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## The impact of foreign direct investment on sustainable urbanization in Binh Duong province

by *Nguyen Thi Hoai Phuong* (Thu Dau Mot University)

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Corresponding author: [phuongnth@tdmu.edu.vn](mailto:phuongnth@tdmu.edu.vn)  
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### **ABSTRACT**

*In urban development, urbanization is an important and decisive process of transformation. In the current globalization period, the urbanization of cities around the world is strongly influenced by the foreign direct investment (FDI). It is considered an important catalyst for economic growth. This paper aims to analyze the effect of FDI on sustainable urbanization in Binh Duong province by utilizing the time series data throughout 2000 - 2018, expressed through statistical and analytical methods. The research results show that FDI contributes to promoting economic, social and urban development in Binh Duong province, but it still has some limitations. The research results are also the basis for researchers and policy makers to develop orientations to attract, use and manage FDI, proposing solutions to improve the efficiency of it to urbanization in a sustainable way in Binh Duong province in the future.*

**Keywords:** *FDI, sustainable urbanization, Binh Duong province*

### **1. Introduction**

The FDI has greatly contributed to the economic development of developing countries up to now (Carkovic Maria & Levine Ross, 2002), clearly reflected in Vietnam's cities as it affects the process of urban formation; to increase the urban population size and quality and accelerate the urbanization rate. The FDI contributes to the modernization of the economic structure and urban space through the formation of many important

economic sectors (Chee Yen Li, & Nair Mahendhiran, 2010). (Fadhil, & Almsafir, 2015) argues that FDI played an important role in the delta's transition from underdeveloped agriculture to industrialization and urbanization, ... However, if FDI projects attract massively, with no orientation, it can causing imbalance in urban economic structure and planning deviation, affecting urban architecture; FDI makes domestic enterprises in fierce and disproportionate competition with FDI enterprises; and it may increase pollution levels in host cities (Vo Thanh Thu, 2011).

Located in the Southern Key Economic Region, Binh Duong has had strong socio-economic changes since the re-establishment of the province in 1997. The influence of FDI, the process of urbanization in Binh Duong takes place rapidly, creating important prerequisites for economic and social development, especially in cities. With many advantages in terms of geographical location, soil, dynamic government, open-door policy, implementing the interconnected one-door mechanism and other attractive incentives. Therefore, Binh Duong has become one of the top provinces in attracting FDI (after Ho Chi Minh City and Hanoi). This is one of the reasons contributing significantly to the socio-economic changes of the province in general and urban areas in particular. Considering that, in the period of deep international economic integration, FDI is still an important source of capital in the economic development strategy of Binh Duong province at present and in the future, but it is necessary to change the nature of this capital from one direction to another in the direction of more efficiency and sustainability both economically and environmentally.

## **2. Literature review and research methods**

FDI is interested in research by foreign scientists in many different aspects such as: FDI for economic promotion of developing countries, FDI for local socio-economic development; policies to attract FDI; solutions to attract FDI;... For example (Freeman, 2002; Carkovic & Levine, 2002; Chee & Nair, 2010; Dritsaki & Stiakakis, 2014; Hong, 2014; Fadhil & Almsafir ,2015; Hussain & Haque, 2016; Ali & Hussain, 2017; Carl Grekou, Ferdinand Owoundi, 2020). These studies refer to the FDI investment process and its impact in some developing countries such as Southeast Asia, South Asia, Latin America and Africa.

In Vietnam, some authors: Nguyen Ngoc Thanh, 2000; Nguyen Van Quang, 2004; Tran Thi Hong Le, 2004; Hoang Thi Bich Loan, 2008; Ngo Thi Hai Xuan, 2011; Nguyen Chien Thang, 2014; Nguyen Ngoc Diep, 2018 ...). These works mention the imbalance problem of FDI activities, evaluate the implementation of FDI projects in Vietnam, on the basis of which propose solutions to solve difficulties and problems of this capital. Nguyen Thi Thoa (2014) and Nguyen Thi Nhan (2017) study the impact of foreign

direct investment on sustainable urbanization in Hanoi and Da Nang.

