





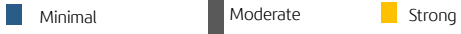


Donald Trump 2.0's impacts

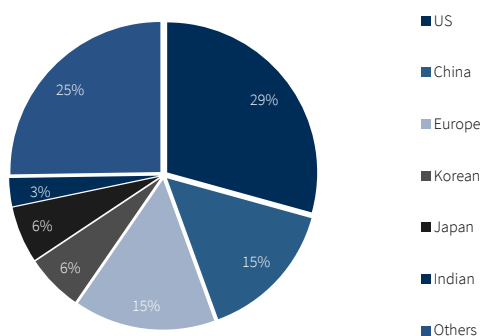
— "America First" was the central tenet of Donald Trump's policy during his first term from 2018 to 2022, and it remains a key focus throughout his 2024 campaign. Below is a summary of the potential impacts of his policies for the 2024–2028 term (Trump 2.0) on both the US and Vietnam:

Table 1. Policies outlined by Donald Trump during his 2024 presidential run

		KBSV's notes	
	Trump's policies	Impacts on the US	Impacts on Vietnam
1. Taxes, public debt, and deficits	Extension of individual tax provisions from the Tax Cuts and Jobs Act Corporate tax rate cut: Reduced from 21% to 15% (only for US-based manufacturers) Elimination of the USD10,000 cap on state and local tax deductions Exemption from income tax for all social security benefits	 <ul style="list-style-type: none"> - Causing budget deficit to rise - Increasing inflation - Benefiting businesses in the short term 	
2. Trade and tariffs	A 60% tariff on goods imported from China and 10–20% on goods imported from other countries	 <ul style="list-style-type: none"> - Raising inflation - Increasing tax revenues, partially offsetting budget deficit 	
3. Other policies	Lifting the moratorium on new natural gas extraction projects, expediting the permitting process for natural gas extraction Potential cuts to support the electric vehicle industry Focusing on semiconductor industry development, exerting the best efforts to bring semiconductor investments back to the U.S.		
			

Source: KB Securities Vietnam

Fig 1. Vietnam – Export breakdown by country for 9M24



Source: General Statistics Office, KB Securities Vietnam

The United States is currently Vietnam's largest trading partner, accounting for 29% of Vietnam's total exports. Therefore, we will focus on evaluating the impact of trade and tariff policies on Vietnam during the 2024–2028 presidency of Donald Trump.

Which scenario for Donald Trump 2.0's tariff policy on Vietnam?

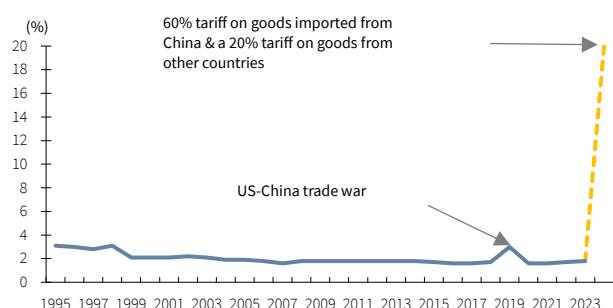
The tax policy will likely focus on curbing China's growth and target products that directly compete with US manufacturing

If the proposed new tariffs are implemented, Bloomberg estimates that the average tariff could rise to 20%, which would boost government revenue but indirectly lower US GDP by 1.3%. This could also exacerbate inflation, posing risks to the U.S. economy, which has only recently emerged from a period of instability.

Over the past decade, the U.S. has actively pursued the "pivot towards Asia-Pacific" strategy, fostering strong relationships with key allies, particularly South Korea and Taiwan—two of the top three countries with the largest FDI in Vietnam. These countries are currently leading exports to the US, which will be analyzed further below. Moreover, Vietnam has established a comprehensive strategic partnership with the US since late 2023.

