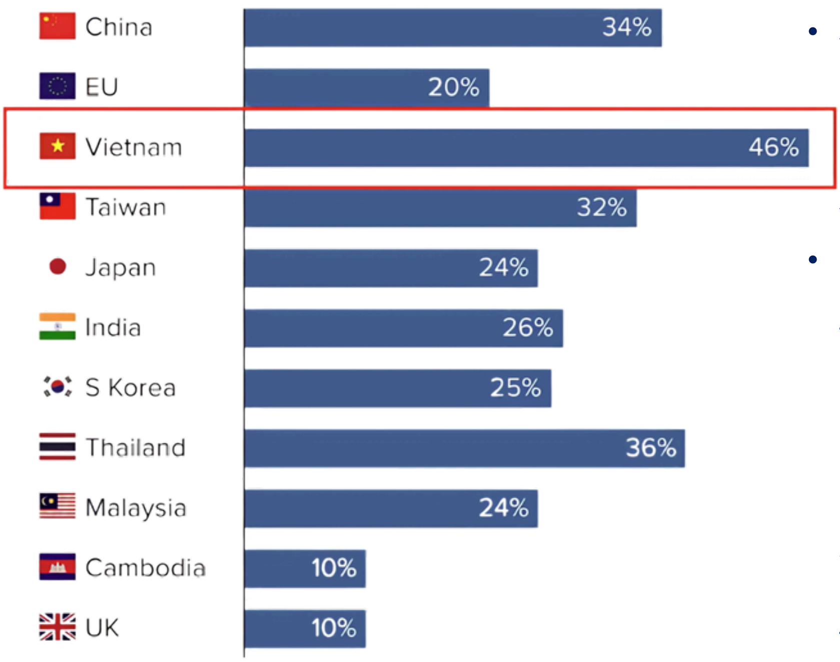
REPORT

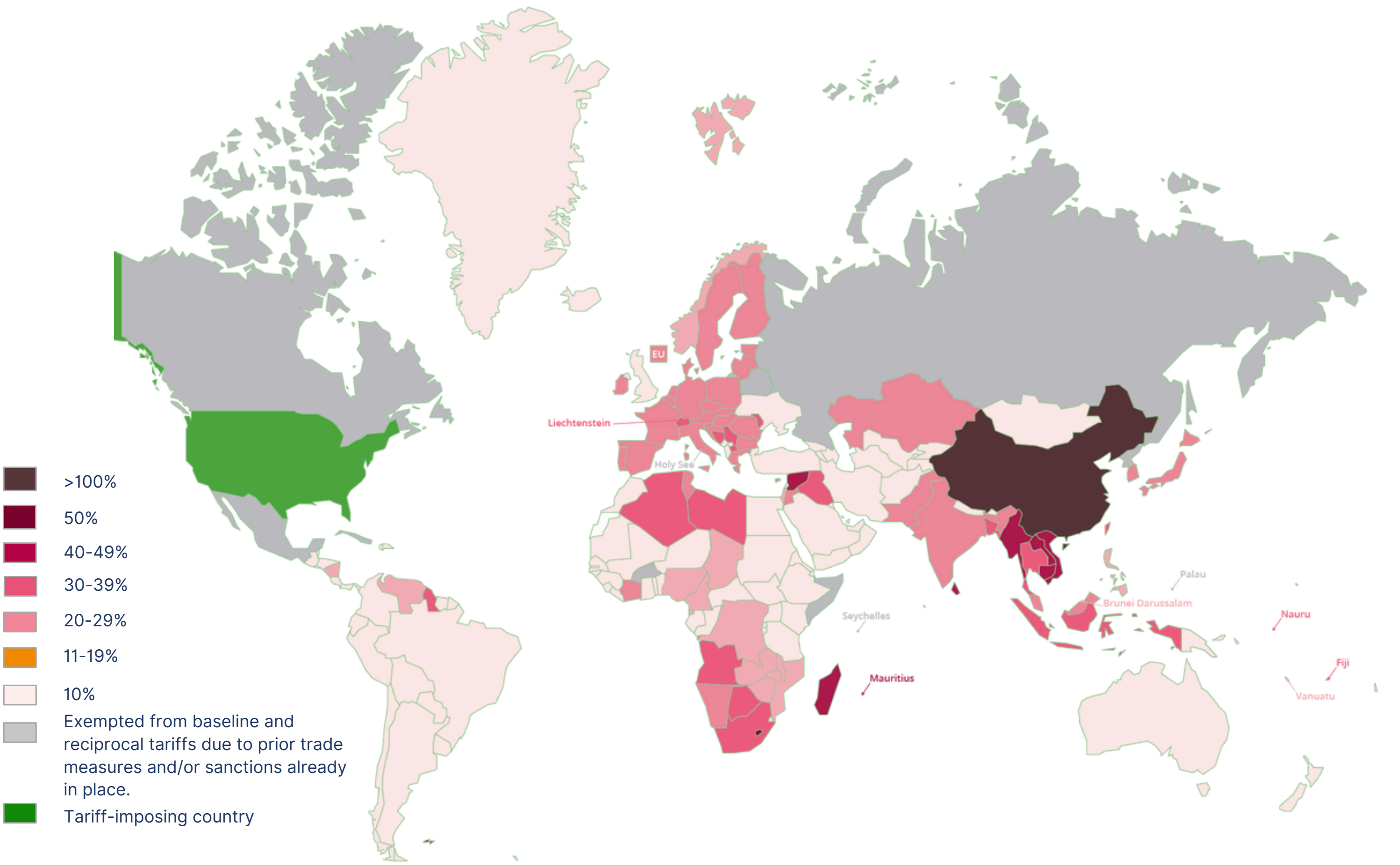
ASSESSING THE IMPACT OF RECIPROCAL TARIFFS ON KEY INDUSTRIES

RECIPROCAL TARIFFS



- At 11:01 AM on April 9, 2025 (Vietnam time), according to an announcement from the White House, the United States' retaliatory tariff policy officially came into effect - imposing rates of up to 46% on goods imported from Vietnam.
- However, on April 10, 2025, President Donald Trump announced a temporary suspension of the policy and initiated **a 90-day negotiation period**. During this period, the U.S. will apply a provisional global tariff rate of **10**%. Some exceptions include: China, which will face a special tariff rate of 145% following a series of retaliatory actions; and Canada and Mexico, which will return to a 25% tariff rate - excluding goods covered under the USMCA framework.