In Binh Duong, there are 3 works related to FDI: two master theses of the authors Nguyen Thi Ngoc Diep (2018) "*Implementation of policies to attract foreign investment capital from reality in Binh Duong province*" and Ly Minh Cuong (2011) "*Some solutions to increase attracting foreign direct investment projects in Binh Duong to 2015*"; and an article by the group of authors Nguyen Thuy Ha Vy (2018) published in the scientific journal of Thu Dau Mot University "*Attracting foreign direct investment in Binh Duong, achievements and lessons*". These scientific works introduce broad FDI capital sources and analyze a number of FDI attraction policies. There is currently no scientific research on the effects of FDI on sustainable urbanization in Binh Duong province in both theory and practice.

Binh Duong is the third most attractive province in the country (after Ho Chi Minh City and Hanoi City), FDI is an important factor to promote the process of urbanization, but has not fully exploited this capital source to implement urbanization. Finding solutions to bring into play the positive and negative effects of FDI on primary field in Binh Duong province is necessary until 2030.

To do this study, the methods are used such as synthesis, analysis from documents and collected data (from Binh Duong Statistical Office, the Statistical Office of the provinces of the Southern Key Economic Region, General Statistics Office of Vietnam, Statistical Data Center), then compare, classify, select, and make conclusions relevant to the research purpose.

### **3. Results and discussion**

#### ***3.1. Advantages in attracting FDI in Binh Duong province***

##### ***3.1.1 Geographical location, territorial scope***

Binh Duong is located in the Southeastern region in Vietnam, located in the transitional position connecting the South Truong Son with the provinces of the Mekong River Delta, a total area of 2,694,43 km<sup>2</sup>, accounting for 11.4% of the Southeast region. ranked 4<sup>th</sup> over Ho Chi Minh City and Ba Ria - Vung Tau province. Binh Duong borders Ho Chi Minh City from south and west, Binh Phuoc province from north, Dong Nai province from east and Tay Ninh province from west. It shares the common boundaries of Ho Chi Minh City's districts such as District 9, Thu Duc district, District 12, Cu Chi district (Di An borders Thu Duc district and District 9; Thuan An borders Thu Duc district and District 12; Thu Dau Mot city and Ben Cat town border on Cu Chi district). Binh Duong has three administrative units bordering Bien Hoa city is Di An town, Tan Uyen town and Bac Tan Uyen district. With this position, Binh Duong has an

advantage in economic development compared to some other provinces.

Binh Duong is the exchange hub with the Central provinces, the Central Highlands and Ho Chi Minh City - the largest economic center of the Southeast region, through the arterial traffic routes such as National Highway 1K, National Highway 14, National Highway 13, My Phuoc - Tan Van expressway. Compared to Dong Nai province, Binh Duong is not close to Vung Tau port but has potential as a logistics and distribution center for goods (with ring roads 3 and 4, linked to My Phuoc - Tan Van expressway and border Hoa Lu gate), is the bridge between the industrial zones of Ho Chi Minh City and the dynamic industrial center - Bien Hoa city (Dong Nai province) within a radius of 20-25 km. Binh Duong is also located on the traffic axis connecting Ho Chi Minh City to Binh Phuoc province, the Central Highlands and Cambodia (through Hoa Lu gate).

In the provinces bordering Ho Chi Minh City, Binh Duong province also has the advantage of logistics development because of the sharing of the Saigon River, the urban areas of Di An, Thuan An and Thu Dau Mot are strongly linked with the "core" area of Ho Chi Minh City. Located adjacent to the center of Ho Chi Minh City - the major industrial, scientific and technical center of the country, the science and technology research center, has a highly qualified and skilled workforce with favorable conditions promoting the formation of industrial zones, attracting FDI.