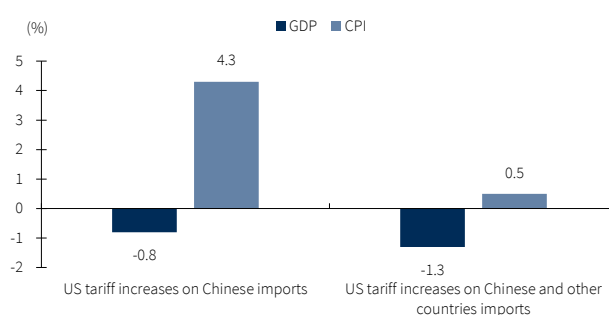
Given these factors, while Vietnam may potentially fall into the group of countries subject to 10–20% tariffs, as it ranks third among the nations with the largest trade deficits with the US, we believe the likelihood of Trump imposing stringent and wide-ranging tariffs on imports from Vietnam is low. Instead, US tariffs will likely be more "flexible," primarily focusing on curbing China's growth and targeting products that directly compete with US manufacturing.

Fig 2. US – Standard tariff on imported goods (%)



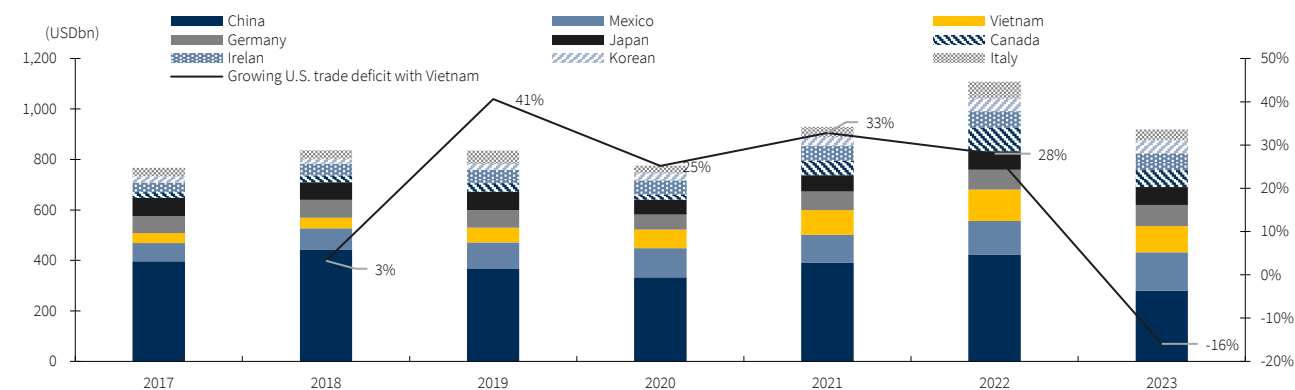
Source: United States International Trade Commission, Bloomberg

Fig 3. US – Impact of tariff policy on the US economy



Source: Bloomberg

Fig 4. Global – Top countries with the largest trade deficits with the US (USDbn)



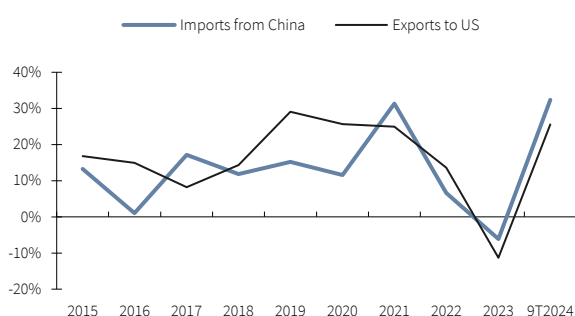
Source: Bloomberg, KB Securities Vietnam

