



ASEAN-German Business Relationships: Opportunities and Growth 2025

AHK Vietnam Blog – March 2025

Table of Contents

- 1. Introduction 2
- 2. ASEAN Economy and Society 2
 - 2.1. Economic Development in ASEAN 2
 - 2.2. Social Development and Integration in ASEAN 3
- 3. ASEAN – Germany Relationships 4
 - 3.1. Business Relationships between Germany and ASEAN 4
 - 3.2. German Business Landscape in ASEAN 5
 - 3.2.1. Overview 5
 - 3.2.2. Challenges 6
 - 3.2.3. Opportunities 7
- 4. Conclusion 9

Please note that this blog post contains sponsored content. Our partners’ expertise and insights have helped us enhance this content to provide more value to you.

1. Introduction

The Association of Southeast Asian Nations (ASEAN) continues to rise as a vital economic region amid global uncertainties. With its strong domestic demand, robust manufacturing sector, and growing middle class, ASEAN offers attractive opportunities for international investors, particularly from Germany. This blog post explores the economic and social development in ASEAN, the status of its business relationships with Germany, and potential growth areas.

2. ASEAN Economy and Society

2.1. Economic Development in ASEAN

ASEAN is one of the world's fastest-growing economic regions, with a combined nominal GDP of USD 3.8 trillion in 2023, making it the fifth-largest economy globally. Projections indicate continued growth, with GDP expected to reach 4.8% by 2025. Key drivers of economic growth include increased foreign direct investment (FDI), strategic trade agreements, and growing regional integration.

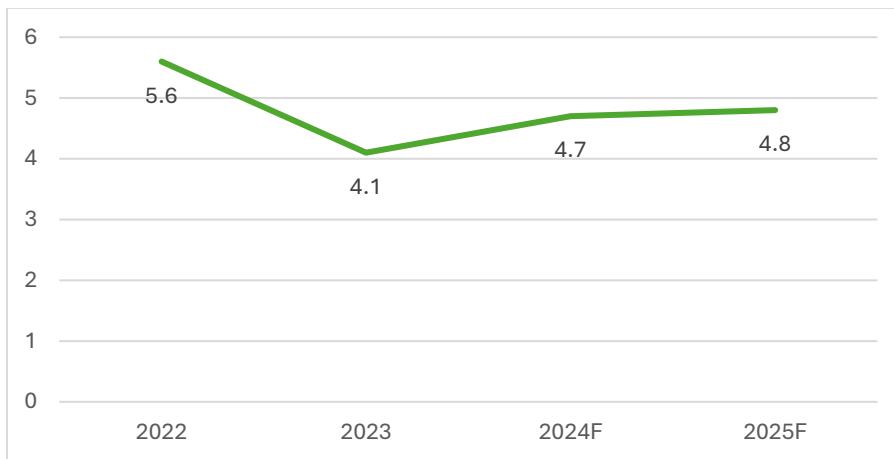


Figure 1. ASEAN GDP growth rates in recent years. Source: ASEAN Statistical Highlights 2024, IMF

The Regional Comprehensive Economic Partnership (RCEP), which involves ASEAN countries and other major economies such as China, Japan, South Korea, Australia, and New Zealand, has significantly boosted trade and investment in the region. ASEAN countries continue to attract substantial FDI due to their competitive manufacturing industries, developing digital economies, and strategic location.

In 2023, FDI inflows into ASEAN reached a record high of USD 230 billion, driven primarily by sectors such as finance, manufacturing, logistics, and digital technology. Notably, the region's transition towards greener technologies and sustainability initiatives has attracted interest from European investors, including German companies.

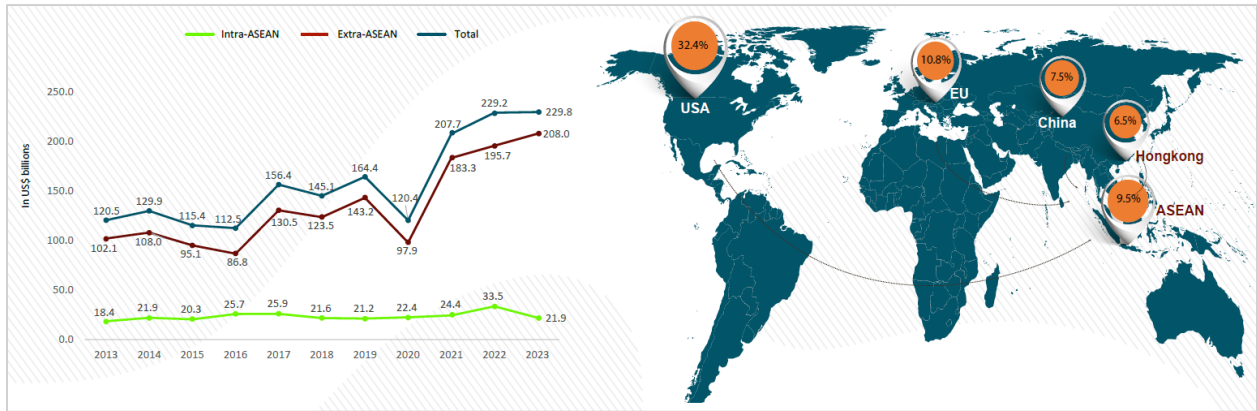


Figure 3. FDI flow, including extra and intra-ASEAN from 2013 to 2023 & Top 5 FDI sources to ASEAN 2023. Source: ASEAN Statistical Highlights 2024

2.2. Social Development and Integration in ASEAN

ASEAN's population is projected to reach approximately 692.31 million by 2025, making it the world's third most populous region. With a youthful and increasingly skilled workforce, ASEAN is positioning itself as a major hub for manufacturing, services, and innovation.

