped goods, will create a strong impetus for Vietnam to truly accelerate technological autonomy and enhance domestic capacity. Foreign-invested enterprises (FIEs) will have stronger incentives to invest in research and development (R&D), technology transfer, and supply chain development in Vietnam to avoid tariff barriers. This aligns with the goals on private economic development and technological autonomy.

In this transformation, FIEs may face a strategic decision: accept the new US tariffs and optimise operations in Vietnam, or shift production completely out of Asia to avoid tariff risks. The new tariffs on transshipment, if applied, will accelerate this process, forcing companies to have “real production” in Vietnam or look for alternative markets like the EU or ASEAN.

Looking at the investment trend, FDI from Singapore (making up 36.8 per cent of the country’s total) and South Korea will continue to be boosted into high-tech sectors such

Foreign-led enterprises have incentive for modern funding

Trends in FDI movements by sector and region		
Criteria	Trending	Assessment
Industry structure	Electronics and logistics	High technology, manufacturing, and renewable energy account for a large proportion, with the number of tech projects increasing by 18 per cent, reflecting a shift towards higher value chains
Compass	Bac Ninh, Binh Duong, and Dong Nai	FDI concentrated in Bac Ninh, Dong Nai, Thu Duc City, and Haiphong due to industrial infrastructure and specific mechanisms
Impact of provincial merger	12 per cent reduction in licensing time	Increased efficiency of management within key economic regions
Funding	Singapore, China, and Turkey	Turkey is becoming an emerging investor

Source: Global Chamber Vietnam

as AI, semiconductors, and renewable energy, thanks to tax incentives and successful trade negotiations.

Total registered FDI in the first half of 2025 saw technology projects increase by 18 per cent. This trend will continue strongly, showing a more pronounced shift to high-tech, AI, and semiconductor ventures, although it may slow down the pace of FDI attraction in the short term but towards higher quality.

In the long term, Vietnam is expected to strengthen its position and attract high-quality FDI with transparency in tax policy, local mergers, and a stable monetary policy will strengthen Vietnam’s position. This will engage high-quality FDI into the high-tech and renewable energy sectors. FDI will shift sharply from labour-intensive industries to high-tech industries, with dealmaking activity picking up sharply.

If Vietnam succeeds in reforming its institutions and addressing

regulatory, legal, and inflation control barriers, it will help Vietnam compete in the ASEAN region.

Meanwhile, there are new opportunities for the local market. In terms of value chain connection, Vietnam has created conditions for private enterprises to participate more deeply in global supply chains. For example, Samsung aims to localise 50 per cent by 2030, opening up great opportunities for Vietnamese enterprises.

Merger and acquisitions in the renewable energy sector have increased by 42 per cent thanks to public-private partnership (PPP) policies, and this trend is likely to continue to be promoted.

Regarding promoting deeper localisation, the new US tariff on transshipped goods will create pressure and simultaneously an incentive for FIEs to increase investment in actual production in Vietnam, including developing supporting

industries and input material production, instead of mere assembly.

In spite of these, challenges remain. There is still a lack of a clear legal framework for high-tech PPP projects, leading to risks of disputes and delays. Approximately 70 per cent of Vietnamese small and medium-sized private enterprises have not met the necessary standards for cooperation with large FIEs. This hinders their ability to absorb technology and participate deeply in value chains.

Moreover, despite 200 per cent R&D tax incentives and technological autonomy goals, Vietnam’s technology absorption capacity currently stands at only about 35 per cent. Cost pressure and tariff changes are also a big challenge for traditional export sectors, requiring cost adjustments and market strategies.

FDI will not only be a source of capital, but also a channel for knowledge and technology transfer, helping Vietnam enhance its

position in the global value chain and realise its aspiration to become a developed nation by 2045. However, Vietnam needs to quickly address legal gaps and enhance the capacity of private enterprises to effectively absorb this capital and technology.

Vietnam is entering a strategic transformation phase – shifting from balancing FDI attraction to technological autonomy and internal strength, where FDI and the private economy both play a core role. In a complex global context, the three pillars of government, foreign-led groups, and domestic enterprises will be the driving force to help Vietnam maintain its attractive investment position, while gradually rising to become an independent, autonomous, and globally competitive economy by 2030.

To achieve the goals, the country should carry out continuous institutional reform to simplify administration, and respond to tariff barriers by expanding negotiations and supporting businesses in shifting markets.

It should also boost synchronous infrastructure development by increasing public investment in transport, energy, and digital infrastructure; have prudent monetary policy to control inflation, stabilise exchange rates, and limit market shocks; and encourage FDI-private sector links by creating incentives for R&D, technology transfer, and human resource training.