Looking back at the 2018 trade war

Vietnam was among the countries that reaped rewards from the 2018 trade war

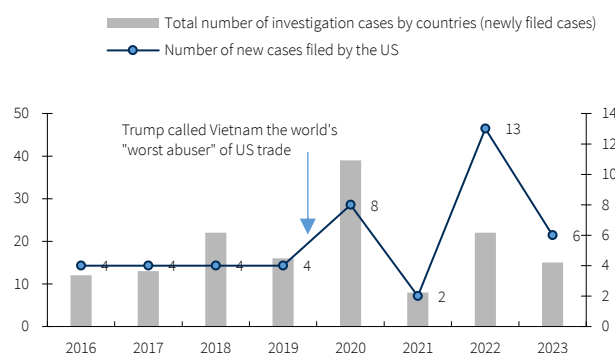
The US-China Trade War (2018) prompted a shift in supply chains towards Vietnam. As a result, Vietnam's exports to the US experienced significant growth during the 2019–2022 period (Figure 5). However, imports from China, which constitute over 35% of Vietnam's total imports, also saw substantial growth. This was particularly evident in product categories where growth mirrored the rise in exports to the US, including computers and components, machinery and other parts, plastics, steel, and wood. Additionally, during this period, the US initiated a higher number of trade investigations into Vietnam (Figure 6).

Fig 5. Vietnam – Growth in imports from China & exports to the US (%)



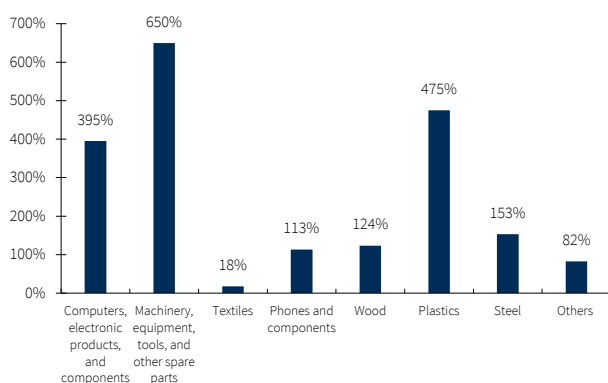
Source: General Statistics Office, KB Securities Vietnam

Fig 6. Global – Trade investigations by other countries against Vietnam



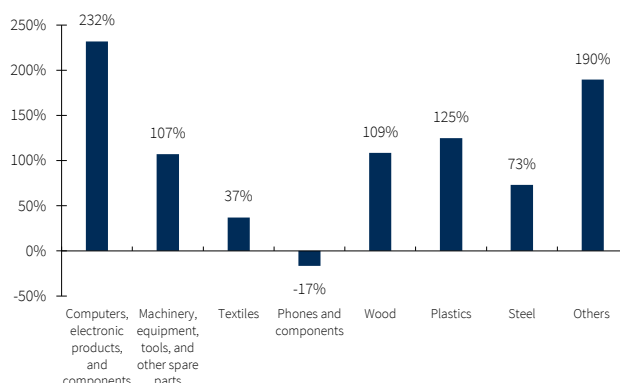
Source: Ministry of Industry & Trade, KB Securities Vietnam

Fig 7. Vietnam – Growth in exports to the US during 2017–2023 (%)



Source: General Statistics Office, KB Securities Vietnam

Fig 8. Vietnam – Growth in imports from China during 2017–2023 (%)