Figure 1: Heat Map of U.S. Retaliatory Tariffs (Projected Maximum Rates)



Source: White House

DEVELOPMENTS IN THE U.S. RECIPROCAL TARIFFS POLICY FROM APRIL TO MAY 2025

Escalation Phase (April 2025)

- **2 April:** U.S. President Donald Trump announced a 46% reciprocal tariff on imports from Vietnam, including wood products.
- **3 April:** The U.S. imposed a 125% tariff on imports from China to increase pressure in ongoing trade negotiations.
- **4 April:** China responded by imposing a 125% tariff on imports from the United States.
- **5 April:** All of the United States' trade partners were subjected to a 10% import tariff.
- **9 April:** The United States raised tariffs on Chinese goods to 145%.
- **12 April:** China increased tariffs on U.S. goods to 125%.

De-escalation Phase (May 2025)

- **12 May:** Following negotiations in Geneva, the U.S. and China reached a temporary agreement to reduce tariffs for 90 days:
- The United States reduced tariffs on Chinese goods from 145% to 30%.
- China reduced tariffs on U.S. goods from 125% to 10%.
- China lifted its ban on Boeing aircraft imports and committed to easing non-tariff barriers.
- Both sides agreed to establish a continuous negotiation mechanism on economic and trade issues after the 90-day period.

Note:

- *The tariff reduction agreement is only valid for 90 days and does not cover the 20% tariff the United States imposed on Chinese goods in connection with the fentanyl crisis.*
- *The U.S.-China agreement also excludes tariffs on automobiles, steel, aluminum, and pharmaceuticals.*

Figure 2: Sharp Tariff Increases on Several Asian Economies, Including Southeast Asia

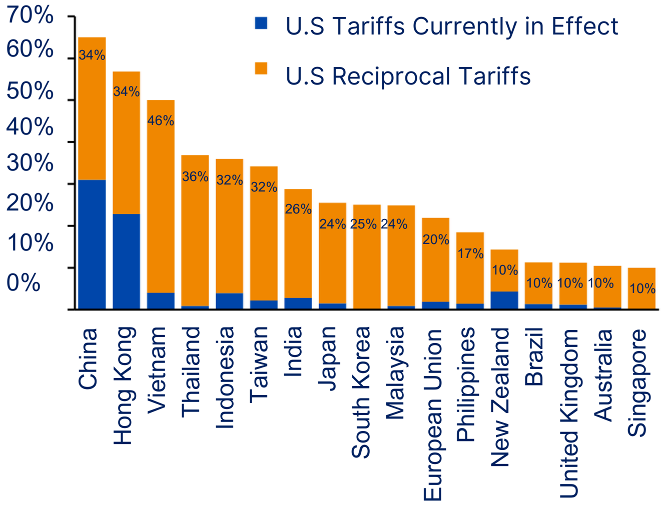
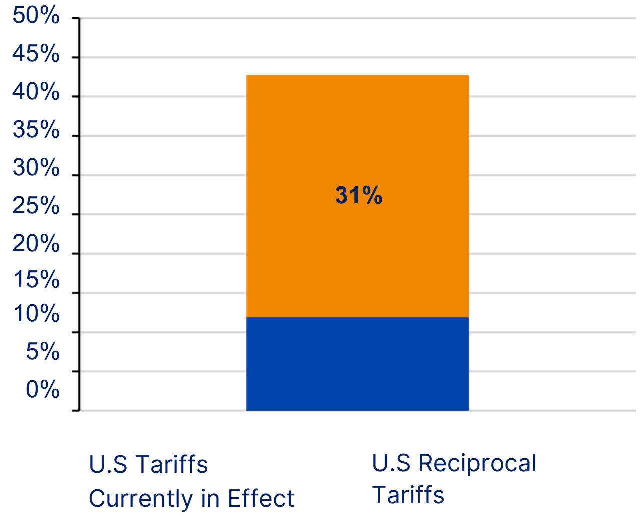


Figure 3: Average U.S. Tariff Rates on Asia

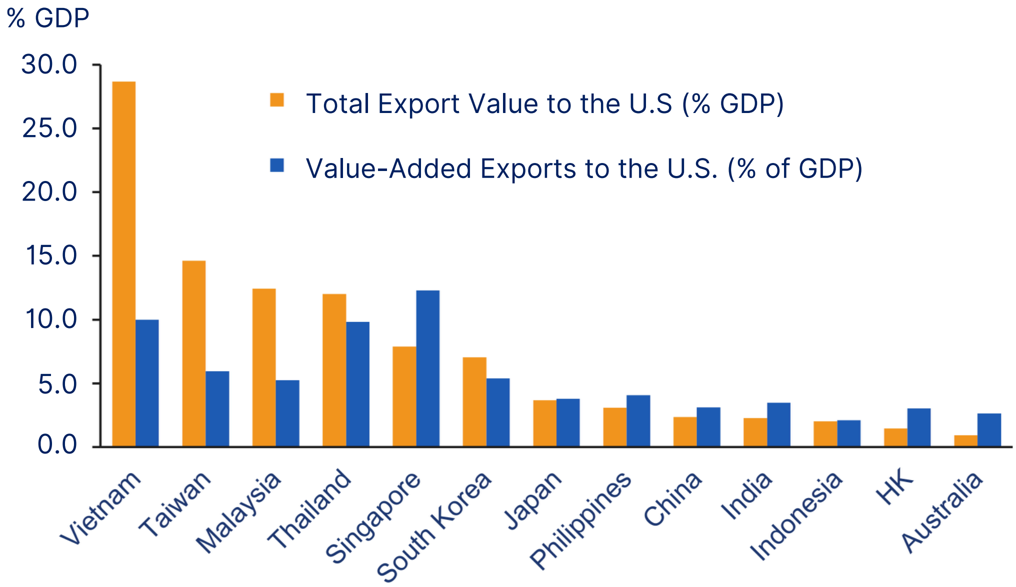


Source: World Bank WITS, White House, PIIE, MUFG GMR

- Under Trump 2.0 presidency, there is a high possibility that the U.S will continue to sustain high tariffs policy, despite the responses from trading partners. Until now, 50 countries have taken initiative to begin negotiation rounds with Washington in order to find a way out.
- Reactions from Asian economies in light of the new tariffs wave are diverse: China chose to respond aggressively, while many Southeast Asian countries (including Viet Nam) - prioritized the negotiation path. In spite of this, even for countries with high trade deficit with the U.S like Viet Nam, the possibility to reduce tariffs in the short-term remains challenging.

