German businesses have invested in Vietnam for a long time, yet must navigate a modest. What trends have you seen for German investment in recent years, and in which sectors do you expect more here in the future? Vietnam boasts a very good investment environment, a growing middle class, and a very easy culture, and it is becoming more and more exciting. With around 300 German enterprises active in Vietnam, we have many companies that already have a footprint in the country, but there are also many companies that are coming to Vietnam for the very first time.

On the back of global geopolitics, I think a lot has been done in Vietnam in manufacturing and digitalisation, in particular, we use a lot of companies, especially big brands, are working on digitalisation of their production processes incorporating ideas of Industry 4.0. As part of our delegation programme organised by the OAV, we visited VinFast, which is working closely with dozens of German automobile industry suppliers and IT companies, like SAP Vietnam and others.

We also met the technology company FFPT, which is a fascinating firm that works with many German companies already. I think over the last two or three years there has been a shift and German investors are realising the vast opportunities in all economic sectors across Vietnam. A number of German firms and banks are working with several lenders on possibilities of providing sustainable finance. For example, one of the biggest insurance companies in Germany, HDI Global, has a dedicated strategy and policy to invest in Vietnam.

What is happening in these last few days is that almost every company we visit, I think we will make contact at first with German companies already in Vietnam which are two clients of ours in places like Germany and Mexico to get more information before making any conclusions. Witte Holding was one of over 20 German firms that joined the cross-sectoral business mission to explore prospects in Vietnam organised by the OAV-German Asia-Pacific Business Association. Other notable names included BASF Vietnam Co., Ltd., DBT Bank AG, Gerflor/Häfele Ltd., HDI Global SE, and SAP Vietnam.

Representatives of the companies visited Vietnamese giants in some developed industries in Hanoi, Ho Chi Minh City, Haiphong, and Danang, including VinCapped Group, VinCapped Ventures, Thaco Chu Lai, Hoa Phat Steelwork, Vingroup, FPT Software, and T&T Corporation. Connection with these domestic companies is seen as vital in order to penetrate the burgeoning market in Vietnam – a country which boasts high economic growth and a growing middle class.

At VinFast Haiphong, the delegation visited the car manufacturer’s body shop and general assembly shop in Dinh Vu-Cat Hai Economic Zone, before enjoying a VinFast test drive. As Vietnam’s first high-volume automotive manufacturer, VinFast is developing and manufacturing its own range of innovative, world-class vehicles – thus, it is looking for both financiers and suppliers.

The development of industry leaders like Vinfast requires a strong supporting industry. However, Vietnam still lacks a comprehensive value chain to bolster development. In this segment, German businesses and their strong expertise can work hand in hand with the industry’s top performers in this country. “German companies and lenders are looking closely at the possibilities of supplying and financing equipment for projects and companies in Vietnam,” Almut Roessen, executive member of the OAV said. “So any aspect that we have learned from our visit is that there are good business opportunities for German high-quality equipment and know-how in supplying local champions.”

German enterprises are now targeting Vietnam as an important market in Asia, according to Roessen. “The OAV is working with local governments and agencies in the entire Asia-Pacific region to organise such business missions for German companies to get information about the opportunities and challenges of the different markets. This year we went to Bangladesh and Vietnam – both countries leading with high growth rates. In future, we will organise further such business missions.”

Also last week, the OAV and its members discussed with Vietnam’s Ministry of Planning and Investment (MPI), and the Ministry of Industry and Trade on the possibilities of strengthening bilateral investment and trade ties in the upcoming time. The business mission comes at a time as some changes are made in Vietnam to push more economic links between the two countries in anticipation of the upcoming enforcement of the EU-Vietnam Free Trade Agreement. German companies are set to benefit, and next year will be a particular focus as the two countries celebrate 45 years of diplomatic relations.

With new developments would help change the German investment picture in Vietnam soon. According to the MPI, as of November 20, Germany had 349 valid investment projects in Vietnam, registered at $2.04 billion, ranking 18th among 132 countries and territories with investment in the South-East Asian nation.