



# Vietnam 2024: Legal and Policy Updates Shaping Opportunities for German Businesses in 2025 and Beyond

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# Introduction

According to the AHK World Business Outlook Fall 2024's results, the mood among German companies at their international locations is significantly more positive, despite the global uncertainties. Among Southeast Asia, Vietnam remains a vibrant hub of opportunity for foreign businesses, especially German companies seeking to expand in this region.

2024 draws to a close and meanwhile brought significant updates to Vietnam's legal and policy landscape, aimed at fostering innovation, attracting high-quality foreign direct investment, and promoting sustainability. This article explores a few notable changes across key areas, offering insights to help German businesses navigate these updates and seize new opportunities.

## Updates to Investment Laws

Vietnam's *Law on Investment* has undergone important revisions in 2024, reflecting the government's commitment to boosting foreign investment in strategic sectors such as renewable energy, high-tech manufacturing, and digital transformation.

In 2024, Vietnam introduced a *fast-track approval mechanism* for foreign investors in priority sectors such as renewable energy and high-tech manufacturing. Under this mechanism, foreign direct investment (FDI) projects meeting specific criteria—such as implementing advanced technology or committing to carbon neutrality—can now receive investment licenses within **20 working days**, compared to the previous average of 45 days.

For example, a German solar energy firm recently secured approval for a 100 MW solar farm project in central Vietnam in just 18 days. This expedited process allowed the company to break ground earlier than planned, giving it a competitive edge in the growing renewable energy market.

The Vietnamese government also introduced **enhanced tax incentives** and **reduced land lease fees** for projects in green and high-tech sectors. For example, new investors in renewable energy or high-tech manufacturing are eligible for **up to 10 years of corporate income tax exemption**. Investors setting up in designated green zones or eco-industrial parks receive a **50% reduction in land lease fees** for the first 10 years.

These changes reflect Vietnam's strategic focus on attracting foreign investment to drive growth in key sectors and support the country's economic development goals.



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Figure 1. Updates on Investment Laws in Vietnam throughout the year. Picture: Copilot

## Customs and Logistics Reforms

In 2024, Vietnam implemented a *National Single Window (NSW)* platform that integrates customs, trade, and border management processes into a single online system. This platform enables businesses to submit documents electronically and track shipments in real time. Clearance times for imports and exports have been reduced by up to **30%**, which is particularly beneficial for companies dealing with perishable goods or time-sensitive shipments.

The government has invested in developing new logistics hubs in strategic locations. In 2024, the government inaugurated a **new multimodal logistics center in Hai Phong**, located near the country's busiest seaport. This facility offers integrated services, including warehousing, container handling, and cold storage, allowing companies to consolidate supply chain operations in one location.

These reforms open significant opportunities for German businesses, particularly exporters and manufacturers, to navigate Vietnam's trade landscape more efficiently. For example, German firms in the automotive and electronics sectors can now integrate Vietnam more seamlessly into their regional supply chains, capitalizing on reduced logistics costs and faster customs procedures.

- By 2035, AI is expected to boost logistics productivity by over 40%.
- Currently, 36% of businesses have implemented AI in supply chain processes, with 28% close to doing so.
- Early adopters have already reduced logistics costs by 15%.

*Figure 2. AI technologies' applications in logistics in 2024. Picture: AHK Vietnam; Source: Business Insider*

## Digital Transformation and Data Protection Laws

Under the revised **Law on Cybersecurity**, Vietnam has implemented stricter data localization requirements. This means that companies operating in Vietnam must store certain types of data, such as personal data and important business information, on servers located within the country. This regulation aims to enhance data security and ensure that sensitive information is protected under Vietnamese law.

### Enhanced Data Protection Standards

Vietnam has also updated its data protection standards to better align with international norms. The new Law on Personal Data Protection introduces comprehensive measures to safeguard personal data, including stricter consent requirements, data breach notification obligations, and enhanced rights for data subjects. These updates are designed to provide a higher level of protection for personal data and to build trust in Vietnam's digital economy.

### Impact on German Companies

For German businesses operating in Vietnam, these changes mean that they must ensure compliance with local data laws while also maintaining alignment with the EU's General Data Protection



Regulation (GDPR). This dual compliance can be challenging but is essential to avoid legal risks and penalties.

