

# Vietnam attracts German businesses

Vietnam Economic News' My My collected ideas from German businessmen and a professor to broaden the understanding of Vietnam's positive growth and their plans and projects in the country.



**Jens Ruebbert, Chief Country Officer and Head of Global Transaction Banking, Deutsche Bank, Vietnam:**

Deutsche Bank has a proud history in Vietnam, first establishing a presence in 1992 and operating a full-service branch in Ho Chi Minh City since 1995. The Bank re-established a representative office in Hanoi in 2007. Employing more than 80 staff, the franchise has grown from pure commercial banking into a multi-faceted investment banking operation.

The Bank's Investor Services business was awarded a Merit of Excellence by Vietnam's State Securities Commission for its involvement in 2012 in establishing accounting guidelines for the country's open-ended funds as well as its proactive participation in developing new products for the local fund management industry.

We see good potential in Vietnam with strong interest from international

investors as well as growth in our local clients' operations. Currently, our forecast for 2015 GDP growth for the country is 6.2 percent. The Vietnam economy is in a relatively stronger fiscal position as it continues on its journey towards macroeconomic stability. With continued political stability, favorable demographics and strength in foreign direct investment, Vietnam's reputation is one of being friendly to business with a stable and improving economic environment.

Deutsche Bank is convinced that the financial markets will grow with the general economic growth in Vietnam. We are very committed to developing our Vietnam franchise as a key part of our broad regional strategy. We already have considerable scale and breadth in Asia Pacific with 18,000 employees in 17 countries including Vietnam.

Vietnam is one of the fastest-growing markets in the ASEAN region and has become an integral part of our value proposition. Deutsche Bank is an active participant in developing financial services infrastructure for ASEAN which we see as creating benefits for all member countries in time.

Our branch in Ho Chi Minh City and our Representative office in Hanoi have traditionally had a strong presence in global transaction banking. Our cash management, trade finance, risk management and domestic investor services work closely with multinational companies investing in Vietnam, in addition to major Vietnamese firms for their local operations and international expansion.

We will continue to build on these strengths going forward.

We pride ourselves on bringing access to our corporate German clients to exciting business opportunities in this region. Deutsche Bank will attend APK 2014, and we see that this conference offers the opportunity to strengthen these business relationships whilst continuing to play a key role in the development of Vietnam's financial markets.

**Prof. Dr. Jürgen Mallon, President of the Vietnamese-German University (VGU):**



Vietnam is on the way to be an industrialized country and cheap labor will not be a competitive edge of Vietnam anymore. Vietnam has a young population. The people are not only young, they are also bright. One of the motivations for the German professors to come and teach at the VGU is that they have intelligent and motivated students over here. Vietnam has huge potential in high-quality human capital. Big companies such as

Intel, Samsung, Microsoft (with Nokia phones) are expanding their operation in Vietnam and Bosch set up an engineering center in Ho Chi Minh City with a plan of 400 highly-qualified engineers in four years. We've also seen big plans in IT, telecom, electronics, mechanics and other industries from the Vietnamese government with huge demand in relevant human resource.

The VGU offers German-standard education for young people in Vietnam in engineering areas that Germany is famous for. Companies such as Adidas, Pepperl+Fuchs and Bosch have been sponsoring students at the VGU and become their staff after they graduate. In that way, the companies secure their need for highly qualified engineers for the coming years. The VGU has signed memorandums of understanding (MoUs) with the German Business Association (which has more than 170 German companies in Vietnam) as well as with individual big German companies to give students access to internships, company visits and job opportunities during and after the study. Recently, four VGU students have successfully done their graduation thesis at Mercedes-Benz Vietnam and been offered a job at the company afterwards. Not only German and foreign companies are interested in our students. FPT, a big Vietnamese software company, is talking to us because they're looking for highly qualified graduates for their business expansion in Europe.

Although we are still in the in-the-making period, our study programs are attracting the best students and our research environment is drawing in the best young researchers. More than 70 percent of our undergraduate students come from the officially top high-schools in the south of Vietnam. Our students won first prizes in engineering competitions such as the Demo ASEAN's Student Alpha Pitch, the Robotics Bach Khoa Car Rally, the Hans-Messer prize of the Frankfurt/Main Chamber of Industry and Commerce, etc. Dr. Nguyen Xuan Hung, among the most highly cited researchers of 2014 according to Thomson Reuters's list, has recently joint the VGU as an associate professor in Computational Engineering. Several

VGU graduate students won research grants for a Ph.D study in Germany. Many multinational companies, among them, Intel and Bosch, have realized the quality of our programs and sent their engineers to us for a Master education.

The VGU continues its mission to become the leading research university in South-East Asia and will expand to 23 study programs until 2021. The focus is on sustainable high technology engineering, information technology and economics. For the corresponding research and education areas the VGU is continuously investing in modern laboratories and recruiting outstanding lecturer. The planning process for a modern campus in Binh Duong is ongoing.

### **Frank Schellenberg, Director of Schellenberg Consulting:**



I have lived and worked in Vietnam for 14 years. I witness the fast growing Vietnamese economy that offers a good chance for foreign investors. Generally, the Vietnamese investment climate has been improved but could be much better.

My experience of working here is mostly related to the IT sector, especially Software Development and Business Process Outsourcing. I founded and managed GHP Far East, now SPS, founded DIGI-TEXX and invested in DSG, Travel2Pay, SITP and RASIA. Now I own and I work for Schellenberg Consulting.

In my views, Vietnam could play an

important role as IT outsourcing destination. The fast increasing of costs in India and some ASEAN countries and the political development in China let more international enterprises consider Vietnam as new location. However, new players are coming and Vietnam must face the competition.

Vietnam offers a lot of good opportunities but this could be better if the country follow the strategy of other ASEAN countries to add English as a major language earlier in the school. Language is one of the key issues in the IT or in global business nowadays. The dual system of education (learning and praxis) introduced by Germany and vocational training as an alternative way of education could lead to big improvements. The success of the IT Industry will be greater if investors and authorities working close together.

In addition, investors need trust that the investment conditions are valid over a certain time. In recent years, EuroCham made regular questionnaires among European investors. Surprisingly investors hesitate more and more. Some of the reasons are the non-transparent rules and regulations and the constant attempts to make former tax incentives invalid.

From my point of view, if Vietnam improves these matters, there will be more and more foreign investments, including many German companies doing business in Vietnam in the years to come.

I earned myself the valued lesson to survive and being successful in Vietnam is that working together with Vietnamese at all levels, and together we share and develop the results.

Chances and challenges are everywhere. Hence, Vietnam is still the hot market and attractive destination for businessmen like us. Vietnam becomes more and more interesting to foreign investors.

I am still confident of the Vietnamese business climate and having my own business plan that is still on the export of services. For further commitment to Vietnam, I plan to make the companies bigger and stronger to compete better on the international market. ■