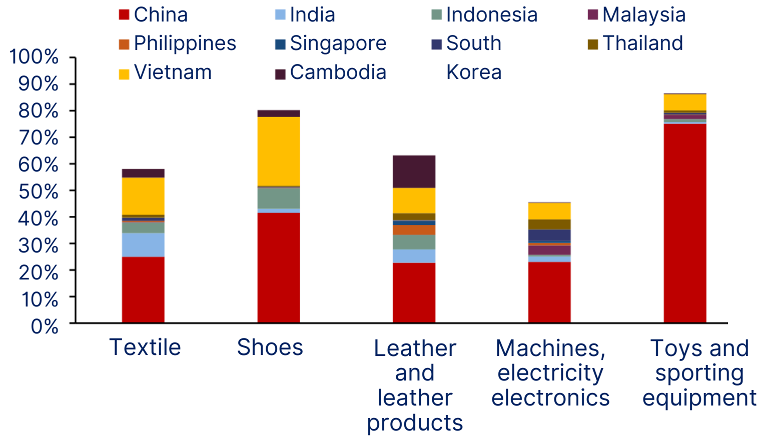
Varying Impacts on GDP and Exports of Asian Countries

Figure 4: Asia's Total Exports and Value-Added Exports to the United States



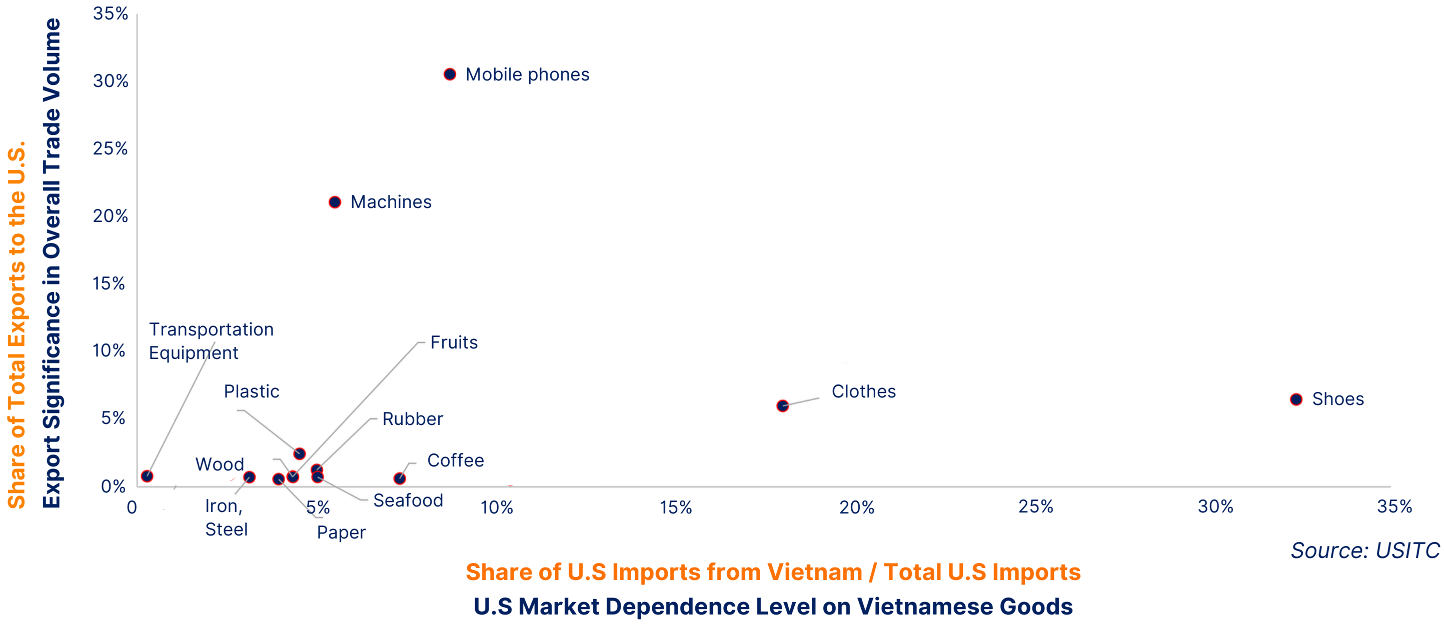
Source: CEIC, ADB MRIO, MUFG GMR

Figure 5: Share of U.S. Imports by Country (%)



Source: Bloomberg Economics, World Bank WITS, MUFG GMR

Figure 6: Impact of Reciprocal Tariffs on Vietnam's Key Export Goods to the U.S. Market



Source: USITC

- With an economic structure in which service takes up 80,2%, the U.S has long relied mainly on global goods market to meet domestic consumption demands. Manufacturing and agriculture takes up the rest of its economy, though neither is a dominant industry.
- Throughout many decades, China has held its position as "the world's factory" - providing the U.S with a wide range of essential goods such as toys, sporting equipment, textiles, electronic components, and various everyday consumer products. This mutual dependence implies that any changes in tariffs policy between the world's two largest economies would leave a tremendous impact on global supply chain.

Impact on Vietnamese Exports

Vietnamese exports – especially in industries such as electronics, textiles, shoes and furniture - is predicted to be faced with numerous challenges after the U.S imposes reciprocal tariff policy.

Increasing tariffs may reduce the competitiveness of Vietnamese goods in U.S market, leading to decreases in export value and loss of market share. Several sensitive sectors may be subject to direct impacts including:

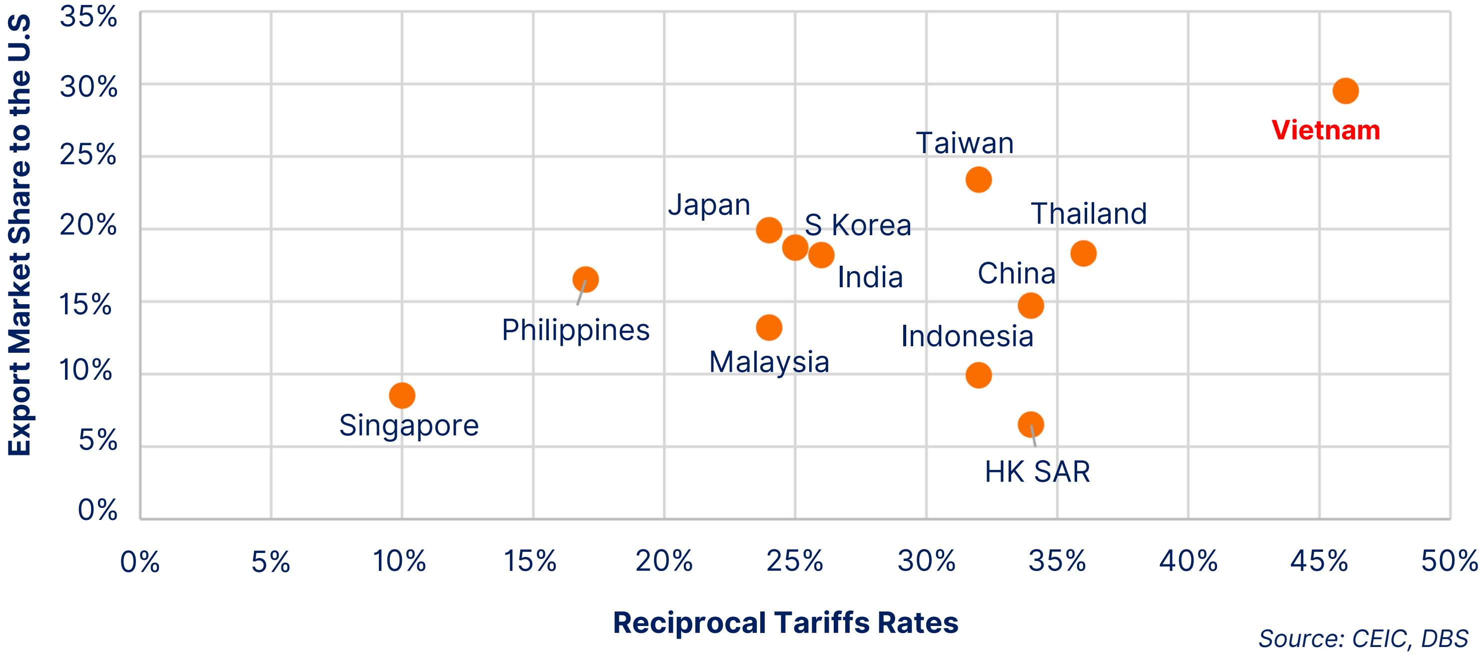
(i) **Shoes and textiles:** Viet Nam is currently one of the key providers for leading U.S sportswear brands. These companies operate large-scale production chains based in Viet Nam - thus any changes in tarifffs could affect the entire value chain.

