Vietnam’s Result
AHK World Business Outlook Survey
A barometer of business confidence among German companies worldwide and in Vietnam

The survey is conducted by DIHK and the network of German Chambers of Commerce (AHKs) worldwide with 140 offices over 92 countries.

Method
The survey was conducted online from 24 March to 2 April 2020. This is the sixth year when the network of German Chambers of Commerce (AHKs) implements this survey.

Participants
More than 3,500 German companies and their partners worldwide.
The voice of German businesses in 92 countries and territories.

Purpose
Since 2015, the AHK WBO is viewed by leaders, decision-makers, entrepreneurs, media and business professionals as a barometer of business confidence among German companies in Vietnam and globally.
AHK World Business Outlook 2020

KEY MESSAGES

• German companies are understandably concerned about the effect of coronavirus on their business in Vietnam but still restrained optimistic and have higher expectations comparing with all averaged indicators estimated by German companies in ASEAN.

• 82 percent report adjusting revenue targets downward due to the coronavirus and 59 percent expect that their company’s operations and financial position will be stable at the end of the year.

• In the mid-term: 72 percent of German companies in Vietnam intend to keep investing in Vietnam and 27 percent assume an increase in employment.

• Demand and economy policy create uncertainty in Vietnam.
43% of German companies are already feeling the effects that the coronavirus pandemic will have on the Vietnamese economy in the mid-term, despite favorable prospects for the Vietnamese economy.

Nearly 20 percent think that Vietnam’s economy could even be better despite of this epidemic.

Implementing the aid packages is essential for Vietnam to mitigate the impact of the coronavirus. It shows that Vietnamese government has taken decisive and forceful action against the impact of the corona crisis immediately. If these measures should be taken as fast as possible to counter the economic impact of the coronavirus, in order to bring the economy back onto a growth path as quickly as possible.
**Business Situation in 2020**

14% of German companies estimate **their business performance to be weakened** in 2020.

Many companies have been feeling the initial impact of the virus. Cancellation of the trade fairs and large-scale events, and the decline in travel, are affecting the service sector, especially in the areas of logistics, trade, gastronomy and tourism. At the same time, foreign demand is dropping, and international supply chains are being disrupted.

59% expect that their company’s operations and financial position will be **stable** this year. Only 27 percent rate their current business situation in Vietnam as good in 2020 (77 percent in 2019).
Business Expectation for 2021

Compared with other German firms in ASEAN, the German community in Vietnam has the optimistic perspective and expectation in the upcoming year, **two-third of respondents** believed that their business situation will stable and even be getting better in 2021.
Coronavirus crisis and the economic consequences for German businesses in Vietnam

Under these circumstances, German companies’ revenue expectation dropped due to the coronavirus significantly. According to our survey, **82%** report adjusting revenue targets downward due to the coronavirus. **9%** have serious problems and expected a significant decline of more than 50%. **63%** of them calculated with loss of **10% to 50%**.

Due to the survey result, **almost German companies in Vietnam** have already experienced how the epidemic effected their business activities since the coronavirus expanded.

The initial impact of the virus, especially:

- **travel restrictions** (86 percent)
- **disrupted supply chains** (59 percent)
- **cancellation of contracts** (55 percent)
- 50 percent are rescheduling their new investment intentions due to the outbreak of coronavirus
72% of German companies in Vietnam intend to **keep investing in Vietnam** and **27% assume an increase in employment.**

As a result of the fact that the Vietnamese government shows the commitment to create the most favourable conditions for foreign investors and businesses as well as the upcoming the **FTA between EU and Vietnam,** which probably comes into effect this summer, will boost the economic growth of this country and attract more investors to Vietnam.

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Concerning the demand and economic policy framework, uncertainty is still increasing this year. Many companies (68 percent) think they’ve been taken a big hit in 2020 from the coronavirus with a major decrease in demand. After 51 percent in 2019, 59 percent of companies cite economic policy as one of the great factors of uncertainty for their businesses in 2019 in Vietnam.

Another issue is financing, infrastructure, and lack of skilled workers might threaten their businesses here.
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<thead>
<tr>
<th>Business Branches</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Industry/Construction</td>
<td>41%</td>
</tr>
<tr>
<td>Trade</td>
<td>9%</td>
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<tr>
<td>Service</td>
<td>50%</td>
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<table>
<thead>
<tr>
<th>Types of Business</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Small Business</td>
<td>36%</td>
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<tr>
<td>Companies with less than 100 employees</td>
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<tr>
<td>Medium Business</td>
<td>36%</td>
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<tr>
<td>Companies with more than 100 employees and less than 1000 employees</td>
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</tr>
<tr>
<td>Large Business</td>
<td>27%</td>
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<tr>
<td>Companies with more than 1000 employees</td>
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Delegation of German Industry and Commerce in Vietnam

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