ASEAN has made significant progress in social development, with governments investing heavily in education, healthcare, infrastructure, and poverty reduction. Initiatives such as the ASEAN Smart Cities Network (ASCN) and regional connectivity projects aim to enhance urban resilience, improve living standards, and promote sustainable development.



Figure 3. Cities belong to the ASEAN Smart Cities Network (ASCN). Source: ASEAN

Furthermore, ASEAN's commitment to digital transformation is evident through implementing the ASEAN Digital Integration Framework Action Plan (DIFAP), which aims to improve digital trade, enhance cybersecurity, and encourage innovation. Such efforts create a favorable business environment for German investors seeking growth opportunities in various industries.

3. ASEAN – Germany Relationships

The ASEAN-Germany Development Partnership, established through the ASEAN-Germany Development Partnership Committee (AG-DPC) Meeting in 2017, has significantly strengthened cooperation between the two regions across political-security, economic, and socio-cultural areas. Since then, eight AG-DPC Meetings have been held annually to assess progress and explore new areas of collaboration.

The current framework guiding this cooperation is the ASEAN-Germany Development Partnership: Practical Cooperation Areas (PCA) (2023-2027), which focuses on fostering practical and strategic partnerships.

3.1. Business Relationships between Germany and ASEAN

Germany has established itself as a key trading partner for ASEAN, with bilateral trade between the two regions reaching EUR 79.7 billion in 2024. Germany primarily exports machinery, electrical equipment, vehicles, and chemical products to ASEAN, while imports from ASEAN consist mainly of electronics, textiles, agricultural products, and raw materials.

Germany's strong industrial base and technological expertise complement ASEAN's growing demand for high-quality manufacturing and infrastructure solutions. The German Chambers of Commerce Abroad (AHKs) play a vital role in promoting bilateral trade, providing market entry support, and fostering collaboration between German companies and their ASEAN counterparts.

Various cooperative initiatives, such as the ASEAN-Germany Economic Dialogue and the ASEAN-Germany Development Partnership Committee, have been established to enhance economic ties. These platforms serve as bridges for dialogue, promoting knowledge exchange, investment facilitation, and business matchmaking between stakeholders.

3.2. German Business Landscape in ASEAN

3.2.1. Overview

German businesses are increasingly investing in ASEAN, drawn by the region's economic dynamism, expanding consumer base, and growing focus on sustainable development. Key sectors attracting German investments include manufacturing, finance, logistics, green technology, and education.

For example, Siemens has been actively involved in providing cutting-edge solutions for smart manufacturing and automation in countries like Vietnam and Thailand, enhancing their industrial productivity through Industry 4.0 technologies. Meanwhile, BASF is investing in sustainable agriculture and chemical solutions across the region, focusing on eco-friendly innovations.

The flow of German Foreign Direct Investment (FDI) to ASEAN reached USD 3.3 billion in 2023, a testament to Germany's confidence in the region's economic stability and potential.

- **Singapore's robust financial infrastructure and pro-business policies** continue to attract German financial institutions and startups seeking regional expansion.
- In **Vietnam**, the government's focus on green growth and digital transformation has enticed German firms specializing in renewable energy, high-tech manufacturing, and smart city projects.
- **Indonesia's rapidly growing middle class** presents a lucrative market for consumer goods, while the country's commitment to enhancing its manufacturing sector through Industry 4.0 offers further opportunities.
- **Thailand's push for sustainable tourism and electric vehicles** provides unique prospects for German companies to introduce eco-friendly technologies and solutions.
- **The Philippines** is witnessing increasing interest from German firms in the areas of business process outsourcing (BPO), renewable energy, and infrastructure development, particularly under the Build, Build, Build program.
- **Malaysia's strategic location and focus on digitalization** attract German companies looking to establish regional hubs in areas such as information technology, logistics, and green technologies.
- **Cambodia and Laos**, despite being smaller markets, are gaining attention for their growing infrastructure needs and efforts to enhance connectivity and trade within the region. German companies are actively exploring opportunities in construction, logistics, and education.
- **Myanmar**, despite its ongoing political challenges, offers limited potential in manufacturing, agriculture, and energy.

The diverse economic landscape of ASEAN offers German companies the chance to leverage their expertise across various sectors, while the region's emphasis on sustainability aligns well with Germany's strengths in green technologies and industrial innovation.

