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ROLL OUT THE RED CARPET FOR FDI IN R&D: LESSONS FROM EU NATIONS AND IMPLICATIONS FOR VIETNAM

As science and technology and currently innovation (STI) are important to the development of the humankind, competence in science and technology is a requirement for the growth of wealth and power in each country as well as the country's competitiveness. International cooperation in STI between countries occurs through many channels like international trade, human resources cooperation, projects between nations, etc. Developing countries that succeed in developing an exporting sector are incentivized to continuously improve their productive and soft technologies and stimulate innovation to meet international standards and remain or enhance their competitiveness in global markets. Among those channels, foreign direct investment (FDI) is the most common form because of some reasons below. Firstly, it facilitates the development process of host economies. Generally, investment plays an important role in the accumulation of physical capital and the formation of human capital and when FDI is complemented with local investment it promotes the development of enterprises (Tan and Tang, 2016) Secondly, FDI is a vehicle of technology and knowledge transfer including for many soft technologies such as managerial skills, marketing or knowledge of standard and regulations in export market which tends to increase the productive efficiency of factors. It is logical to think that increases in technology translate into improved productivity of the labor force and this, in turn, results in increased capital yield. If economic growth is driven by innovation, the need for FDI to accelerate development is justified given the crucial roles that technology and knowledge play in increasing production levels (Barro, 2001; Lucas, 1988). Consequently, countries' awareness of the importance of FDI in R&D is now raising, as multinational companies expand their international R&D activities. Guimon (2011) in his influential paper have classified the different policy into for broad policy points out a set of specific policy instruments within each of those objectives. This taxonomy had shed light for nations as is provided a useful framework for design and evaluation of national policy to benefit the globalization of corporate R&D.

Based on this taxonomy, the primary focus is apparently to enhance the R&D investment which should be clearly to improve the quality of the national innovation system. This is a requirement to attract FDI in R&D and to retain domestic firm's R&D at home. To attract more FDI in R&D, the taxonomy suggested that national policies aimed to (1) promote inward FDI in R&D and (2) to absorb the benefits from inward from FDI in R&D. The role of policy is not only to attract FDI in R&D based on the attraction of factors but also to make those factors more invisible to the investors and

Policy objectives	*Selected policy instruments*
Enhance the R&D investment climate	• Improve universities and S&T infrastructures • Develop human capital and attract foreign talent • Provide fiscal and financial incentives to business R&D • Promote collaboration both within the national innovation system and across borders • Develop lead markets through public procurement • Improve the intellectual property rights regime
Promote inward FDI in R&D	• Target R&D in FDI promotion • International promotion of national technological capabilities • Pre-investment services • Aftercare services
Absorb the benefits from inward FDI in R&D	• Stimulate clusters around MNC subsidiaries and foster linkages (supplier upgrading and technology linkage programs) • Promote collaboration through incentive schemes
Absorb the benefits from outward FDI in R&D	• Set up overseas technology foresight units • Support international expansion of domestic research centers and universities • Incentives for temporary transfer of national researchers to foreign research centers of national firms

Figure 1. Taxonomy of policies to benefit from the globalization of corporate R&D. (Guimon, 2011)

influence the perception of decisions makers for example through marketing campaigns, missions, seminars and tailored services to foreign investors in R&D. Lots of nations in EU have followed this approach to attract more FDI in R&D and can benefit from this inward flow. Many EU nations have positioned themselves in the minds of investors as locations for R&D, and many are investing in international advertising campaigns for this purpose. National campaigns for FDI in R&D are implemented in across EU such as Australia with "An ideal location to spark innovation" slogan; Portugal with "Technology from the heart" etc. In their efforts to target FDI in R&D efficiently, the investment promotion agency (IPA) of EU countries are also developing new screening systems or checklists to evaluate the quality of incoming R&D proposals and determine the level of support to provide as targeting R&D face the challenge of adapting their performance measurement systems — which were traditionally based on targets such as number of jobs created or quantity of the investment — to incorporate more intangible measures.