## Expert Tips

*Invest in Robust IT Infrastructure:* To comply with the new data localization and protection requirements, companies should invest in secure and reliable IT infrastructure. This includes setting up local data centers or partnering with local service providers.

*Work with Local Consultants:* Navigating the complexities of Vietnam's data laws can be easier with the help of local experts. Consultants can provide valuable insights and help ensure that businesses meet all regulatory requirements.

*Luther is a top-tier German commercial law firm that combines global reach with localized expertise. Its 10 German and 11 international presences enable Luther to be a key partner for clients' international operations and global expansion plans. As a fully integrated part of this global network of advisors, Luther's Vietnam office boasts a dedicated team based in the heart of Ho Chi Minh City. The team at Luther Vietnam is uniquely equipped to help clients navigate the country's fast-evolving legal and regulatory framework and add tangible value to clients' domestic operations. Serving a wide range of market segments and industries, Luther provides full-scope Legal, Tax, and Business Process Outsourcing services that ensure smooth operations and full compliance - allowing clients to focus on their core business. Luther's advisors combine a deep understanding of the local regulatory framework with many years of practical experience in "making it work" in Vietnam to help companies build, grow, and scale their Vietnam operations, with a strong focus on what matters most to their business.*

*Explore Digital Transformation Opportunities:* The push for digital transformation in Vietnam presents new opportunities for German firms, especially those offering tech solutions. Companies can leverage their expertise to support Vietnam's digital economy and tap into new markets.

*DIGI-TEXX is a 100% German-invested company offering Business Process Outsourcing and Digital Services. With 20 years of experience, DIGI-TEXX has built a reputation as a trusted service provider across industries such as healthcare, banking, finance, insurance, and e-commerce. The company focuses on simplifying processes, enhancing service levels, and reducing costs, utilizing technologies like AI, deep learning, big data analytics, and computer vision. DIGI-TEXX delivers faster, more accurate, and scalable document processing solutions from Vietnam, providing German-quality digital transformation support for businesses seeking efficiency and innovation in their operations.*



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Digital transformation also creates broader opportunities for German companies offering cutting-edge tech solutions in sectors such as smart manufacturing, e-government, and digital healthcare.

## Governmental and External Support for SMEs and Startups

Vietnam's *National Innovation Center (NIC)*, established in Hanoi, is a cornerstone of government support for startups and SMEs. In 2024, the NIC launched several new initiatives, including grants for joint R&D projects in priority sectors such as agriculture technology, advanced manufacturing, and renewable energy.



*Figure 3. Prime Minister Pham Minh Chinh at the Innovate Vietnam 2024 and the fifth anniversary of the National Innovation Centre (NIC) last October, Hanoi. Picture: MPI Vietnam*

Joined programs such as the Export & Innovation Management Training offered by the [SEPT Competence Center](#) provide SMEs with the skills and knowledge needed to succeed in international markets. These programs cover topics like product development, investment attraction, and market expansion.

The establishment of innovation hubs, such as the [German Business Incubator](#), operated by AHK Vietnam in Deutsches Haus Ho Chi Minh City, offers startups access to co-working spaces, mentorship,

and networking opportunities. These hubs are designed to foster collaboration and innovation among startups and established businesses.

German companies can collaborate with Vietnamese startups to co-develop new technologies. This partnership can lead to innovative solutions and open up new markets for both parties. In the field of AI, Vietnam had also remarkable achievements. For instance, *Vietsol*, a Vietnamese startup nominated by AHK Vietnam, won the Future AI - Startup Pitch at the latest Asia-Pacific Conference of German Business (APK) in October in New Delhi, India.

## Conclusion

As 2024 ends, Vietnam's evolving economic and regulatory landscape presents opportunities for German companies. Updates in investment laws, customs reforms, digital transformation policies, and support for SMEs highlight Vietnam's aim to enhance its global competitiveness.

German businesses can benefit by staying informed and aligning their operations with these developments. Leveraging incentives for high-tech and green projects, navigating streamlined customs procedures, and embracing digital transformation can drive growth and innovation.

Partnerships with Vietnamese SMEs and startups can also foster mutual growth. By aligning with Vietnam's priorities, German firms can strengthen their presence in this developing market.

For tailored guidance and insights, the Delegation of German Industry and Commerce in Vietnam (AHK Vietnam) is here to support German businesses every step of the way.



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