(ii) **Electronics:** Viet Nam has risen to become an electronics production hotspot, especially smartphones and consumer electronic devices. High tariffs can erode cost advantages and prompt corporations to reconsider their medium-term investment strategies.

(iii) **Furniture:** A significant part of furniture products consumed in the U.S originated from Vietnam. Increasing tariffs could not only affect domestic producers' profits, but also increase pressure on consumers due to high spikes in input costs.

Some forecasts on the impact of tariffs on the Asian economy

Figure 7: Reciprocal tariffs and countries heavily affected



Source: CEIC, DBS

- Viet Nam, Taiwan, Thailand, Malaysia and Singapore are the economies most vulnerable to changes in reciprocal tariffs. In contrast, India and Philippines are expected to be less affected.

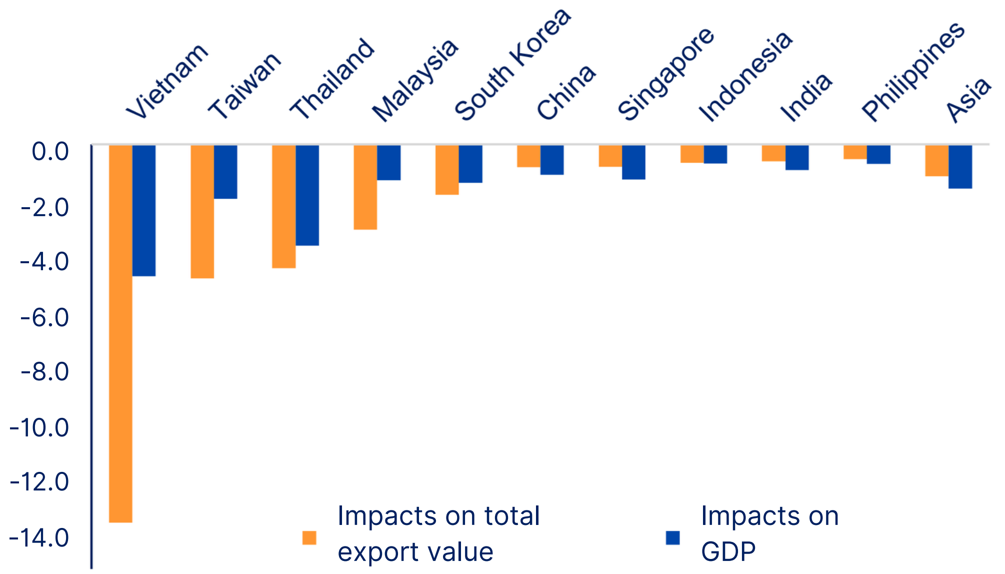
Figure 1: Negative impacts from reciprocal tariff shocks - Estimations by CEIC, DBS

Real GDP Growth (YoY)	2025 Predictions	Risk Predictions
China	5.00%	-0.50% -1.0%
Hong Kong SAR	2.50%	-0.50% -1.0%
India	6.50%	-0.50%
Indonesia	5.00%	-0.50%
Malaysia	4.80%	-1.00%
Philippines	5.80%	-0.50%
Singapore	2.80%	-0.50% -0.75%
South Korea	1.70%	-0.75% -1.0%
Taiwan	3.00%	-1.5% -2.0%
Thailand	2.60%	-1.5% -2.0%
Vietnam	**6.80%**	**-2.0% -2.5%**
Eurozone	1.00%	-0.50%
Japan	0.90%	-0.30%

Source: CEIC, DBS

Downside risk estimations include: (i) the impact of trade shock calculations, and (ii) assumptions regarding domestic fiscal and monetary policy responses.

Figure 8: Sensitivity of U.S. Reciprocal Tariff Impacts by Country – Estimates by CEIC, ADB MRIO, and MUFG GMR *(measured by export share and as a percentage of GDP)*



