

February 10, 2025

Analyst Nguyen Duong Nguyen  
(+84) 24-7303-5333 nguyennnd1@kbsec.com.vn

# Steel

## Under pressure from US tariffs

### **The US Department of Commerce announced countervailing duties on corrosion-resistant steel (CORE) imports from Vietnam**

- On February 4, 2025, the US Department of Commerce released preliminary findings in preparation for imposing countervailing duties on corrosion-resistant steel (CORE) products manufactured in Vietnam. Among the affected companies, Ton Dong A Corporation (GDA) and Hoa Sen Group (HSG) were assigned the lowest duty rates at approximately 0%, while Hoa Phat Group (HPG) and Nam Kim Steel (NKG) were subject to higher duties of 46.73%.

### **President Donald Trump plans an immediate 25% tariff on all steel imports to the US**

- On February 9, 2025, President Donald Trump announced his intention to impose a 25% tariff on all steel imports entering the US, effective immediately. This tariff will apply to all countries. Notably, the US had already initiated an investigation in September 2024 as the basis for preparing anti-dumping (AD) duties on CORE imports from Vietnam, with expected tariffs ranging between 10% and 25%. Preliminary results of this investigation are anticipated to be announced in April 2025.

### **HPG is the least affected by US tariffs, while NKG faces significant risk given that the US-Mexico market contributed 26% to its 2024 revenue**

- According to our statistics, exports of CORE steel to the US-Mexico market contributed 18.6%/26.2%/31.9% of the 2024 revenue of HSG/NKG/GDA, respectively. KBSV anticipates that US tariff measures will negatively impact the revenue growth outlook of Vietnamese CORE steel manufacturers overall. However, NKG is expected to bear the brunt of the pressure due to its high duty rate and substantial revenue reliance on the US-Mexico market.
- For HPG, revenue from the US-Mexico market is estimated to account for only 2.9% of its total revenue. We believe HPG will be the least affected by AD duties, as its upstream steel products such as construction steel and HRC are primarily consumed domestically, with exports making up just 30% of total sales volume. Furthermore, HPG's key export markets are concentrated in ASEAN and Asian countries, including Malaysia and Indonesia, which collectively represent 40% of its export revenue.

- In our estimates, the HRC volume required to produce CORE products for HSG, NKG, and GDA exports to the US-Mexico market in 2024 was approximately 450,000 tons, assuming these companies sourced HRC from HPG and Formosa in a 50%/50% ratio. Should the export volume of CORE steel to the US market by HSG, NKG, and GDA decline by an average of 25% in 2025, the resulting reduction in HRC demand would represent only about 2% of HPG's total production capacity during the period. Additionally, HPG has plans to allocate HRC for manufacturing high-quality steel products such as tire bead wire, welding wire, welding rod cores, elevator cables, etc. Given these factors, we assess that the risk of a decline in HPG's HRC consumption which stems from reduced demand from HSG, NKG, and GDA due to US tariffs remains relatively low.

### Steelmakers could ramp up competition locally to sustain revenue growth

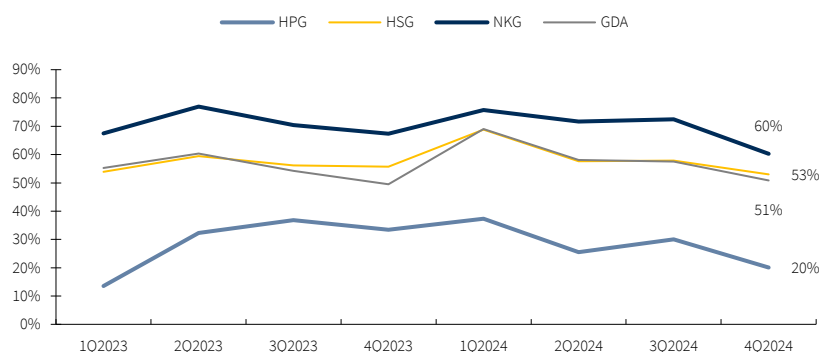
- As highlighted in the [Construction Materials Sector Report](#), localization trends have become increasingly evident since early 2H2024, following widespread announcements of AD investigations on steel across various countries. Compared to the peak in 1Q2024, CORE steel export volumes of HSG, NKG, and GDA in 4Q2024 fell by 19%/31%/28%, respectively. Similarly, exports of construction steel and HRC from HPG dropped by 45%. This shift has been supported by a recovery in domestic demand, driven primarily by the rebound in the residential real estate market and the continued implementation of public investment projects.
- KBSV believes that steel manufacturers with a strong domestic market presence will have a competitive edge in sustaining revenue growth in the coming period. Moreover, we expect export-oriented companies to focus on diversifying into new markets, particularly regions that have not imposed trade barriers on Vietnamese steel, to maintain sales volumes.

**Table 1. Vietnam – Countervailing duties on CORE, galvanized steel export volume to total sales volume, revenue from US-Mexico to total revenue by listed companies (%)**

	Countervailing duties on CORE	Galvanized steel export volume to total sales volume	Revenue from US-Mexico to total revenue
HPG	46.73%	2.7%	2.9%
HSG	0.13%	59.2%	18.6%
NKG	46.73%	61.3%	26.2%
GDA	0.00%	58.8%	31.9%

Source: KB Securities Vietnam

**Fig 2. Vietnam – Share of steel export volume by listed companies (%)**



Source: Vietnam Steel Association, FiinProX, KB Securities Vietnam

**KB SECURITIES VIETNAM RESEARCH**

---

**Research Division**

research@kbsec.com.vn

**Nguyen Xuan Binh – Head of research**

binhnx@kbsec.com.vn

**Financials****Nguyen Anh Tung – Manager**

tungna@kbsec.com.vn

**Pham Phuong Linh – Analyst**

linhpp@kbsec.com.vn

**Consumer****Nguyen Duc Quan – Analyst**

quannd@kbsec.com.vn

**Nguyen Hoang Duy Anh – Analyst**

anhnhd@kbsec.com.vn

**Real Estate****Pham Hoang Bao Nga – Manager**

ngaphb@kbsec.com.vn

**Nguyen Thi Trang – Analyst**

trangnt6@kbsec.com.vn

**Industrials & Materials****Nguyen Thi Ngoc Anh – Analyst**

anhntn@kbsec.com.vn

**Nguyen Duong Nguyen – Analyst**

nguyennd1@kbsec.com.vn

**Macro & Strategy****Tran Duc Anh – Head of macro & strategy**

anhtd@kbsec.com.vn

**Nghiem Sy Tien – Analyst**

tienns@kbsec.com.vn

**Nguyen Dinh Thuan – Analyst**

thuannd@kbsec.com.vn

**Energy, Utilities & IT****Pham Minh Hieu – Analyst**

hieupm@kbsec.com.vn

**Nguyen Viet Anh – Analyst**

anhnv3@kbsec.com.vn

**Support Team****Nguyen Cam Tho – Assistant**

thonc@kbsec.com.vn

**Nguyen Thi Huong – Assistant**

huongnt3@kbsec.com.vn

**KB SECURITIES VIETNAM (KBSV)**

---

**Head Office:**

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

**Hanoi Branch:**

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

**Ho Chi Minh Branch:**

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

**Saigon Branch:**

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

**CONTACT INFORMATION**

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276

Email: [ccc@kbsec.com.vn](mailto:ccc@kbsec.com.vn)

Website: [www.kbsec.com.vn](http://www.kbsec.com.vn)

**Investment ratings & definitions**

---

**Investment Ratings for Stocks**

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

**Investment Ratings for Sectors**

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only, not authorized to use for any other purposes.