### *3.1.2 Topography and soil*

Binh Duong province has a rich soil structure, including 7 soil groups: alluvial soil, alkaline soil, gray soil, feralit soil, sloping soil, rocky inert soil and other. With the advantage of land, it has many conditions in diversified agricultural development, suitable for planting many kinds of trees. Gray soil on ancient alluvium, feralit soil and yellow brown soil on old alluvial account for a large proportion, suitable for growing perennial industrial crops (mainly rubber) for high economic efficiency. Alluvial soils, alluvial riverside, alum soils with deep alum layers with relatively flat terrain, favorable for water sources, are currently being used to grow fruit trees and vegetables. When the province was re-established, the area of agricultural land was quite large and still quite cheap compared to that time, some residents in other provinces with economic conditions, bought land to set up a farm (animal husbandry, planting industrial crops,...), then bringing family and relatives to settle down, gradually becoming a part of the population of the province.

The land is not only suitable for agricultural cultivation conditions but also favorable for construction of industrial and infrastructure works because of the hard ground geology, semi-plateau topography, small slope, less inundation. The important thing in Binh Duong province is that the land for urban and industrial development has many

advantages, the land bank is also expandable and the price is quite cheap compared to Ho Chi Minh City, and the current climate change conditions, it is clear that the direction to choose the development land for the "mother city" - Ho Chi Minh City - a very large city is the right direction. This is considered as a comparative advantage of its because when building housing projects, service works, industrial zones will cost less to build, thus attracting investors and intentional residents buy residential land, contributing to promoting urbanization of the province.

### 3.1.3 Industrial development policy

After re-establishing the province in 1997, Binh Duong quickly became a province with thriving industry in the growth quadrilateral of the Southern Key Economic Region, playing a key role in the provincial GRDP structure, promoting other economic sectors strongly developed, thanks to favorable geographical location and dynamic economic development policies. The 6<sup>th</sup> Congress of the Party Committee of Binh Duong province (1997) identified *"industry as a central stage, playing an important role in the socio-economic development of the province and of the Southern Key Economic Region"*, with the policy *"industrial development with high speed and advanced technology, highly competitive products"*. The first milestone in the development of industrial zones in Binh Duong province was the formation of Song Than Industrial Park (1995) and VSIP Industrial Park (1996), which was a prerequisite for investment waves. Since then, the number of industrial zones has increased gradually, spreading to other areas such as the expansion of My Phuoc Industrial Park, VSIP 2 Industrial Park, VSIP 3 Industrial Park, ... By 2018, Binh Duong has 28 industrial zones with occupancy rate accounting for more than 73% (<https://bnews.vn/ty-le-lap-day-cac-khu-cong-nghiep-dat-tren-73/111200.html>).

The 7<sup>th</sup> Binh Duong Provincial Party Congress has a policy of *"promoting industry in the direction of in-depth investment, innovating advanced and modern equipment, technology, and improving the competitiveness of products; to quickly increase the industrial ratio in the GDP structure"*, which means that the orientation for industrial development in Binh Duong province will gradually shift from the direction of labor intensive to using the brainpower content and modern technology.

The investment in infrastructure construction of industrial zones has also been accelerated with a fast speed and increasingly large scale, synchronous infrastructure such as transportation systems, electricity systems, wastewater and water drainage systems, financial services - banking and other supporting works. In particular, strategic transport infrastructure such as Highway 13, My Phuoc - Tan Van expressway, DT 742 rad, the force road connecting Binh Duong Industrial - Service - Urban Complex connects with industrial zones in the Complex, facilitating the circulation of goods of

enterprises.