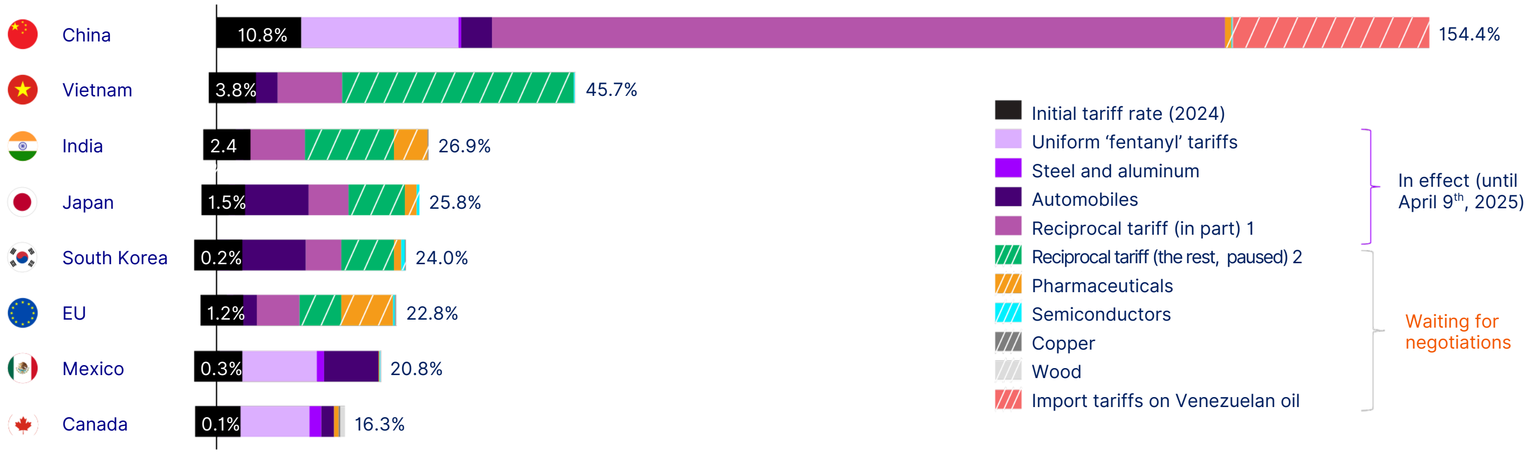
Source: CEIC, ADB MRIO, MUFG GMR

Figure 2: Negative impacts from tariff shocks on ASEAN countries - Estimations by OCBC

%YoY	Previous estimations (2025)	Modified estimations (2025)	Changes in GDP growth predictions
Vietnam	6.2	5	-1.2
Thailand	2.8	2	-0.8
Malaysia	4.5	4.3	-0.2
Indonesia	4.9	4.7	-0.2
India	6.2	6	-0.2
Singapore	2.2	2.1	-0.1
Philippines	6	5.9	-0.1

Source: OCBC

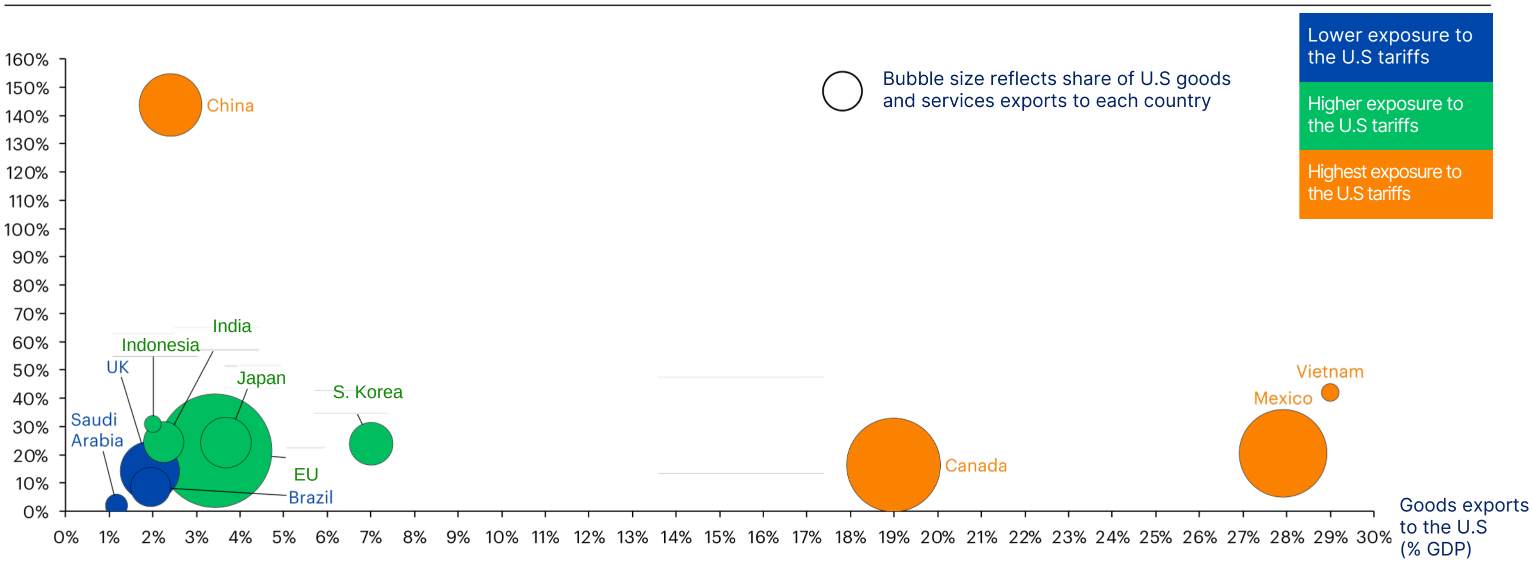
Figure 9: Impacts of tariff packages on average tariffs imposed on key trade partners of the U.S - Estimations of USITC, Haver, Accenture Strategy



Note: 1/ Includes the full 125% reciprocal tariff rate on China and a partial 10% tariff rate on all other countries (except for Mexico and Canada); 2/ Includes the rest of the higher, personalized tariff rates for specific countries, the implementation of which has been delayed until at least July 9, 2025.

Source: USITC, Haver, Accenture Strategy

Figure 10: The extent and manner in which different countries are affected by U.S. tariff policies



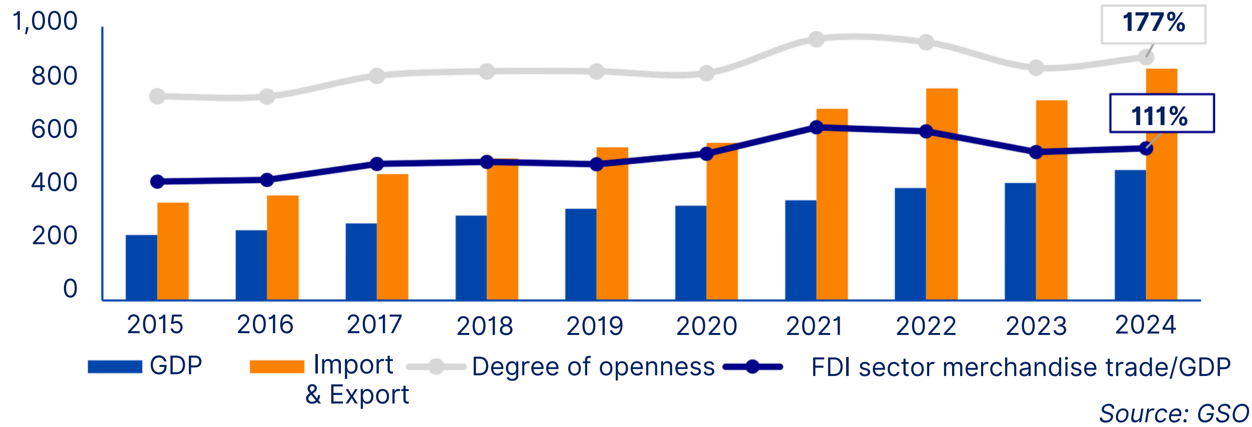
Note: The effective reciprocal tariff rates shown include all announced tariff packages, some of which have not yet been implemented. The more a country depends on exports to the U.S. for economic growth, the higher the tariff increases it tends to face. In contrast, countries with a smaller share of exports to the U.S. are more likely to concede rather than retaliate.

