



Auspicious Beginnings: Vietnam's Business Outlook Post-Tet 2025

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Introduction

With Tet's festivities behind us, Vietnam's business engine is revving up for a new year. While broad economic overviews abound, this post offers a distinct lens, examining Vietnam's post-Tet economic landscape *through the specific needs and opportunities of German businesses*. We'll cut through the noise to deliver targeted analysis, highlighting the most relevant trends and offer practical guidance for German companies navigating this dynamic market.

A Flashback: Key Economic Developments in 2024

In 2024, Vietnam experienced notable economic developments that are relevant to German businesses:

GDP: Vietnam's economy demonstrated impressive strength in 2024, achieving a remarkable 7.09% GDP growth, according to the General Statistics Office (GSO). This figure not only exceeded the National Assembly's target but also surpassed the Asian Development Bank's (ADB) forecast of 6.4%. Fueling this growth was a potent combination of a robust recovery in export-led manufacturing and sustained fiscal stimulus efforts. As for 2025, the government's ambition is to achieve at least 8 percent GDP growth. Vietnam's strong performance, despite global economic challenges and the devastation caused by Super Typhoon Yagi in September 2024, demonstrates its resilience and ability to maintain a robust economy.

Consumer Price Index (CPI) remained below expectations at 3.63%, aligning with the National Assembly's target. In December, CPI rose by 0.29%, mainly due to higher costs for healthcare, housing, and fuel. Core inflation, excluding volatile items, increased by 2.71%, staying below the average CPI—an indicator of stable underlying price trends.

Foreign Direct Investment (FDI): According to the Ministry of Planning and Investment (MPI), Vietnam registered \$38.23 billion in FDI in 2024, a 3% increase from the previous year. The year saw 3,375 new projects with a total capital of \$19.73 billion, reflecting an increase in the number of projects but a decrease in total capital if compared to 2023. The manufacturing and processing sector attracted most of the investment, followed by real estate, with Bac Ninh being the top FDI destination, followed by Hai Phong and Ho Chi Minh City (HCMC). German investment is a prime example of the trust in the Vietnamese market, with \$3.6 billion allocated across diverse sectors such as manufacturing, advanced technology, logistics, and the growing renewable energy industry.

Trade: In 2024, Vietnam's import-export turnover reached a record \$786 billion, up 15% from the previous year, with imports reaching \$380.76 billion, up 16.7 percent. Compared to the previous year. The U.S. remains Vietnam's largest export market, while China is the top source of imports.

Germany-Vietnam Trade: Preliminary 2024 trade figures from Destatis reveal a remarkable 9.6% surge in Germany-Vietnam trade, reaching €18.8 billion. This positive trend contrasts sharply with the overall decline in German global trade (-2.2%), highlighting Vietnam's growing importance as a key partner in Asia. Specifically, German exports to Vietnam increased by 5.6% (€3.7 billion), while imports from Vietnam saw an impressive 10.7% rise (€15.1 billion). This robust growth positions Vietnam as a promising market for German businesses seeking expansion.



Figure 1: German Vietnamese Trade 2024. Source: AHK Vietnam

Stay tuned for the next edition of our [AHK Vietnam Brochure 2025](#), where all important figures about the Vietnamese market and the German-Vietnamese trade relationships are assembled.

Celebrating Milestones

The year 2024 highlights how years of German-Vietnamese partnership have fostered lasting contributions to the country's growth and innovation, reinforced by a year full of anniversaries celebrating the long-standing success of German companies in Vietnam:

- **AHK Vietnam** commemorated 30 years of presence in Vietnam, emphasizing its role in strengthening bilateral trade and investment
- **Bayer** and **BASF** celebrated their 30th anniversary in Vietnam

- **SGH Asia Ltd.** celebrates 15 years in 2024, a testament to strong partnerships, trust, and shared achievements
- **Infineon Technologies** celebrated its 5th anniversary in Vietnam



Figure 2: German organizations and organizations celebrated their remarkable milestones in 2024. Source: AHK Vietnam

As 2025 unfolds, it paves the way for key celebrations:

- 50 years of **German-Vietnamese diplomatic relations**, highlighting decades of cooperation.
- 30th anniversary of the **German Business Association (GBA)**, the main partner of the German business community in Vietnam.