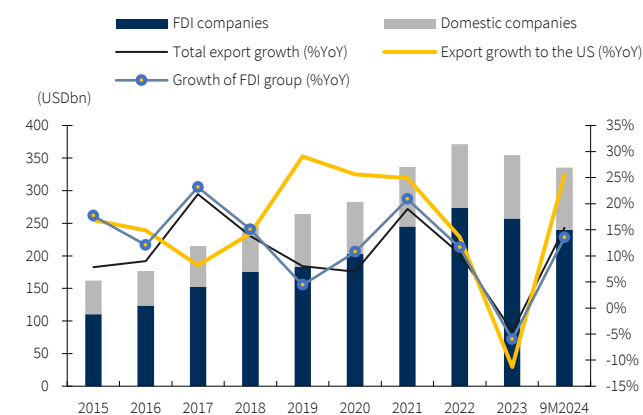


Source: General Statistics Office, KB Securities Vietnam

However, export growth to the US mainly comes from FDI enterprises

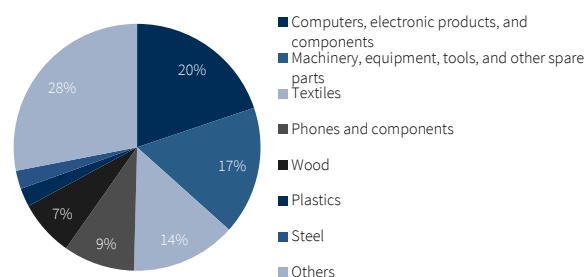
From 2018 to 2022, Vietnam's exports to the US grew at an average annual rate of approximately 19%, significantly outpacing the overall export growth rate of 11% (Figure 4). Notably, 70% of this export value came from the FDI sector. Among the key product categories, "Computers, electronic products, and components" and "Machinery, equipment, tools, and other parts" saw remarkable export growth to the US, averaging 50–60% annually during this period. Our estimates suggest that these items are predominantly produced and exported by FDI firms from South Korea (30–40%), China (20–30%), and Taiwan (10–20%).

Fig 9. Vietnam – Export turnover breakdown (USDbn, %)



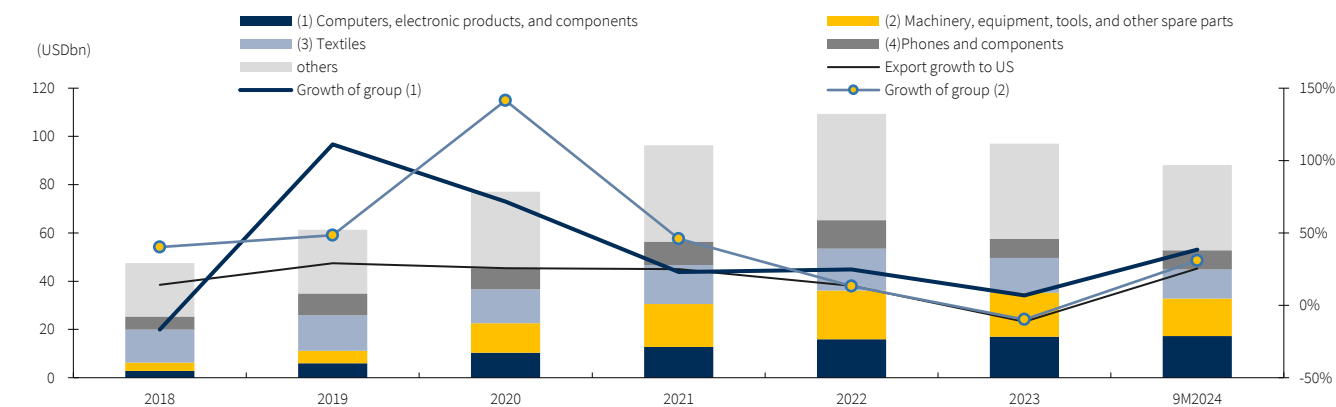
Source: General Statistics Office, KB Securities Vietnam

Fig 10. Vietnam – Export distribution to the US by sector



Source: General Statistics Office, KB Securities Vietnam

Fig 11. Vietnam – Export value of goods to the US by sector



Source: General Statistics Office, KB Securities Vietnam

Table 2. Vietnam – Top 10 computer exporters to the US (2023–10M24)