### *3.1.4 Administrative procedure reform*

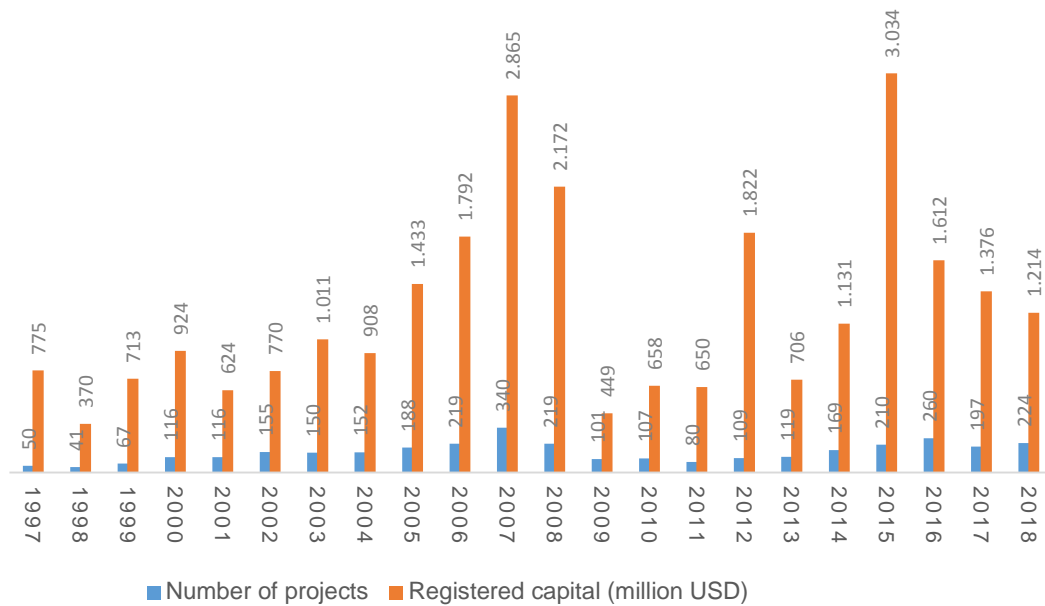
As one of the leading localities in administrative reform, one of the few provinces with effective centralized administrative centers implementing the provincial one-stop shop mechanism to create favorable conditions for business and citizen in implementing administrative procedures, saving time and costs. This is an important factor to help investors choose Binh Duong as the destination, promoting FDI growth. For example, the Department of Industry and Trade has maintained the application of the Quality Management System ISO 9001: 2015, the 5S program (screening, arranging, clean, caring, ready), contributing to improving the efficiency of state management in Binh Duong province.

With the application of information technology in handling administrative procedures (automatic numbering system, electronic information board displaying the results of the settlement of administrative procedures, the device to look up the status of the dossier, the message switchboard information, surveillance camera system, equipment to collect people's opinions, enterprises on the service attitude of officials, civil servants who receive records and return results) quickly, accurately, at all times, everywhere has contributed to improving the operational efficiency of the government apparatus at all levels, improving the investment environment.

## **3.2. Current FDI situation in Binh Duong province**

### *3.2.1 Current status of FDI projects and investment*

From 2000 to 2018, the number of projects and total investment capital in Binh Duong increased more and more (from 924 million USD in 2000 to 1,214 million USD in 2018), but also experienced ups and downs with developments of the Vietnam's FDI. In the 2007 - 2011 period, the number of projects and total investment capital decreased again, due to the global economic crisis that began in 2007, leading to a decline in the number of projects and FDI capital for many years (figure 1). In the 2012 - 2016 period, the number of projects and total investment capital continued to increase. Since 2018, the number of projects and total investment capital have decreased but FDI still accounts for about 50% of the total investment capital in Binh Duong province (table 1), ranking in the top 3 of Vietnam in attracting FDI. The FDI has become one of the important resources contributing to the industrialization and urbanization in Binh Duong province.