Figure 3: Official logos in the celebration of the 50th Anniversary of German-Vietnamese diplomatic relations and the 30th Anniversary of The German Business Association (GBA)

Expansion and Investment

German companies continue to expand their footprint in Vietnam, increasing the country's role as a strategic hub for growth, collaboration, and technological advancement:

- **Zühlke Group** relocated to a larger office in Ho Chi Minh City.
- **SEW Eurodrive** established its first factory in Dong Nai, advancing industrial automation and driving technology.
- **Schmalz** inaugurated its 31st global location in Ho Chi Minh City's District 7, featuring a state-of-the-art office and showroom.
- **Hettich Group** is strengthening its presence in Vietnam through a new joint subsidiary with FGV in Ho Chi Minh City.

As German businesses lay their trust in the Vietnamese market, they continue to drive innovation, investment, and sustainable development across multiple industries, confirming the country's position as a key partner in Southeast Asia.

Challenges

According to the AHK World Business Outlook Fall 2024 report, despite challenges such as subdued global demand (60%), economic policy uncertainties (30%), and infrastructure issues (27%), German investment in Vietnam reached new heights in 2024, with over 530 German companies operating in the country. The report also highlights concerns like trade barriers, rising labor costs, legal uncertainties, and supply chain disruptions. However, 81% of the surveyed companies expressed satisfaction with their operations in Vietnam, demonstrating strong investor confidence in the country's economic growth.

2025 Economic Outlook: Forecasts and Trends

Changes in government policies or regulations

Vietnam is embarking on a significant bureaucratic restructuring, signaling its commitment to modernization and improved efficiency. The government plans to consolidate ministries and agencies, reducing the total number to 22 through mergers and streamlining internal divisions. This move aims to optimize public service delivery by aligning the administrative structure with contemporary needs. The restructuring is also expected to create a more attractive environment for top talent within the public sector. This initiative reflects efforts such as the development of e-government platforms and ongoing updates to regulations that include tax law adjustments, investment incentives, and industry-specific policies. These changes demonstrate Vietnam's proactive approach to enhancing its business environment and fostering sustainable economic growth.

Vietnam's Economic Future: Strong Growth and Bold Initiatives

Vietnam's economic landscape in 2025 is characterized by strong growth projections, a push for digitalization and sustainability, and increasing integration into global supply chains.

Key economic trends expected in 2025 include:

- **GDP Growth:** All forecasts seem to be on the same page and predict a positive GDP growth for Vietnam in 2025. While The International Monetary Fund (IMF) projects a 6.1% growth, the Vietnam Institute for Economic and Policy Research (VEPR) is even more optimistic with a growth rate of 7.5 to 8%.
- **Digital Transformation and E-commerce Expansion:** By 2025, Vietnam's digital economy is expected to contribute around 25% of GDP, driven by investments in digital infrastructure. The government is promoting online shopping and cashless payments through experimental licensing and plans to establish digital technology zones with a regulatory framework like industrial zones. Meanwhile, the e-commerce market is projected to reach \$63 billion by 2030, with a 19% annual growth rate, according to the "e-Economy SEA 2024" report.



Figure 4: Young professionals collaborate in a modern, invested, and tech-driven workspace. Source: DIGI-TEXX Vietnam

With Vietnam's digital economy expected to contribute a quarter of the GDP by 2025, [DIGI-TEXX](#) exemplifies the opportunities emerging to support businesses in this expanding digital landscape. As the first fully German-invested BPO and digital services company in Vietnam since 2003, DIGI-TEXX offers over 22 years of experience in driving digital transformation. They are one of your most trusted partners to simplify complicated business processes with passion and technology.

- **Manufacturing Sector:** Oxford Economics projects that Vietnam's economy will outpace its ASEAN-6 peers in the coming years, primarily driven by a strong manufacturing sector, particularly in machinery and textiles. Vietnam is also becoming a key hub for semiconductor chip assembly, packaging, and testing. While there are risks from US tariff concerns, these could lead to growth through front-loaded orders, as manufacturing fundamentals remain solid. A slight slowdown is anticipated in the short term, but the overall growth outlook remains positive. For instance, THACO, a leading Vietnamese automotive conglomerate, is making significant investments in manufacturing and logistics, including new \$115 million production facilities and the expansion of Chu Lai Port, signaling continued growth in the country's automotive and industrial sectors.
- **Infrastructure Development:** Hanoi and Ho Chi Minh City are advancing metro projects, aiming for 580 km of lines by 2035. The National Assembly has approved a VND1,700 trillion (\$67 billion) North-South high-speed railway, spanning 1,541 km at speeds up to 350 km/h. Long Thanh International Airport, set to open in 2025, will ease congestion at Tan Son Nhat Airport. To support these projects, the Ministry of Transport has allocated VND87,000 billion (\$3.41 billion) for 2025, ensuring progress in railway initiatives.