Stay tuned for the **ASEAN Snapshot 2025**, where we'll dive into the latest primary data to bring you a clear and detailed picture of key economic indicators, investment trends, and business relations between Germany and ASEAN countries. Explore how shifting market dynamics and strategic partnerships are driving the future of German-ASEAN economic collaboration.



Figure 4. A smart city concept symbolizes the strategic partnership between Germany and ASEAN, particularly in green manufacturing, sustainable development, and technological innovation. Source: AHK Vietnam

3.2.2. Challenges

While the outlook remains positive, German companies encounter certain complexities when doing business in ASEAN. These include navigating geopolitical dynamics, adjusting to diverse regulatory frameworks, managing supply chains, and adapting to varying levels of infrastructure development across countries. Furthermore, the potential introduction of “reciprocal” tariffs by the Trump administration presents uncertainties for businesses operating in the region. For German companies investing in manufacturing, logistics, and export-oriented sectors, this evolving landscape requires careful planning and strategic decision-making.

Additionally, companies must navigate cultural differences, bureaucratic hurdles, and compliance requirements, particularly in highly regulated industries. Addressing these challenges requires a nuanced approach, strategic planning, and partnerships with local stakeholders.

3.2.3. Opportunities

Despite the challenges, ASEAN's emphasis on digital transformation, sustainable development, and regional connectivity offers promising opportunities for German businesses. Key sectors of interest include:

- **Renewable Energy and Green Technologies:** ASEAN's commitment to carbon neutrality and sustainable growth presents opportunities for German companies specializing in clean energy solutions, smart manufacturing, and environmental protection.
- **Smart Manufacturing:** The region's industrial growth aligns well with Germany's expertise in Industry 4.0, automation, and digitalization.



Figure 5. A manufacturing plant in Vietnam was built with a robust structural system, including beams, columns, and floors. Source: DINCO E&G

[DINCO Engineering & Construction](#) (DINCO E&C) is a trusted partner for international clients in industrial plants, high-rise buildings, hotels, resorts, and infrastructure projects across Vietnam. With nearly 400 corporate staff and over 3,000 workers, DINCO delivers innovative, sustainable, and cost-effective solutions.

Their expert teams of Architects, Structural Engineers, and MEP Engineers collaborate seamlessly on BIM models to optimize design, reduce costs, and accelerate timelines. Strong ties with government agencies ensure efficient licensing processes, from IRC and ERC to Construction Permits and Certifications.

DINCO prioritizes sustainability by using lightweight materials that enhance fire protection, insulation, and resource efficiency. Collaborating with Asia Clean Capital

Vietnam (ACCV), they integrate cutting-edge energy solutions like Building Integrated Photovoltaics (BIPV) and Ground Energy Systems (GES), enhancing energy performance while promoting environmental responsibility.

- **Digital Economy:** E-commerce, fintech, and ICT infrastructure are expanding rapidly, creating opportunities for innovative solutions from German firms.
- **Infrastructure and Urban Development:** ASEAN's infrastructure needs are growing, particularly in areas like transportation, smart cities, and public utilities.



Figure 6. VSIP Nghe An Industrial Park in Central Vietnam – an emerging economic region with the government's development strategy of upgraded infrastructure, improved investment environment, and introduction of special tax policies. Source: VSIP

VSIP, as a pioneer in integrated townships and industrial parks in Vietnam, exemplifies the growing importance of sustainability. With the orientation of green and sustainable development, moving towards forming industrial - innovation - high tech ecosystems nationwide, VSIP is committed to accompanying Binh Duong province and Vietnam in the process of reducing carbon emissions, aiming for net zero emissions by 2050.

VSIP Binh Duong has new ideas for its operations such as reducing carbon emissions, ecosystem promotion, and renewable energy usage like solar rooftop power solutions across its facilities, generating enough energy to reduce annual CO2 emissions by thousands of tons. By 2025, it is estimated that renewable energy will account for 15-20% of the energy consumed in these parks, significantly reducing dependency on traditional energy sources. VSIP has also achieved Edge Certification for its RBF, VSIP III – Binh

Duong is also pre-qualified for applying the Singapore Building and Control Authority's (BCA) Green Mark Certification for industrial districts, making VSIP one of the greenest and most sustainable workplace environments in Vietnam.

4. Conclusion

The ASEAN-German business relationship is characterized by growth, resilience, and mutual benefit. As ASEAN continues to expand economically and socially, German companies could enhance their presence in the region. Strategic partnerships, investment in innovation, and collaboration on sustainability initiatives will be essential for future growth.



Figure 7. The German Chambers of Commerce and Industry in Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Source: AHK Vietnam

Strengthening the ASEAN-Germany relationship will require ongoing dialogue, knowledge exchange, and efforts to address challenges effectively. As both regions strive for sustainable growth, their collaboration can contribute significantly to global economic stability and prosperity.

The German Chambers of Commerce and Industry in Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam established the German Chambers ASEAN Business Council (GBABC) to provide a dialogue platform, strengthen regional cooperation, and support regional trade and investment.