**Figure 1.** Number of licensed FDI projects and investment, 2000 - 2018

3.2.2 Structure of investment capital by economic sectors

The structure of investment capital by economic sectors has changed. In the early period 2000 - 2005, the capital from the non-state sector dominated, From 2005 onwards, FDI has always accounted for the highest proportion (53.0% in 2005 and 49.6% in 2018). The state economic sector always accounts for the smallest proportion in Binh Duong's investment capital (22.7% in 2000 and 19.3% in 2018) (table 1). It can be seen that the FDI economic sector has the most important contribution in the total GRDP value.

TABLE 1. Structure of investment at current prices, 2000 - 2018 (unit:%)

Economic sectors	2000	2005	2010	2015	2018
State	22.7	15.0	21.8	20.0	19.3
Non-state	45.2	32.0	28.3	30.4	31.1
FDI	32.1	53.0	49.9	49.6	49.6
FDI in industry	53.0	59.0	71.6	77.3	81.5

Most of these investment projects are aimed at the industrial production sector, always accounting for the highest proportion and playing the most important role in the structure of economic sectors. The proportion of FDI accounted for 53% (2000), increased to 81.5% (2018), of which light industry and warfare industry accounted for the majority (over 70%) (Binh Duong Statistical Office). Binh Duong has always been in the top 5 with the largest industrial production value in Vietnam since 2005 up to now. With a low starting point, the economy is mainly agriculture with many difficulties and challenges, so the policy of attracting investment, especially from FDI, aims to accelerate economic development, deeper integration and effective in the market

economy today.

### *3.2.3 Main counterparts*

As of December 31, 2018, more than 33 countries and territories invested in Binh Duong province, of which partners with high investment were (in descending order): Taiwan (USD 5,076.6 million ), Japan (4,599.7 million USD), South Korea (2,715.6 million USD), Singapore (2,106.7 million USD), China (1,933.3 million USD), Hong Kong (1,487, 9 million USD) (Binh Duong Statistical Office). Investment capital mainly comes from Asian countries (East Asia, Southeast Asia), accounting for about 70%. FDI in developed countries such as Europe and the United States accounts for a low percentage.

The number of projects invested in the province is mainly based on width, supporting industries and high-tech products are limited, mainly imported from abroad, products with a large processing content, the rate of low localization, low competitiveness of industrial products. In addition, the rapid, continuous and large-scale development of industrial zones is an indispensable factor causing pressure on the environment and other social problems, the current occupancy rate of industrial zones is low, causing waste on investment in industrial infrastructure.

### **3.3. Influence of FDI on urbanization in Binh Duong province**

#### *3.3.1 Influence of FDI on the scale of urban population growth and the speed of urbanization*

The population size of Binh Duong has increased and continuously from 2000 up to now, the average population growth rate in the 2000 - 2018 period is 9.75%, the population by 2018 will increase by about 1.2 million people compared to the previous year 2000. In particular, the urban population increased impressively in the 2000-2018 period, increasing 7 times (an increase of more than 1.37 million people). The urban population growth in this period increased faster than the population growth (the population growth rate in this period was 2.7 times). The rate of urban population of Binh Duong increased rapidly from 30.26% (in 2000) to 78.2% (in 2018). Currently, the urban population rate of Binh Duong ranks 2<sup>nd</sup> after Ho Chi Minh City in the Southern Key Economic Region and 3<sup>rd</sup> in Vietnam after Da Nang (with a rate of nearly 90%) and Ho Chi Minh City.

#### *The speed of urban population growth*

Urban population in the 2000 - 2018 period increased by nearly 1.47 million people, the speed of urban population growth between periods was uneven; the highest growth rate was over 2 digits in the 2004-2014 period (table 2). The population growth speed for the whole 2000-2018 period is always higher than the urban population growth speed in Vietnam (1.1%).