Source: U.S. Bureau of Economic Analysis, Haver Analytics, USITC, IMF, Accenture Strategy

VIET NAM'S ECONOMY IS HIGHLY OPEN

Viet Nam's economy is highly open due to significant contributions from the FDI sector

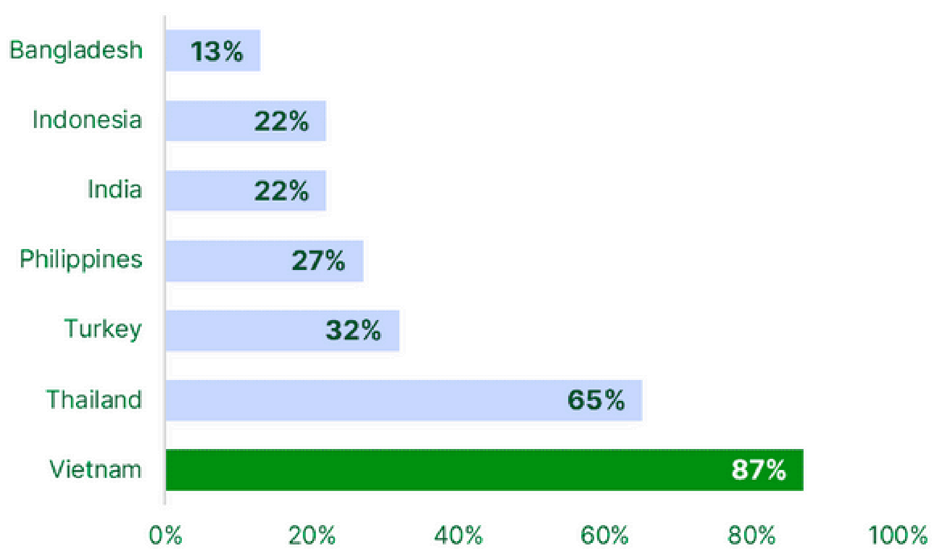
Figure 11: The degree of openness of Viet Nam's economy from 2015 - 2024 (Unit: billion USD)



Source: GSO

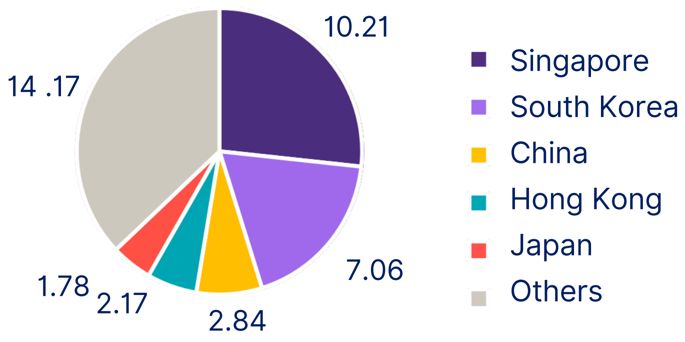
- With its degree of openness ranking among the world's highest the highest in the world - export value equal to **177% GDP** - Viet Nam's economy is **especially sensitive given the shockwaves of global tariffs**. In the context of a growing global trend toward re-establishing trade barriers, Vietnam faces not only direct impacts through the import-export channel, but also indirect effects via **variables** such as **capital flows, exchange rates, imported inflation, and investment expectations**.
- When major economies like the United States or China adjust their trade policies, the **spillover effects** can be both swift and profound - especially for countries like Vietnam that serve as key transit hubs in regional supply chains. Each tariff shock can redirect capital flows, disrupt the balance of expectations, and force businesses to adapt with little time to prepare.
- In reality, the new tariff policies from the United States are gradually **eroding Vietnam's competitive edge** in the race to attract FDI - especially when compared to regional peers like Indonesia, Thailand, or India. Vietnam's two largest export categories - electronics and textiles - both key pillars of its FDI-driven manufacturing sector, are now among those facing the most stringent tariff measures.
- Prior to the imposition of tariffs, Vietnam held a strong position among the leading FDI destinations in Southeast Asia, second only to Indonesia. However, as its "low cost - strategic location - political stability" advantage is no longer sufficient to offset rising tariff risks, the **diversion of capital flows** in the region may occur **even faster and more decisively** than before.

Figure 12: Goods and services exports - % GDP (2023)



Source: World Bank

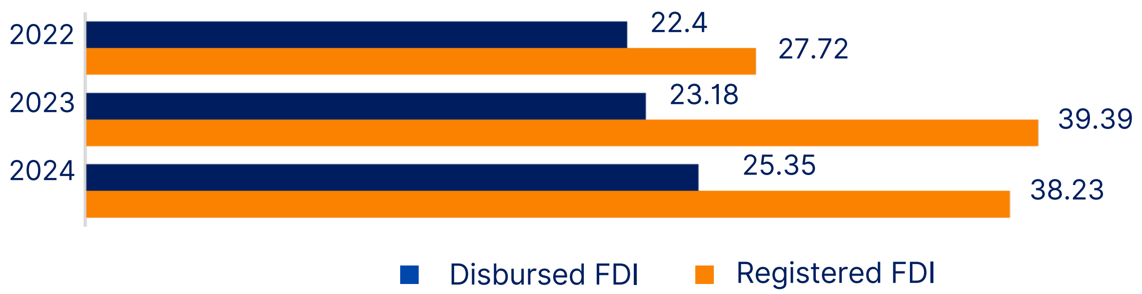
Figure 13: FDI investments in Vietnam by countries in 2024 *(Unit: billion USD)*