No.	Company name	Export value to the US (USD)	Head office	Main import source
1	Hanyang Digitech Vina	1,422,765,783	Korea	Korea (50%), China (50%)
2	Byd Electronics Vietnam	1,013,342,213	China	China (60%), Japan (30%)
3	Compal Vietnam Co. Ltd	297,368,834	Taiwan	China (60%)
4	Qisda Vietnam Co., Ltd	243,417,119	Taiwan	China (60%)
5	Samsung Electronics Hcmc	221,139,884	Korea	China (>50%)
6	Valueplus Vina	178,593,496	Korea	China (50%), Korea (40%)
7	Fushan Technology Vietnam	103,649,410	Taiwan	China (60%)
8	Amtran Vietnam Technology	86,234,237	Taiwan	China (80%)
9	Gemtek Vietnam	58,839,560	Taiwan	China (70%)
10	Vietnam Nanzhuo Hi-tech	55,934,300	China	China (80%)

Source: Trade data, KB Securities Vietnam

Table 3. Vietnam – Top 10 electrical exporters to the US (2023–10M24)

No.	Company name	Export value to the US (USD)	Head office	Main import source
1	Seojin Viet Nam	832,010,532	Korea	Korea (40%), China (50%)
2	Funing Precision Component	348,212,688	China	China (70%)
3	Techtronic Industries Vietnam	304,797,516	China	China (>50%)
4	Vinfast Trading and Production	252,435,126	Vietnam	China (60%)
5	Sumi Vietnam Wiring Systems	225,889,229	Japan	China, Japan
6	New Wing Bac Giang	90,472,313	Taiwan	China (>60%)
7	Brother Industries Sai Gon	74,961,823	Japan	China, Japan
8	Green Planet Distribution Centre	69,978,468	China	China (>60%)
9	Samsung Sdi Vietnam	63,401,683	Korea	China (>50%)
10	Nvc Vietnam	53,366,469	China	China (80%)

Source: Trade data, KB Securities Vietnam

Donald Trump 2.0 – Impacts on Vietnam

Positive impacts

On the bright side, the Trump's policy may benefit Vietnam economy:

- (1) **FDI enterprises from Korea, Taiwan, and Japan may move more production stages to Vietnam.** These are all close allies of the US in the Asia Pacific region and currently account for more than 50% of Vietnam's export turnover to the US. However, according to our observations, the majority of large FDI enterprises from these countries are still importing a large number of components (>50%) from production facilities in China to Vietnam (Table 2 & 3). If Trump wants to tighten origin tracing, these enterprises may have to continue to move some production stages to Vietnam.
- (2) **Other multinational corporations may also continue to move production bases to Vietnam.** The tension from the trade war urges large companies to move production bases out of China to lower risks. This trend may not be as strong as the 2018–2022 period with typical examples such as Apple, Intel, Foxconn, Lego, and Sumitomo Wiring Systems, but it still continues.
- (3) **The main exports of these FDI enterprises are expected to maintain their growth potential.** Consumer electronics and hi-tech equipment were not subject to tariffs in the 2018 trade war. According to research by Peterson Institute for International Economics, these items have enjoyed tax incentives during both the Trump (2018–2021) and Biden (2021–2024) terms.

- (4) **Some key export industries of Vietnamese enterprises, especially textiles and garments, can increase their competitiveness with Chinese goods when exporting to the US.** Although the US may impose tariffs of 10% to 20% on Vietnamese textiles, the actual impact will not be too worrying compared to the current tariffs (8%–25%). In fact, a tariff of 10–20% is still much more competitive than the 60% tariff that China faces – one of the main competitors of Vietnamese textiles. However, this benefit will be shared among a number of other countries that are strong in processing.