**TABLE 2.** Rate of urbanization, 2000 - 2018



Period	Urban population increase (person)	The speed of urban population growth (%)
2000 - 2003	15,684	2.22
2004 - 2006	91,034	11.21
2007 - 2010	120,588	10.25
2011 - 2014	354,615	10.90
2015 - 2018	192,567	4.28

The speed of urban population growth in the 2000 - 2018 period differs between urbans in Binh Duong province, the highest growth rate is Di An town with 18.65%; Thuan An town with 14.19% and Thu Dau Mot city with 7.07% (calculated from Binh Duong Statistical Office). Moreover, in the process of separating administrative units, there is a disturbance in the area, leading to the proportion of urban population among regions in the total urban population structure of it has also changed significantly. In 2000, Thu Dau Mot city accounted for 42.3%, Thuan An town accounted for 21.8%, all remaining districts accounted for 35.9% of the provincial urban population structure. However, because the urban population growth rate differs among the provincial administrative units, the proportion of the population changes in the provincial urban population structure. By 2018, Thuan An town has the highest proportion of urban population compared to the whole province with 29.7%, second - Di An town with 23.7% and third - Thu Dau Mot city with 18.1%, these three areas account for 71.3% of the total urban population of the whole Binh Duong province. The remaining districts have low speed of urbanization (Phu Giao district urban population growth speed is 2.43% and Dau Tieng district is 1.26%).

TABLE 3. Immigration Rates of Provinces in the Southern Key Economic Region, 2018

The name of provinces	Binh Phuoc	Tay Ninh	Binh Duong	Dong Nai	Ba Ria-Vung Tau	Ho Chi Minh city	Long An	Tien Giang
Immigration rate (%)	2.2	1.1	53.6	6.8	2.4	9.3	2.2	4.4

In the process of urbanization and industrialization, because Binh Duong has a favorable geographical position, economic development, in which FDI accounts for the dominant proportion, many industrial parks - large-scale industrial clusters, always have only highest immigration number. In 2013, immigrants made up more than one third of the population of Binh Duong province, by 2018, the number of immigrants will make up more than a quarter of its population. Migrants mainly find jobs in industrial zones - industrial clusters, is also an influencing factor to accelerate the process of urbanization of Binh Duong.

### 3.3.2 Influence of FDI on urban economic modernization

#### ❖ Promote industrialization – modernization

FDI is an important additional source of capital that increases GRDP, increases export

turnover and budget, contributing to improving production capacity for industry in Binh Duong province (with the introduction of many new technologies such as assembly manufacturing digital switchboard, manufacturing optical cable, automatic electronic assembly line, manufacturing electronic components, auto accessories, ...). Most of these equipment have qualifications equal to or higher than that of domestic advanced equipment, contributing to the creation of many new quality products of national and international standards

**TABLE 4.** Contribution of FDI to GRDP, 2000-2018

<b>Year</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2018</b>
Share of FDI in GRDP (%)	32.0	41.4	34.0	45.0	45.6

The development of FDI has had a strong impact on the development of businesses in Binh Duong province. The development of FDI enterprises does not destroy internal forces, but also promotes state-owned enterprises, private enterprises, and joint venture FDI enterprises to develop. The development of FDI enterprises is also the driving force for enterprises in Binh Duong province to self-regulate, improve management efficiency, make in-depth investment, pay attention to improving product quality, and build brand names.

❖ *Contribute to GRDP growth and economic restructuring towards modernization*

Economic structure in the 2000 - 2018 period shifted in a positive direction, increasing the proportion of industry and services, reducing the proportion of agriculture (industry increased by 6.4%; services increased by 8.2%; agriculture decreased by 14.6%) (table 5). Thus, FDI is a decisive factor to the speed and structural transformation of the economic sector. In which, FDI in the industrial production sector accounts for the highest proportion in the structure of the economic sector (proportion 81.5% in 2018), so it is the main industry in the province's general economic development. FDI also contributes to changing the structure of economic sectors, the proportion of economic sectors in the state and non-state sectors decreases, and the proportion of FDI capital increases (table 1).

