

EVFTA to advance German activity across the board



German businesses are looking at Vietnam to grasp new opportunities ahead of enforcement of EU-Vietnam Free Trade Agreement, scheduled for next year. As part of the OAV-German Asia-Pacific Business Association delegation to Vietnam, former Vice Chancellor of Germany and Federal Minister of Economics and Technology **Philipp Rösler** discussed with **VIR's Tung Anh** the German investment opportunities linked to the upcoming landmark deal.

German businesses have invested in Vietnam for a long time, yet numbers remain 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 strong economic growth, 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. 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 FPT, 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 financing. For example, one of the biggest insurance companies in Germany, HDI Global, has a dedicated strategy and policy to invest in Vietnam.

Vietnam is working on strategies to ensure sustainable economic growth and to attract foreign investment at the same time. What lessons should Vietnam learn from Germany in order to reach these goals?

Although we are living in a digital economy, we still need something tangible. Infrastruc-

ture is an important factor for sustainable development and part of the physical infrastructure are streets, highways, railways, and buildings. The other is certainly electricity supply.

Talking about sustainability, I think it is a good idea from the federal government to promote renewable and clean energies. Using gas, LNG for example, is much cleaner than dirty coal power. This is one strategic approach to modernise the economy, but on a very sustainable basis.

The finance industry is following this trend and not only supports sustainable investment in environmental, social, and good governance projects, but also supports the application of new technology that can help to solve environmental challenges. And since Germany is a very technologically-oriented country and economy, I think we can contribute a lot. For example, increasing the energy efficiency in buildings but also helping to advance the digital and sustainable economy in Vietnam.

So sustainable investment as well as energy security is

quite important. I think it is a comprehensive approach if you finance sustainable business models, and is the best way so we can devise a plan already in place to focus on inbound investments. Vietnam should ensure that only the best companies are coming, which not only creates fast profits but more sustainable development. Vietnam should change investors' perspective of coming to Vietnam simply because of low labour costs, and focus on improving available supply chains, regional connectivity, database availability, and technology application.

The EU-Vietnam Free Trade Agreement is expected to come into effect next year. How will German firms tap into the opportunities created by this vital deal?

It will widen opportunities for German enterprises in Vietnam in different sectors, and many are already eager to expand here.

Some companies are coming here for food exports, but also food processing, because when you produce agricultural

products to enter the European market, they will have to comply with very high standards, in terms of pesticides and chemicals being used during the processing and packaging aspects, for example. So this is an area where German companies can support these local producers to ensure their products meets the expectations of European customers.

The OAV-German Asia-Pacific Business Association covers 30 countries. Given the favourable conditions, we pay a lot of attention to the fast developments in Vietnam and might carry out similar business trips in the future. The business delegation last week to Vietnam aimed to help German firms attain more knowledge about the business environment and new possibilities in Vietnam. We visited Ho Chi Minh City, Hanoi, Danang, and Haiphong and met with local champions like Thaco, FPT, T&T Group, Vinfast, and Hoa Phat. Participants were impressed with the many business opportunities and plan to investigate investment options further. ■

German firms see positive outlook

By Bich Thuy

In alignment with global investment changes, an increasing amount of German firms are turning their heads towards Vietnam, seeking to venture into partnerships with local conglomerates in order to tap into the country's growth potential.

Wolfgang Schmitz-Heinen, CEO of Witte Holding GmbH, visited Vietnam for the first time last week to look for opportunities to start a business here. Witte is a family-run global company in the printing business that specialises in printing secure and self-adhesive labels for various applications including the automotive and electronic industry.

"We want to expand abroad more than before and are analysing different countries, and we got the opportunity to join this business delegation organised by the OAV-German Asia-Pacific Business Association to Vietnam. We are impressed from south to north there, and would like to follow this track to see

what is possible for us. I have ideas, but we have to check now the circumstances to ensure that everything we have to do is carried out properly, but we will do it fast," he told *VIR*.

"What I learned in these last few days is that almost every industry could use labels. I think we will make contact at first with German companies already in Vietnam which are 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, DZ Bank AG, GerBanFibres 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 VinaCapital Group, VinaCapital 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 learn how to penetrate into 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 per-



Photo: Le Toan

German businesses are seeing Vietnam as an attractive destination for investment

formers 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 Roessner, executive member of the OAV board explained. "So one 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 Roessner. "The OAV is working with local governments and agencies in the entire Asia-Pacific re-

gion 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. ■