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# Trump, Tariffs and Tech Ambitions: How Vietnam can navigate the headwinds ahead

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**Since the U.S. – China “trade war” started, many have labelled Vietnam as a “winner” of the competition that unfolded between world’s biggest powers.**

Vietnam managed not only thus far to avoid the impact of tariffs and sanctions that the two largest economies have started imposing on each other, which many fears may affect the other economies as well. But thanks to its economic predisposition and skilful diplomacy, Vietnam has positioned itself as an alternative to many American and its allies’ companies that sought relocation from China. That was particularly apparent in the tech sector as Vietnam started to welcome big tech into its home production – Apple, Google, Intel, Microsoft, Nvidia, Samsung, LG, Foxconn, to name a few. Vietnam is now also a regional hub for research and development (R&D) outsourcing for Cisco, Alcatel-Lucent, Toshiba, Hitachi, and Jupiter Networks, among others.

Indeed, climbing the global supply value chain and becoming a regional hub for semiconductors manufacturing is one of the key objectives for the Hanoi leadership. Despite being wildly popular among the Vietnamese public, Trump’s return may mean more headwinds for Hanoi’s economic ambitions.

Already back in his first term, Trump called Vietnam the worst abuser referring to the growing trade deficit that U.S. has with Vietnam. Since then, the surplus benefitting Vietnam only grew bigger – currently at \$102 billion in the first ten months of 2024 – which is 20% increase since the same period in 2023. This makes Vietnam the fourth-largest surplus among all the U.S. trade partners.

A study from the [Economist Intelligence Unit](#) assessed that Vietnam would be among the top most affected by Trump’s return to the White House. Vietnamese seafood, textiles, furniture and steel industries that export their lion share to the American markets may see growing costs should Trump follow-up on his trade barrier campaign promises.

If tariffs are the first and foremost agenda on Trump’s mind, it is likely that Vietnam will become at the receiving end of his trade war. Analysts believe that Vietnam is “an easy” target, one that is unlikely to retaliate and would present Trump an opportunity to wave “an early win” of his tariffs crusade. Vietnamese export could also be affected if America becomes stricter with prowducts involving Chinese parts – which much of Vietnamese manufacturing does. Such scenario may also complicate Hanoi’s nascent semiconductor ambitions.

But between the once-foes, there’s not only trade balance sheet. There’s growing strategic relationship – culminated in last year’s upgrade to the Vietnam’s highest level of intimacy – comprehensive strategic partnership. If Trump new administration is to follow up the Indo-Pacific strategy –largely based on the premise of great power competition with China – then the position of Vietnam in it remains important as a consequential player particularly in Southeast Asian region. So, there is a hope that diplomatic and strategic arguments can offset, to some degree, the trade imbalance.

With the Comprehensive Strategic Partnership, there’s also deepening defence cooperation which includes aspects of capability acquisition. Vietnam is increasingly interested, and more than in the past able to afford, American gears. Russia has been for a long time the main supplier of defence equipment, but with prolonged war with Ukraine, Vietnam has an opportunity to diversify its military source. As such, Hanoi may both want and need to make some big item defence procurements that would alleviate Trump’s antagonism early.

In recent years, Vietnam has made significant investments in the U.S. Notwithstanding the multi-billion worth of EV manufacturing by [VinFast](#) in North Carolina with expected creation of some 7000 jobs. Hanoi’s would be wise to strategically play investment card – to the extent it can – to align with Trump’s “America First” interest. Vietnam understands that winning over Trump personally is important and has already taken steps towards that with partnership projects to develop some \$1.5 billion-worth of golf courses in the country [with Trump Organisation](#).

Importantly, Vietnam’s mindset is one that is set to avoid over-reliance on any single partner, or market. The essence of its bamboo diplomacy is to adapt, be flexible and expand its network of friends and partners. The successes attributed to this strategy, Vietnam has expanded and deepened relations with many global players, including the European Union, Japan, South Korea, Australia, to mention a few. Not only it became the “sweetheart” of the Western companies, it also saw a surge of investment from China in recent years. That is despite the fact that the two countries continue to have disagreements over the disputed waters in the South China Sea. As such, while the U.S. is its biggest export market, it is not the only one. If navigate well – and Vietnam has already taken preparedness measures – it could avoid major impact on its economic growth.





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