**TABLE 5.** Economic structure by sectors, 2000 - 2018 (unit:%)

<b>Year</b>	<b>Agriculture</b>	<b>Industry</b>	<b>Service</b>
2000	16.7	58.1	25.2
2005	8.4	63.5	28.1
2010	4.4	63.0	32.6
2015	2.7	60.0	37.3
2018	2.1	64.5	33.4

High economic growth rate, on average in the 2000 - 2018 period is 13.2% (calculated from Binh Duong Statistical Office). In the ranking of the annual Provincial Competitiveness Index (PCI), Binh Duong continuously stands at the top. Since 2010,

the world financial crisis and economic recession have been complicated, but in general, the production and business sectors of it that have continued to maintain high and stable growth compared with other localities in the Southern Key Economic Region and Vietnam.

❖ *Contribute to increase export products, access to international markets*

Export turnover of FDI enterprises: the total export value of FDI enterprises accounts for about 70% of the provincial export value, the export value of FDI enterprises accounts for an annual average of about 60% revenue. The structure of export products has shifted from agricultural and semi-finished products to industrial and refined products. Thanks to the transfer of technology and marketing skills from foreign companies, many products appear on the world market.

TABLE 6. Export turnover, 2005-2018

Year	2005	2010	2018
Export turnover (million USD)	3,045.8	10,342.2	25,280.1
Export turnover of industrial products (million USD)	2,733.4	9,592.4	21,917.7
Industrial share in export value (%)	89,7	92,8	86,7

The export structure of the whole province, industrial production value always accounted for the largest proportion in the 2005-2006 period, the production value of industrial goods continued to increase (table 6), reflecting the value of goods created is increasing, meeting market demand, making a very important contribution to the majority of export value in Binh Duong province. The industrial goods export markets are mainly in the US, Japan, Taiwan, Korea, China, Hong Kong, these markets account for over 65% of the total export turnover of Binh Duong.

3.3.4 *The contribution of FDI to modern urban social development and environmental protection*

❖ *FDI contributes to training to improve the quality of labor resources and create jobs*

Through the high requirements of professional qualifications and labor discipline in the FDI sector has motivated employees to constantly study and improve their professional qualifications and skills. In addition, many FDI projects invest in high-quality research and manufacturing, technology, education and training, contributing to improving the professional qualifications and knowledge of urban workers.

TABLE 7. Employees working by economy sectors

Year	2000	2005	2010	2015	2018
Total employees (people)	374,940	627,730	1,029,621	1,235,460	1,301,197
FDI employees (people)	43,346	152,789	403,289	492,706	438,950
FDI/Total (%)	11.56	24.34	39.17	39.88	33.73

FDI creates many jobs, creating conditions for employees to develop their capabilities. It promotes the city's economic development, creates jobs, and reduces unemployment will make security and order stable and strong national defense. At the same time, FDI also creates tens of thousands of indirect jobs, these workers in domestic enterprises that produce and provide inputs or goods and services to support FDI or provide food, food, housing, babysitting, entertainment ... for FDI workers.

TABLE 8. Environmentally-related FDI licensed (accumulated) (unit: million USD)

Year	2015	2016	2017	2018
Total FDI	21,350.26	23,336.82	25,785.51	27,390.5
FDI in the environment	5.05	-	27.05	27.10

FDI investment in industry accounts for the highest proportion in the structure of investment capital, but attraction in the field related to the environment is still quite modest.

❖ *FDI contributes to improving income*

From 2005 on, average income per person in Binh Duong province was higher than that of the whole country and the Southeast. In 2018, Binh Duong had the highest income of 6.8 million VND/person/month, 1.76 times higher than the national income and 1.32 times that of the Southeast. In particular, Ho Chi Minh City (6.2 million VND/person/month) is the largest economic engine in the country, but the average income per person is still lower than Binh Duong. Binh Duong is the only province in the country without poor and near-poor households according to the national poverty line in the 2016-2020 period.

