



# PwC Vietnam NewsBrief

Vietnam's initial reactions to US reciprocal tariffs: What's next?



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On 3 April, as you will all be aware, the US President Donald Trump issued an Order aimed at regulating imports through the implementation of reciprocal tariffs. This initiative is designed to address the large and persistent US goods trade deficits. Key points for Vietnam are as follows:

## **Reciprocal tariff implementation:**

- A reciprocal tariff of 10% will be imposed on all imports into the US, including Vietnam, starting 05 April.
- This tariff will increase to 46% for Vietnam on 9 April.
- This is additional to any existing duties, fees, taxes, or other charges that might already apply to goods exported from Vietnam to the US.
- The Order applies to all exports, except certain commodities listed in its Annex II, which include certain chemicals & minerals, wood products, copper, zinc, ferro-alloys, semiconductors, pharmaceuticals, energy products, etc.

**Affected Industries in Vietnam:** clearly the sectors most vulnerable to these reciprocal tariffs are those exporting the most to the US, such as:

- Aquatic products
- Clothes, textiles and garments
- Computers, electronic products, and components
- Footwear
- Furniture
- Machinery, equipment, and other spare parts
- Phones and accessories
- Plastic products
- Steel (except ferro-alloys)

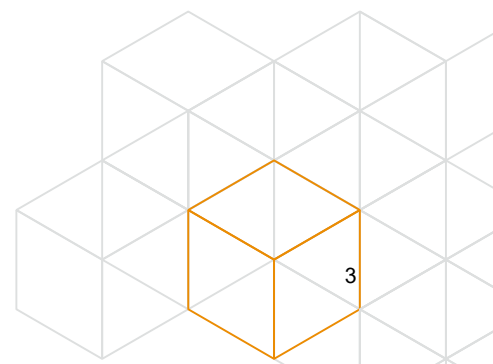
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**Recommendations for Vietnam exporters to the US:** to tackle the challenges of this new US tariff policy, Vietnam exporters should review current trade agreements and explore key strategies including:

- 1. Trade diversification:** reduce reliance on US markets by considering other countries with lower tariffs and strong demand for VN goods. Increase exports to existing partners under agreements like CPTPP and EVFTA.
- 2. Diplomatic efforts:** collaborate with the Vietnamese government to negotiate with US trade representatives for potential tariff reductions or alternative solutions. Engage actively in international trade forums to advocate for better trade conditions.
- 3. Supply chain considerations:** identify new suppliers or supply chain options for imported materials that can take advantage of Free Trade Agreements to lower production costs.
- 4. Market adaptation:** enhance the competitiveness and intrinsic value of VN goods. Focus on quality and uniqueness to attract US consumers, even at higher prices.
- 5. Holding tight:** it's clear from the international press that some companies and commentators believe that the policy set out in the Order could be subject to change, perhaps before too long, and so to some extent there is a reluctance to commit to new strategies too hastily.

Following the announcement of reciprocal tariffs by the US on Vietnam, the Vietnamese government has initiated discussions with the US, expressing its willingness to reduce the import tariff on US goods to 0%. Additionally, Vietnam has requested a delay in the implementation of these reciprocal tariffs on its exports for at least 45 days. This is part of the government's strategy to achieve a bilateral agreement aimed at a sustainable trade balance that benefits both parties while ensuring that Vietnam's international commitments remain unaffected.

We will keep you informed of further developments.





# Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information or if you require our official advice or assistance, please reach out to us.

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