

Unveiling the US - Vietnam Trade Deal

Announcements from both sides

Following a phone call between Vietnam's Party General Secretary To Lam and US President Donald Trump on 2 July 2025 (Hanoi time), both sides have announced reaching preliminary terms in trade deal negotiation. The announcements were made just days before the initial 9 July 2025 deadline, which has since been extended to 1 August 2025 by executive order.

US President Donald Trump posted on Truth Social on 2 July 2025 that imports from Vietnam into the US will be subject to a 20% tariff, replacing the previously proposed 46% "reciprocal" rate that had been suspended under a 90-day pause. However, a 40% tariff rate will be imposed on goods deemed to be transshipped through Vietnam, a move widely interpreted as targeting products of non-Vietnam origin that are routed via Vietnam to circumvent existing US trade restrictions. In exchange, US goods, including "Large Engine Vehicles", will be granted full access to the Vietnamese market on a tariff-free basis.

The Ministry of Foreign Affairs (**MOFA**) of Vietnam also unveiled the deal the day after, announcing that both sides have reached an agreement on Vietnam-US Joint Statements on a fair and balanced reciprocal trade framework. The MOFA provided that Vietnam will commit to granting market access for US goods and the US will cut tariffs on Vietnamese exports, without any specific figures mentioned. Both leaders also agreed on measures to advance the comprehensive strategic partnership, including high-level exchanges and enhanced cooperation in key sectors such as science and high technology. Separately, General Secretary To Lam called for the US to recognise Vietnam as a market economy and to lift export restrictions on certain high-tech products.

Details to follow

There is no doubt that the Joint Statements and the respective trade framework will be published in the coming months, although there has been no confirmation of the exact publication date.

Vietnamese enterprises and exporters are closely monitoring developments regarding the definition of "transshipments," which will be subject to a substantially higher tariff rate of 40%, as opposed to 20%. It remains unclear whether "transshipments" will also encompass Vietnamese products containing non-Vietnamese content, or products manufactured in Vietnam by foreign-owned companies.¹ It is noteworthy that, in its efforts to counter its primary international trade rival, China, the US administration has previously sought to remove preferential duty treatment for imports containing "Chinese contents" or for goods "produced by a Chinese company or its subsidiary or branch in a third country".²

Separately, it is also unclear whether the 20% tariff will apply to all Vietnamese products or only to selected categories. Vietnam will undoubtedly seek to secure this tariff rate for all domestically manufactured goods, or at the very least, for its key export sectors, including footwear, furniture, machinery, and optical products.³

¹ See: <https://www.lowyinstitute.org/the-interpreter/vietnam-s-trump-tariff-deal-what-it-means-asian-supply-chains>. Accessed 8 July 2025.

² See: https://www.uscc.gov/sites/default/files/2024-05/Jamieson_Greer_Testimony.pdf, page 15. Accessed on 8 July 2025.

³ See: [https://wtocenter.vn/an-pham/26910-us-remains-largest-vietnamese-export-market#:~:text=Despite%20experiencing%20a%20fall%20in%20trade%20turnover,recording%20roughly%20US\\$119%20billion%2C%20up%2023.3%25%20on%20year.&text=Key%20export%20items%20from%20the%20Vietnamese%20market,footwear%2C%20wooden%20furniture%2C%20machinery%2C%20and%20optical%20equipment](https://wtocenter.vn/an-pham/26910-us-remains-largest-vietnamese-export-market#:~:text=Despite%20experiencing%20a%20fall%20in%20trade%20turnover,recording%20roughly%20US$119%20billion%2C%20up%2023.3%25%20on%20year.&text=Key%20export%20items%20from%20the%20Vietnamese%20market,footwear%2C%20wooden%20furniture%2C%20machinery%2C%20and%20optical%20equipment). Accessed on 8 July 2025.

Questions are also being raised as to whether Vietnam will open its market to US direct investment, in light of US President Donald Trump's recent social media statements. Should this be the case, US companies may be permitted to enter sectors that have long been restricted for foreign investment in Vietnam, such as telecommunications, transportation, and banking.

In a related development, US President Donald Trump announced on 7 July 2025 that the US would impose an additional 10% tariff on any country "aligning themselves with the anti-American policies of BRICS". As Vietnam became a BRICS Partner Country in June 2025, this development could shape the dynamics of its engagement with both BRICS and the US.



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