Source: Vietnam Investment Review

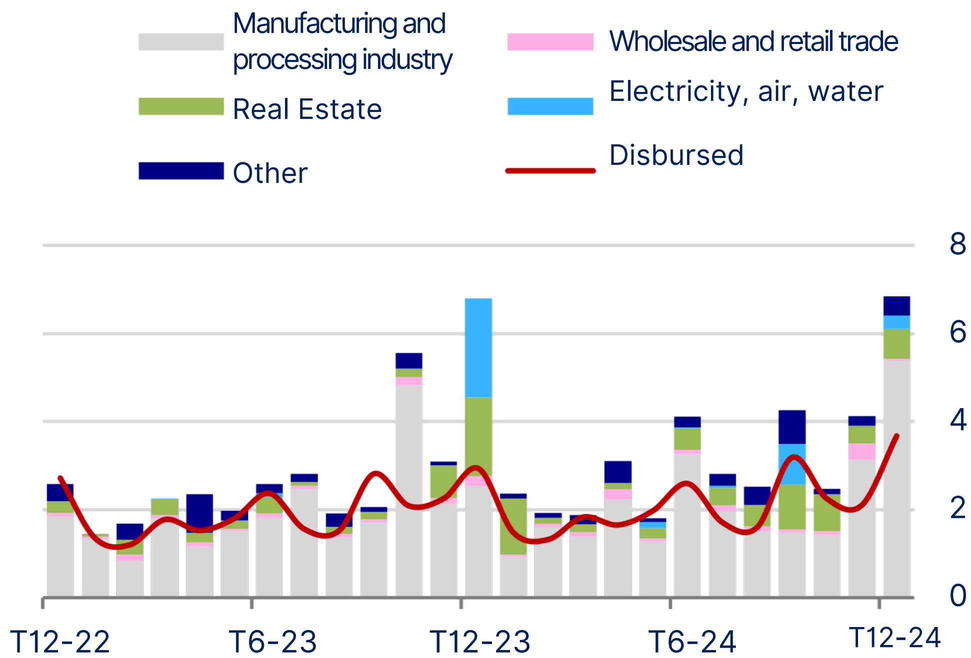
- In 2024, Vietnam attracted investment from 114 countries and territories, with Asian nations remaining the primary sources of capital. Singapore led the way with nearly USD 10.21 billion in registered FDI, followed by South Korea with USD 7.06 billion, and China in third place with USD 2.84 billion.
- By sector, manufacturing continued to dominate with USD 25.58 billion in investment, while real estate ranked second with USD 6.31 billion.

Figure 14: FDI investment in Vietnam 2022-2024 (Unit: billion USD)



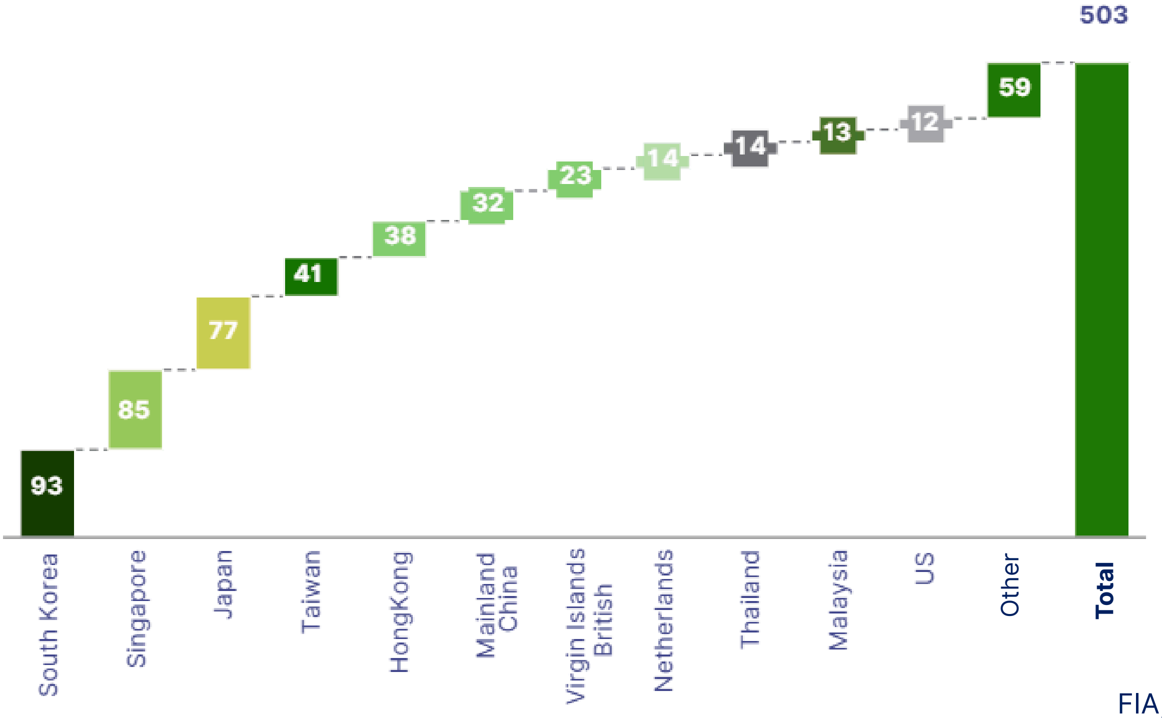
Source: Vietnam Investment Review

Figure 15: FDI Investment by sectors (Unit: billion USD)



Source: Ministry of Planning and Investment (MPI)

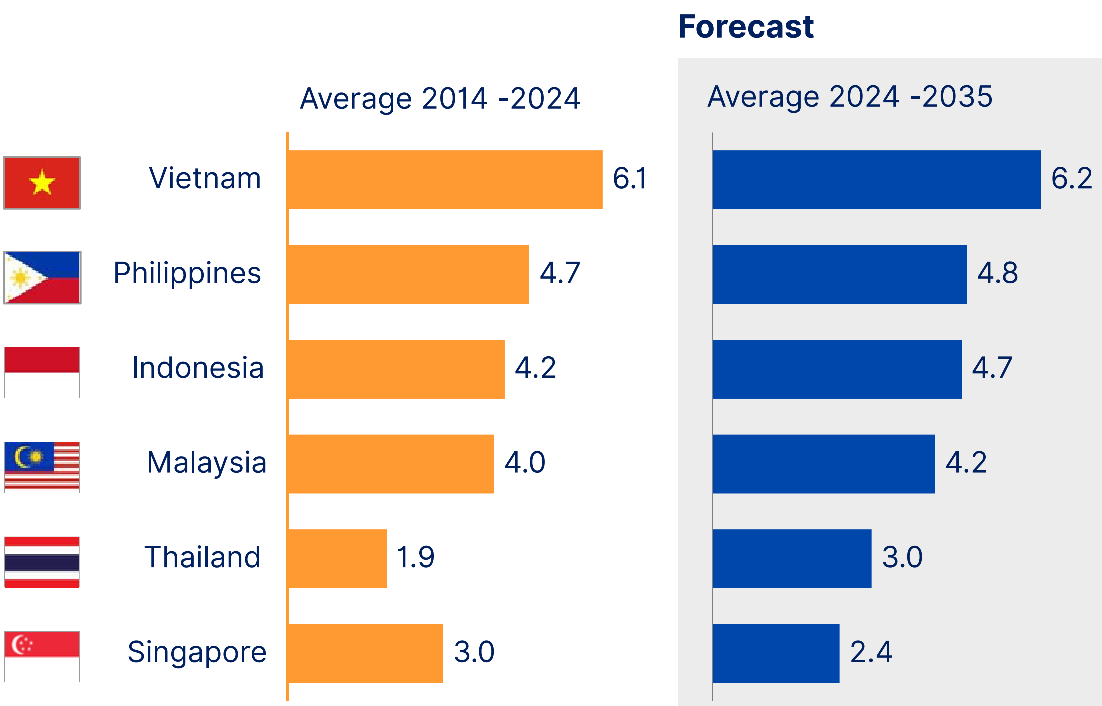
Figure 16: Vietnam attracts a robust influx of FDI from investors.