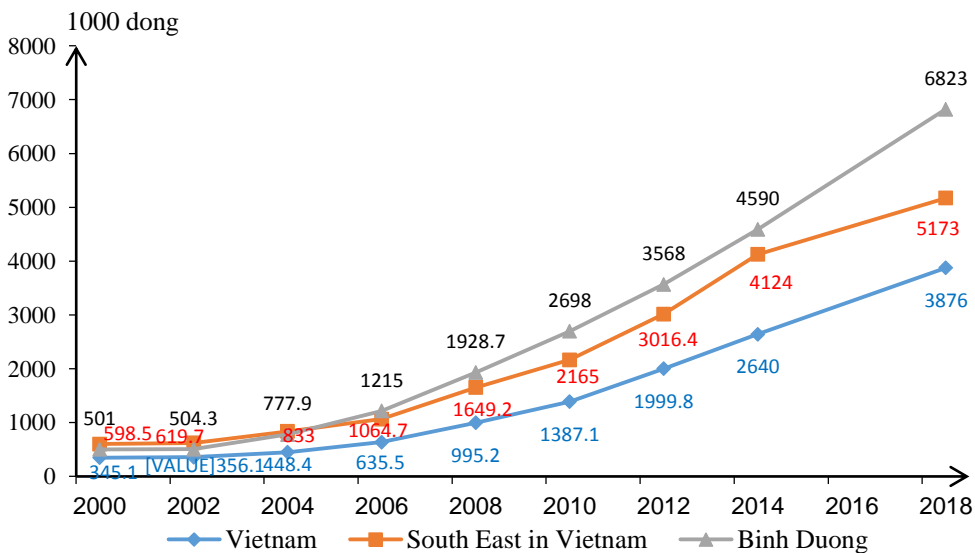


Figure 2. Per capita income at current prices (1000 VND/person/month)

3.4. The limitations of FDI on the economy of Binh Duong

The GRDP structure in the 2000-2018 period in general is still slow, the industry still dominates with 64.5% (2018) but not yet sustainable, and new supporting industries are in the early stages of the development process, depending on raw materials - auxiliary materials imported from abroad. Service ratio is still low and unstable.

The FDI projects into high-tech industries is limited. It invests in the territory is also uneven, mostly concentrated in the South and the Center (accounting for more than 90% in the whole province), the proportion in the North is low and has not fully utilized its potential.

#### **4. Conclusion**

For many years, Binh Duong has always been among the top PCI provinces in the country, but FDI is still labor-intensive industries. Therefore, it is necessary to change the way based on quality, on science and technology innovation to gradually change the industry structure in the direction of technological innovation, structure, and speed, making a difference will bring Binh Duong a breakthrough and development to go faster. On that basis, in order to attract FDI towards efficiency and sustainability, a number of recommendations are proposed:

- ❖ Technology innovation is an imperative trend to develop, from a multi-disciplinary, multi-field, labor-intensive industry model shifting towards intensifying into specialized industries, high specialization combined with applying science and technology, knowledge content, building brands and key industrial products.
- ❖ Attracting FDI is not attracting by width (the number of projects and capital) but also in depth, which means that the quality of the project brings high efficiency and sustainability in terms of socio-economic development minimizing environmental damage. The income must be commensurate with the employees' potential and dedication, thereby improving the quality of life.
- ❖ Regularly organize seminars to get opinions of scientists and experts to raise awareness, renew thinking, in line with new trends and situations. Strengthen image promotion, local marketing, propaganda and investment promotion.
- ❖ Promote the training for the quality of the workforce according to the motto "training according to the needs of enterprises", with self-discipline, conscience and professional ethics because currently labors in Binh Duong province mostly are still unskilled workers (accounting for about 80% of the total labor force in the whole province), have not received professional training.

❖ Strengthen activities to protect intellectual property rights of FDI enterprises' products, thoroughly handle counterfeiting cases, ensure the legitimate interests of enterprises.

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