For businesses, they should diversify supply chains by targeting the EU, ASEAN, and Japan; encourage tech innovation and digital transformation; and enhance domestic and international cooperation to leverage the opportunities of Vietnam’s current vision.■

able legal frameworks. The revised legal environment aligns investment incentives more closely with environmental, social, and governance (ESG) priorities and digital transformation objectives.

Criteria for sectoral eligibility and strategic project classification are now more clearly defined, in contrast to broader frameworks such as the ASEAN Comprehensive Investment Agreement.

This alignment offers two significant advantages. Firstly, it brings Vietnam closer in line with global tax norms such as those outlined under the Organisation for Economic Co-operation and Development’s Pillar Two framework and enshrined domestically through 2023 regulations on global minimum tax.

This reduces fiscal uncertainty for multinational corporations and mitigates potential for international tax disputes. Secondly, and equally important, it sends a compelling message to sophisticated investors that Vietnam is serious about institutional maturity and regulatory integrity. These investors increasingly view regulatory certainty as a critical factor, often placing it on par with traditional considerations like workforce availability, geographic positioning,

or supply chain integration.

This reflects a broader truth that Vietnam no longer needs to be the easiest market, but it can be the most trusted. The country redefines its competitive advantage: not by lowering barriers, but by raising standards of clarity and reliability. This approach invites businesses committed to long-term success to plan and operate with greater confidence.

Rethinking entry and operations

Investor behaviour is evolving. Traditional entry drivers such as generous tax holidays or abundant low-cost labour are no longer sufficient to attract the most discerning capital. Strategic investors now prioritise risk-adjusted performance metrics. Among these, the quality of local governance, the proven resilience of operations, and the strength of compliance capacity have emerged as new and critical key performance indicators.

Today’s investment success in Vietnam is as dependent on navigating regulatory complexity as it is on identifying market potential. Accordingly, high-performing investors increasingly embrace a three-part strategy.

The first part is digital due dili-

gence, leveraging advanced digital tools and data analytics to perform rigorous assessments of regulatory, market, and operational risks. This includes evaluating the practical effectiveness of e-licensing platforms, administrative consistency, and infrastructure quality across provinces, not just in formal terms but in day-to-day implementation.

Secondly, building strong relationships with trusted Vietnamese legal and advisory firms is essential. These local experts offer in-depth insights into shifting regulatory interpretations, procedural nuances, and informal expectations. Their role is indispensable in translating formal regulations into effective operational strategies.

Thirdly, robust ESG frameworks are no longer optional. Since 2021, ESG reporting has been mandatory for publicly listed companies. Broader disclosure requirements are under development, although a full timeline has yet to be announced. Nevertheless, proactive ESG monitoring ensures operational alignment with both current and emerging investor standards.

Investors who commit to deeply embedding themselves in Vietnam’s institutional terrain, diligently under-

FDI Snapshot:
Vietnam's H1 2025
Momentum

Total Registered FDI*
\$21.51 billion
+32.6%
year-on-year

Disbursed FDI*
\$11.72 billion
+8.1%
year-on-year

Key sectors*
Manufacturing
Real Estate

*Source: FIA H1 2025 Report

Administrative Reform:
Building Digital
Governance

approximately
20%
downsizing of
ministries and
central agencies

E-licensing
Expansion**
220+
services
digitalised via
National Public
Service Portal

**Source: MOHA and VietNamNet 2025

Risk-Aware Investment
Checklist
Strategic Steps for Investors

✓

Assess practical implementation and efficacy of digital and administrative reforms at the provincial level (focus: actual administrative timelines and data infrastructure)

✓

Build comprehensive compliance and governance protocols

✓

Cultivate deep local insight and robust compliance partnerships to navigate the evolving institutional and regulatory landscape effectively

✓

Integrate ESG and resilience planning across project lifecycle

✓

Conduct comprehensive digital due diligence on market, regulatory, and operational risks, understanding evolving sectoral eligibility and potential restrictions

standing its unique blend of policy and evolving practice, consistently tend to outperform. Local insight, built through continuous engagement, remains a decisive asset for managing complexity and unlocking long-term opportunity.

Vietnam’s momentum echoes the founding spirit of its economic reforms in the 1980s: pragmatic, forward-looking, and non-ideological. The country proactively constructs a more robust and credible institutional foundation, rather than merely responding to external pressure.

While this evolution may temporarily lengthen some admin processes or demand new procedures, it simul-

taneously establishes the groundwork for something far more valuable: enduring institutional trust.

This strategic pivot significantly enhances Vietnam’s capacity to attract and retain high-quality investment, crucial for sustainable economic development, technological advancement, and inclusive growth. As the country prepares for deeper integration into global regulatory systems, including the expansion of ESG disclosure frameworks, it communicates a clear and confident message to the world: Vietnam is not only open for business, it is committed to building institutions that can support its most ambitious economic goals.■