

Vietnam seeks relief as U.S. tariffs hit exports and sales

Businesses in Hanoi's Old Quarter, a hub of designer goods, brand clothing, and electronics, face challenges from declining sales following the introduction of U.S. trade tariffs earlier this year. "Made in Vietnam" signs are prevalent, targeting tourists and backpackers to boost foot traffic and sales.



The Vietnamese government is negotiating with Washington to lower the 46% tariff scheduled for July. Prime Minister Pham Minh Chinh expressed optimism about reaching a trade deal with the U.S., suggesting results might come sooner than anticipated. Currently, a 10% baseline tariff has been in effect since April.

Vietnam, attractive to U.S. investors due to its young workforce and low labor costs, is experiencing pressure from imposed tariffs. Apple, Samsung, and Nike have identified Vietnam as key manufacturing centers, with exports to the U.S. hitting \$142 million last year, comprising 30% of its economic output. The World Bank projects a GDP growth of 6.8% by 2025, driven by manufacturing exports, tourism, and foreign direct investment. However, this growth is contingent on resolving trade tensions.

Zachary Abuza, a professor at the National War College, noted that Vietnam's growth targets depend on tariff relief. Eric Nguyen of Grando Premium Aluminium Vietnam emphasized diversifying export markets, focusing on Europe, Japan, and Korea to reduce dependency on the U.S.. The company faces accusations from the U.S. government regarding the use of Chinese materials, which Nguyen denies, citing the use of entirely Vietnamese materials.

Cargo freight operations see shifts, as freight forwarders from China route shipments through Vietnam to bypass higher tariffs. Nguyen Tuong Phan, from Aviation Solution Services, observed an 80% increase in cargo flights from Vietnam to the U.S. since the tariffs began.

Vietnam balances economic ties between the U.S. and China, its largest trading partner. Cutting ties with China could harm Vietnam, as it heavily relies on Chinese raw materials for its manufacturing sector. A report identified Vietnamese counterfeit goods as a U.S. trade concern, prompting Vietnam to address transshipment and counterfeit issues, hoping for tariff reductions.

Source: [DW](#)

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