Negative impacts

Meanwhile, the policies may bring adverse impacts:

- (1) **The activities of FDI groups from China (accounting for about 20–30%) may slow down.** Escalating trade tensions will make it difficult for these businesses to maintain export activities to the US. In addition, new FDI disbursement from China may also be limited.
- (2) **The US may impose higher anti-dumping duties on imports from Vietnam.** As the US trade deficit with Vietnam is growing, this is an obvious risk. The export activities of some domestic enterprises showing signs of Chinese goods evading origin may be affected. Some typical examples in this group are plastics, iron and steel and wood (Figure 7 & 8, Table 4). However, this is not a new risk as it has been noted in the last years.
- (3) **Exchange rate risks increase with the appreciation of the USD.** Tariff measures on imported goods and fiscal support policies will bring inflation risks, and the Fed may be more cautious with the rate cut roadmap, while the US government bond yield is high. All of these factors will strengthen the uptrend of the USD. In the short term, a stronger USD will increase the risk of depreciation for the VND. In addition, Vietnam's FX reserves are touching its lows of about USD87 billion (nearly equal three-month import value), which will cause many difficulties to the SBV's exchange rate management.

As a result, with Donald Trump's trade policy scenario focusing on curbing China's growth and imports that directly compete with the US manufacturing industry, the impacts on Vietnam's economy will be exposed from many different angles. Overall, we expect the benefits of increased exports and FDI inflows from the US's allies (especially South Korea, Taiwan, and Japan) to offset the decline in FDI from China and products with signs of origin evasion. In addition, we assess that the level of impact will largely depend on foreign policy and measures to help reduce the bilateral trade deficit such as the government's signing agreements to buy LNG and aircraft from US manufacturers.

Table 4. Vietnam – Goods under trade investigation by the US

Year	No.	Investigation Contents	Complained Goods	Tax rates applied after the investigation
2023	1	Anti-subsidy	Fisheries (shrimp)	Not concluded yet
	2	Trade remedies	Aluminum cable	Not concluded yet
	3	Anti-dumping	Aluminum	Not concluded yet
	4		Paper shopping bag	51.25% – 92.34%
	5		Steel (steel rack)	118.66% – 224.94%
	6		Gas pressure washer	225.86%
2022	1	Trade remedies	Steel (steel staples)	Anti-dumping tax rate: 112.01% Anti-subsidy rate: 12.32%
	2		Steel (circular welded non-alloy steel pipe)	4.80%
	3		Steel (standard carbon steel pipe)	7.08%
	4		Steel (circular welded carbon-quality steel pipe)	Anti-dumping tax rate: 85.55% Anti-subsidy rate: 39.01%
	5		Steel (light-walled rectangular pipe)	15.79%
	6		Light-walled carbon rectangular pipe	18.05%
	7		Circular carbon steel pipe	Not violated
	8		Stainless circular welded non-alloy steel pipe	Not violated
	9		Light-walled rectangular pipe and tube	Anti-dumping tax rate: 255.07% Anti-subsidy rate: 15.28%
	10		Wooden cabinet	Not violated
	11		Solar batteries	Anti-dumping tax rate: 238.95% Anti-subsidy rate: 15.24%
	12		Stainless steel wire	Not violated
	13		File folder	Vietnam: 97.52% – 233.93%
2021	1	Anti-dumping	Honey	Vietnam: 410.93 – 413.99%
	2		Cement	Cement type 1: 0 – 23.07% Cement type 1P: 0 – 23.33%
2020	1	Anti-subsidy	Car tire	6.23%–7.89%
	2	Trade remedies	Plywood	Anti-dumping tax rate: 183.36% Anti-subsidy rate: 22.98 – 194.90%
	3		Steel (stainless steel sheet coil)	Anti-dumping tax rate: 58.04% Anti-subsidy rate: 75.6%
	4	Anti-dumping	Garment & textile (polyester fiber)	Vietnam: 2.58%–22.36%
	5		Copper tube	8.35%
	6		Car tire	Vietnam: 0%–22.3%;
	7		Lawn mower	Vietnam: 148.35% –176.35%
	8		Garment & textile (foam mattress)	Not violated
2019	1	Anti-subsidy	Windcatcher	7.31%
	2	Trade remedies	Fisheries (shrimp)	Not violated
	3	Anti-dumping	Windcatcher	Not violated

Source: Ministry of Industry & Trade, KB Securities Vietnam

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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

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