Figure 5: Ho Chi Minh City Metro Line 1 was inaugurated on December 22, 2024. Line 2 from Thu Thiem via Ben Thanh to An Suong is currently under construction. Source: HCMC Metro

- **Green Economy Initiatives:** Vietnam is acting towards its carbon neutrality promise by 2050. Vietnam is determined to reach 85 GW of solar power by 2030 and aims to become a Southeast Asian offshore wind hub, targeting 6,000 MW by the same year. Alongside this, nuclear energy is seeing a revival, with a nuclear plant in Ninh Thuan set to be completed by 2030.
- **Tourism Revival:** Vietnam's tourism sector aims to surpass pre-pandemic levels in 2025, targeting 22-23 million international visitors and 120-130 million domestic travelers, generating VND980-1,050 trillion in revenue. After a successful 2024 with 17.5 million international arrivals and VND840 trillion in revenue, the sector is poised for growth with government support, favorable visa policies, and improved infrastructure.

Emerging Sectors and Opportunities for German Businesses

Looking ahead to 2025, several sectors in Vietnam offer strong growth potential for German businesses. The **global supply chain shift** creates opportunities for Vietnam, with its stable environment and competitive labor costs attracting German manufacturers, particularly in precision engineering, automotive components, and textiles.

The **global push for sustainability** aligns with Vietnam's renewable energy goals, opening doors for German firms specializing in clean energy and related technologies.

Vietnam's **digital transformation** is accelerating, with e-commerce and digital services contributing over **12% of GDP in 2023**, projected to hit **\$45 billion by 2024**. To enhance Vietnam's ASEAN digital standing and attract investment, lawmakers are drafting the Digital Technology Industry Law (DTI). This legislation aims to drive innovation, support local businesses, and accelerate digital transformation. The government's push for AI adoption, fintech, and cybersecurity presents opportunities for German businesses with expertise in these fields.

Meanwhile, **Vietnam's growing middle class and rising disposable income** are fueling demand in the **consumer goods and retail sector**. By 2024, 15.8 million households had monthly incomes above VND 15 million (~\$592), with urbanization expected to reach 44% by 2030. Understanding local consumer behavior will be key to success.

Overall, Vietnam's economic trajectory is shaped by global trends, offering diverse opportunities for German businesses in manufacturing, sustainability, digitalization, and consumer markets.





Figure 6: AHK Vietnam and the CEO of Hettich Group – one of the world's leading manufacturers of furniture fittings – visited Luther Vietnam. Source: AHK Vietnam

Luther Vietnam is dedicated to delivering up-to-date, relevant legal and tax insights to help businesses navigate Vietnam's complex regulatory landscape. Its experienced lawyers, tax advisors, and interdisciplinary experts provide full-scope Legal, Tax, and Business Process Outsourcing services tailored to diverse industries and market segments. By staying ahead of regulatory changes, Luther helps clients achieve tax efficiencies, enhance operational performance, and ensure full compliance - empowering businesses to focus on their core operations for sustainable growth and long-term success.

Conclusion: Key Insights and Practical Recommendations

Capitalizing on the opportunities outlined above requires a strategic approach. Several key steps can be taken for German businesses considering market entry or expansion in Vietnam.

Thorough market research is essential for understanding local consumer preferences and competitive dynamics. Building strong partnerships with Vietnamese companies is key to successfully engaging with the local business environment and tapping into established networks. Complying with regulatory requirements can be complex, so seeking expert advice is advisable to ensure smooth operations.

Finally, attracting and retaining talent is vital for long-term success, and developing local talent pools can provide competitive advantages. AHK Vietnam offers a range of services to support German businesses in these endeavors, including market entry consulting, partner matchmaking, and talent acquisition support.



Figure 7: The German Career Day at Deutsches Haus in Ho Chi Minh City offers a key opportunity for German companies to acquire talent and build a skilled workforce for long-term success. Source: AHK Vietnam

The outlook for the Vietnamese economy remains positive, and the opportunities for German businesses are significant. Vietnam's dynamic market, coupled with its strategic location and ongoing integration into global value chains, makes it an attractive destination for investment and collaboration. We encourage you to contact our team for further information and support as you explore the potential of the Vietnamese market.