

**THE SPEECH OF MR. ALEXANDER ZIEHE
CHAIRMAN OF THE GERMAN BUSINESS ASSOCIATION (GBA)
IN THE MEETING OF THE QUANG NAM PROVINCIAL PEOPLE'S COMMITTEE
27 FEBRUARY 2025**

Dear Mr. Phan Thai Binh – Vice Chairman of the People's Committee of Quang Nam Province,

Distinguished representatives from the various departments, industrial parks, associations of Quang Nam Province, and esteemed GBA members,

As the German Business Association, we are growing nationwide, including in Central Vietnam. Therefore, it is for me as the elected Chairman an honor to lead this delegation today to Quang Nam – a province that experienced increasing German investments over the last years. I thank the local authorities for taking time for our members today and for their continuous support, open dialogue, and proactive approach toward collaboration with the German Business community.

We are the biggest European business association with over 400 members and have a strong focus on advocating practical solutions for foreign companies, investing in Vietnam. Traditionally, German investments were centered around Ho Chi Minh City and Hanoi, but in recent years we have observed a stronger diversification location-wise – translating into an increasing interest in Central Vietnam, in particular in Quang Nam. Today the province is home to leading German members, such as DRÄXLMAIER Vietnam, OBE Vietnam, Groz-Beckert, Robinson Nam Hoi An và Kärcher Vietnam.

These examples underline the importance of Quang Nam as an investment target with its strategic geographical location, and proximity to Danang as an international Hub. Economic Zones like Chu Lai attract industries in various sectors and support building a growing manufacturing cluster, in addition to the traditionally strong tourism sector, which is fueled by beautiful beaches and cultural heritage, such as Hoi An. Thanks to its access to leading Vietnamese universities, new harbor capacities, domestic and international airports, investments in utilities and industrial parks, as well as the competitive costs in comparison to local and regional competition, Quang Nam has the potential to grow further into a leading industrial hub for Vietnam. Finally, the strong effort of the local government in establishing supportive policies to attract foreign investors, supported the recent success to win major global companies into the province.

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Nevertheless, Quang Nam and in general central Vietnam still need to tackle several key challenges on its development route, where the German business community is ready to be partner for sustainable and future oriented solutions:

- 1) **Limited Skilled Workforce:** Smaller talent pool compared to major cities, requiring additional training programs to attract and retain blue- and white-collar talents in all education stages. We also recommend closer cooperation between foreign companies and local universities.
- 2) **Infrastructure Gaps:** Transport and logistics still face challenges, with reliance on Da Nang for key services, road bottlenecks around industrial zones and limited port capabilities towards export. Considering typhoons and other natural disasters, infrastructure also needs to be resilient to limit disruptions. Foreign companies still experience challenges with stable power supply, therefore the grit must be stabilized and developed further.
- 3) **Small Market Size:** Limited local consumer potential in Central Vietnam and limited manufacturing footprint requires a stronger export focus for Quang Nam. Despite Tourism also manufacturing shall be a major promotion area. To support the manufacturing and export opportunities, we recommend improvements around customs by implementing more digital tools, ensure consistency in regulations and allowing customs declaration in company's distribution centers.
- 4) **Regulatory Challenges and Ease of Doing Business:** Bureaucratic processes slow down companies' business and the local development, which is consuming additional resources and causing higher costs. To increase the competitiveness of Quang Nam, transparency and efficiency shall be significantly enhanced. Permits and registrations approval procedures should be simplified, faster, more consistent and in all cases digital. This is also very important for construction, environmental and fire safety licenses, where member companies face ongoing challenges and delays. All regulations shall align with international standards and wherever possible be limited to the absolute necessary level.

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Vietnam and Quang Nam face increasing competition from other FDI destinations such as Thailand, Malaysia and Indonesia. We believe with the ongoing effort of the local and national authorities in addressing the listed challenges and providing new incentives after the implementation of the global minimum income tax, Vietnam and Quang Nam will remain in the leading position to attract German investors. With the strong German business community in Vietnam, we are bringing new technologies, creating more local jobs and supporting economic growth. We as the GBA are here as your partners to focus together on solutions and exchange on best practices.

Our meeting today is an excellent example to align on our common goals and create a bright future for Quang Nam and Vietnam. Therefore, I am thanking again Mr. Phan Thai Binh and the government representatives for this opportunity.

Thank you!

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