Vietnam among hardest hit by Trump tariffs

Peter Symonds
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Governments, corporations and investors throughout Asia are in shock after Trump declared economic war on the world last week and announced huge "reciprocal" tariffs on friend and foe alike. While China—regarded in Washington as the chief threat to American global dominance—was hit with an extra 34 percent tariff on all exports to the US, Trump imposed hefty tariffs on most countries in the region.

Among the hardest hit were the 10 countries that form the Association of South East Asian Nations (ASEAN), most having tariffs of 30 percent or more imposed putting them towards the top of the list. These were: Cambodia (49 percent), Laos (48 percent), Vietnam (46 percent), Myanmar (44 percent), Thailand (36 percent), Indonesia (32 percent). Malaysia (24 percent), Brunei (24 percent) and the Philippines (17 percent) were a little lower. Singapore was the only member to be given the baseline minimum of 10 percent.

Many of the ASEAN countries benefited from the tariffs imposed on China under the first Trump administration and maintained by the Biden administration along with punitive bans targeting hi-tech Chinese corporations. Companies that had used China as a cheap-labour platform adopted a China plus One strategy, shifting part of their production to South East Asia countries to avoid the US tariffs imposed on China.

Now governments internationally are scrambling for a strategy: seeking negotiations with the Trump administration, looking for other markets, while deeply concerned about the prospect of global recession, a sharp slowdown in their economies, rapidly rising unemployment and social unrest.

Vietnam, which is heavily dependent on exports to the US, is among the hardest hit and most vulnerable. Last year, it ranked eighth among the top trading partners of the US with total bilateral trade of $US149.6 billion, up by a huge 20.4 percent increase from 2023. The country also became the US's sixth largest source of imports last year worth $136.6 billion, and recorded a record trade surplus with the US of $123.5 billion.

The government immediately rushed to try to open up negotiations with the Trump administration. In a letter to Trump last weekend, Vietnam's top leader To Lam asked for a delay of at least 45 days in imposing the "reciprocal" tariffs, due to come into force tomorrow, to allow for talks.

Lam called on Trump to appoint a US representative to lead negotiations with Ho Duc Phoc, the Vietnamese deputy prime minister, "with the goal of reaching an agreement as soon as possible," so as to avoid devastation to the Vietnamese economy and increased prices for American consumers. Lam also suggested that he and Trump meet in May.

Lam was one of the first international leaders to phone and speak directly to Trump. According to the Vietnamese government, he offered to reduce tariffs on all US imports to zero and urged Trump to do the same for Vietnamese imports into the US. Trump later described the call as "very productive," but did not indicate whether any negotiations would take place.

The Vietnam Chamber of Commerce and Industry and the American Chamber of Commerce in Hanoi also expressed deep concern to US Commerce Secretary Howard Lutnick in a letter dated Saturday, saying the tariff was "shockingly high."

"Lower tariffs for products coming into Vietnam, and for products reaching the American consumer is what will help U.S. companies, the economy, and consumers. Higher tariffs will not," the letter declared.

Major US corporations including Intel, Nike, First Solar, Boeing and Apple have invested heavily in Vietnam to manufacture their goods and components as part of their global operations, including exports to US

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markets. The imposition of a 46 percent tariff on all exports to the US would inevitably affect their plans and lead to plant closures and job losses.

Various estimates have been made of the impact of the Trump tariff on the Vietnamese economy ranging from as little as a 1 percent loss in GDP growth to as high as 5.5 percent. Around 30 percent of Vietnam's exports go to US markets. The latest government economic data released on Sunday recorded year-on-year growth of 6.93 percent, already significantly below the government's target of at least 8 percent for 2025.

Vietnam has already been hit by previously announced Trump tariffs on steel and aluminium of 25 percent. Last year Vietnam was the US's fifth largest source of steel, up from ninth place the previous year. Steel mill products for the US market from Vietnam jumped in 2024 by a huge 143.3 percent from 2023, reaching 1.2 million tonnes.

The Vietnamese government is clearly desperate for negotiations and a reprieve from the Trump administration's crippling tariffs, but all indications are that the White House will proceed with the economic shock treatment without exception.

While Trump commented favourably, although vaguely, about his phone call with Lam, during his "Liberation Day" announcement of tariffs last Wednesday he declared Vietnam a "worst offender" in trade imbalances. "Vietnam, great negotiators, great people. They like me, I like them. The problem is they charge us 90 percent, we're going to charge them a 46 percent tariff," he said.

His senior trade counsellor Peter Navarro flatly dismissed Vietnam's offer of reducing all tariffs on US goods to zero, saying it was not enough. "It's the non-tariff cheating that matters," he said, citing intellectual property theft and a value added tax. Navarro, a notorious anti-China hawk, lashed out at Vietnam in particular for allegedly being a conduit for Chinese products as a means of avoiding US tariffs.

Speaking to Fox News, Navarro declared: "Vietnam is essentially a colony of communist China. China uses Vietnam to trans-ship to evade the tariffs. How does that work? Vietnam sells us $15 for every $1 we sell them. And about $5 of that is just Chinese product that comes into Vietnam, they slap a made-in-Vietnam label on it, and send it here to evade the tariffs."

As Navarro well knows, Vietnam, far from being a Chinese colony, has had bitter disputes with Beijing over territorial boundaries in the South China Sea, which successive American administrations have sought to exploit.

While Vietnam is particularly exposed to Trump's economic war against the world, every other country in South East Asia is in the same boat. To a lesser or greater extent, they all rely on exports into the US market and will also be indirectly affected by any slowdown in China as a result of the Trump tariffs. For most, China is their major trading partner. As a result, all face great economic uncertainty and the prospect of social and political upheaval.

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