

## Vietnam Embraces New US Trade Deal Despite Tough Tariffs

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Vietnam's latest trade agreement with the United States is stirring cautious optimism across the country, even though it introduces steep new tariffs on Vietnamese exports. For many businesses and policymakers in Hanoi, the deal feels like a necessary compromise to maintain stability in a tense global trade climate.

Under the agreement, American products shipped to Vietnam will enjoy tariff-free access. In contrast, Vietnamese exports to the US will face a 20 percent tax, more than double the previous average of 9.4 percent. While this may sound like a blow to Vietnam's export

sector, leaders have framed it as an acceptable trade-off. Just months ago, US President Donald Trump threatened a much harsher 46 percent tariff.

Augustine Ha Ton Vinh, a Vietnamese-American businessman and longtime economic strategist, believes the 20 percent rate is high but still manageable. “With this level, Vietnam can bear the burden,” he explained, adding that tariffs above 25 percent could have pushed the economy into crisis.

Vietnam’s financial markets welcomed the deal with relief. The Vietnam Stock Index reached its highest level since April 2022, reflecting confidence that the agreement will help preserve export stability and avoid sudden economic shocks.

But the new provisions come with challenges. A particularly controversial part of the agreement imposes a 40 percent tariff on products routed through Vietnam from third countries, especially China. This measure is meant to stop Chinese goods from entering the US under a Vietnamese label to dodge tariffs. Some experts warn this could hit Vietnam’s assembly industries hard since many companies import parts from China for final production.

Le Dang Doanh, a former economic adviser to five Vietnamese prime ministers, said that while the transshipment tax would pressure some investors, it could also encourage more companies to bring their supply chains fully into Vietnam. “It may be difficult at first, but in the long run, this could help Vietnam strengthen its manufacturing base,” he noted.

Beyond economics, the agreement has strategic significance. Ian Storey, a senior fellow at the Institute of Southeast Asian Studies in Singapore, pointed out that the deal helps keep US-Vietnam relations on track, including closer defense ties.

For everyday Vietnamese consumers, the zero percent tariff on US goods could bring more affordable products, from electronics to pharmaceuticals. However, local producers in agriculture, automotive, and medical equipment sectors may face tougher competition as cheaper American imports arrive.

Despite the uncertainty, many in Vietnam see the deal as proof that the country is ready to play a bigger role on the global stage. As Vinh put it, “Vietnam wants to show the world that it is committed to economic integration and fair trade, even if that means taking on some short-term challenges.”

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