

Trump Lowers Tariffs in New Trade Deal With Vietnam

July 3, 2025

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United States President Donald Trump has announced a new trade agreement with the Socialist Republic of Vietnam that reduces tariffs on many Vietnamese exports to 20 percent, down from an earlier proposal of 46 percent. The decision comes just days before the United States imposed significantly higher import duties on Vietnam and other countries.

Speaking on his social media platform, Truth Social, Trump described the deal as a “great honour” after a call with Vietnam’s top leader, President To Lam. The agreement also

includes a 40 percent tariff on goods shipped through Vietnam from other countries, mainly targeting products made initially in China, relabelled as “Made in Vietnam” to avoid existing tariffs.

While Trump presented the deal as a breakthrough, specific details about which products the new 20 percent tariff would cover were not fully disclosed. It is also unclear how the United States plans to enforce the rules on transshipped goods, which have long been difficult for trade officials to monitor.

Vietnam has pledged to improve market access for American exports in return for the lower tariffs. According to a statement from the Vietnamese government, the country will provide preferential treatment to certain U.S. products, including large-engine cars. Vietnam also requested that the United States recognise it as a market economy and ease restrictions on exporting high-tech items to the country, a long-standing goal of Hanoi.

The trade relationship between the two nations has grown rapidly in recent years. Since 2018, Vietnamese exports to the United States have nearly tripled, rising from under \$50 billion to around \$137 billion in 2024. By contrast, U.S. exports to Vietnam have increased by about 30 percent over the same period, reaching just over \$13 billion last year. Much of this growth is linked to American companies seeking alternatives to Chinese manufacturing after the United States imposed sweeping tariffs on Chinese goods during Trump’s first term.

Shares of U.S. companies that rely on Vietnamese factories, such as Nike, Under Armour, and VF Corporation, the maker of The North Face, rose after the announcement. Industry experts noted that the agreement would help reduce uncertainty for importers bracing for steep tariff hikes.

Trump’s team is racing to conclude trade deals with major partners before the July 9 deadline, when many of the suspended tariffs could take effect. Talks with countries such as India and Japan have moved more slowly, and previous deals with Britain and China have addressed only part of their broader trade disputes.

Analysts say the United States’ definition and enforcement of trans-shipment rules will be critical for the long-term stability of trade with Vietnam. The agreement offers relief for American businesses and Vietnamese exporters, easing tensions at a delicate moment in the global economy.