Financial incentives and fiscal are also under transformation. Fiscal incentives consist in a favorable tax treatment to R&D expenditure and

may take the form of accelerated depreciation, tax credits or import tariff exemptions, while financial incentives refer to the direct funding of business R&D projects by the government through grants or subsidies, preferential loans (including interest allowances) or equity stakes (IBFD, 2004; Warda, 2001). Spain offered a tax credit of 30 % for R&D expenditures and an additional 20 % for labor costs of full-time researchers and for R&D. France provides 50 % tax credit. Fiscal incentives vary across EU with some countries using a flat or volume-based tax (UK, Italy, Netherlands, Denmark) and others an incremental rate based on the increase in R&D spending (Belgium, France, Ireland) or a mixture of both (Austria, Portugal).

It is 30 years since Vietnam first received FDI. The influx of FDI has increased enormously since then and played an essential role to the development export of Vietnam. However, FDI to Vietnam often focuses on the processing and manufacturing while on R&D is on the rise only after 2008. Owing to the nation change direction in FDI, high-tech export of Vietnam leapfroged from 2011.

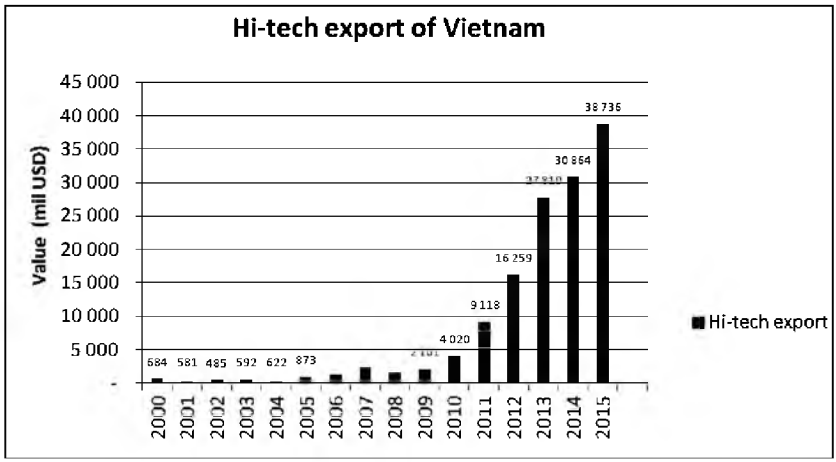

Figure 2. Vietnam's hi-tech export

Recently, Vietnam has introduced a new FDI strategy for 2018–2023, focusing on priority sectors and quality of investments, rather than quantity. This new strategy aims to increase foreign investment in high-tech industries, rather than labor-intensive sectors. Manufacturing, services, agriculture, and travel are the four major sectors in focus in the strategy. To shift FDI toward R&D, there are several issues Vietnam should do. Firstly, Vietnam should enhance the role of its IPA. Besides advertising of the country as an R&D location, IPA should offer customized services to foreign investors in R&D both before and after the actual investment,

to facilitate the investment process. In addition to improving the investment climate as location factors such as reducing entry barriers, and clear law and regulations (intellectual property rights), Vietnam should run a comprehensive FDI promotion campaign to attract and win the trust of investors. Thirdly, taxes and fiscal incentives should be revised and adjusted to meet the need FDI investors like R&D expenditure of foreign affiliates, job creation grants, or grants for research and development.

To sum up, the globalization of R&D is now shifting from developed countries to developing countries thanks to the relevance growing of BRICS nations. To benefit the inflow in R&D, Vietnam should deploy a more proactive policy to reap the benefits from foreign investors to sustain its competitiveness and create a new moment for development.

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RE-BRANDING AS THE INSTRUMENT FOR ADAPTATION TO THE CURRENT MARKET SITUATION

The modern world is developing at a rapid pace: new technologies appear, trends change. At the same rate everything preexisting becomes obsolete. That's why the theme of re-branding plays a great role for the modern companies. The relevance of the study is to show the importance of re-branding, especially for those companies, which have been players on the market for a long time. Kommunarka was chosen as the object of the study, as one of the meaningful companies in Belarusian economy with its rich history and unique brand. The goal of the research is to present which results can be achieved while realization of a well-thought-out plan of re-branding.

Competition on the confectionery market is growing due to creating of Single Economic Space and becoming Russia the membership of WTO. The main competitors are Belarusian factories (such as Kommunarka, Spartak, Krasny Pischevic, etc.), Russia's and Ukrainian corporations.