FIA, VIR, BCG

- In 2024, disbursed FDI capital reached 25 billion USD, reflecting a 9% increase compared to the same period last year, bringing the total active FDI portfolio to 500 billion USD.
- As of the end of 2024, the country has recorded approximately 42,000 ongoing FDI projects, with the majority of the capital originating from Asian investors.

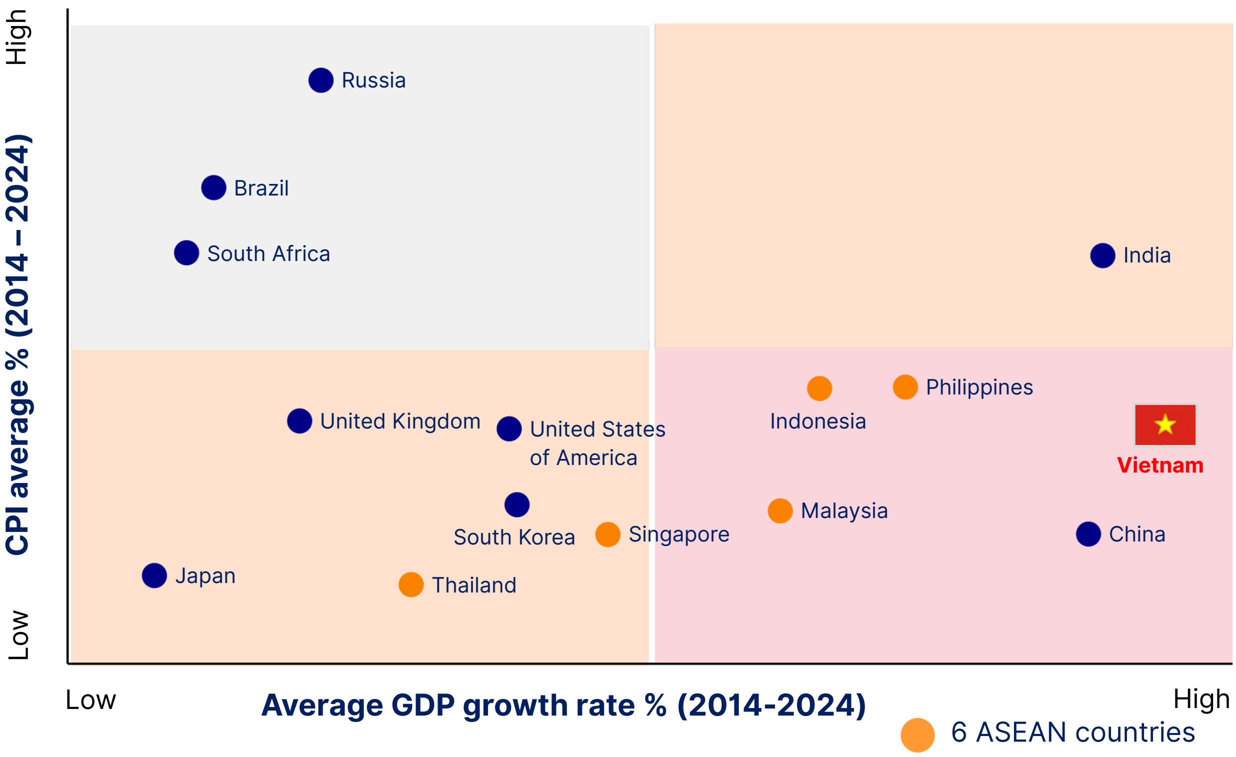
Figure 17: Structure of Vietnam's GDP 2014 - 2024 (Unit: billion USD)



Source: S&P Global, Oxford Economics, CEBR, BCG

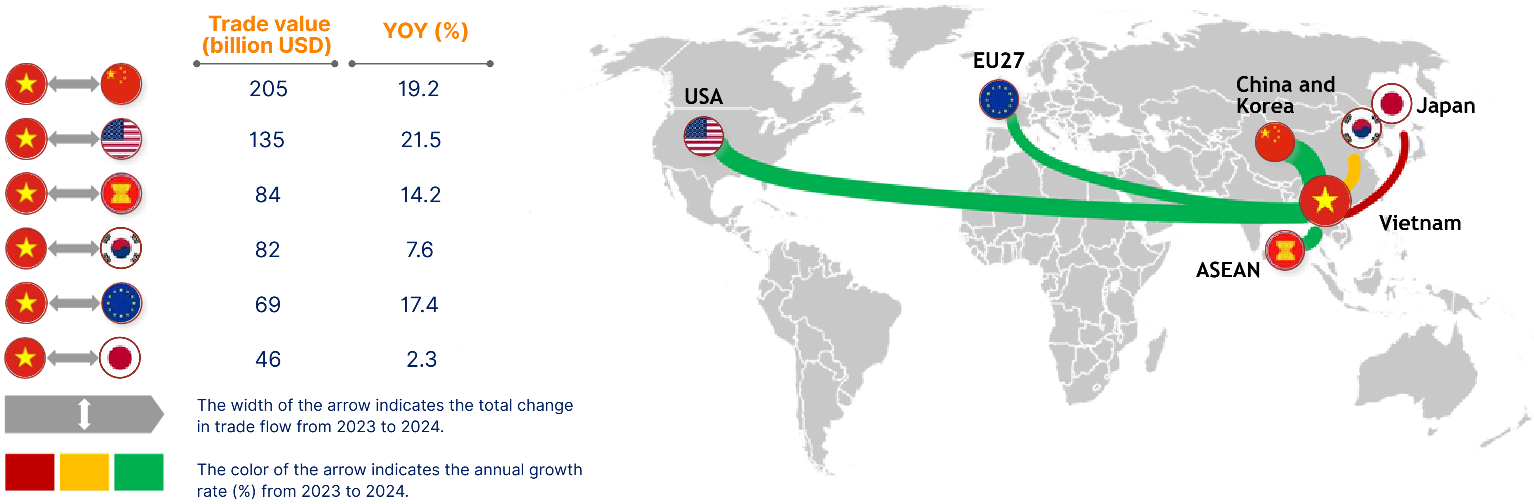
- The Vietnamese economy achieved a real GDP growth rate of 7.1% in 2024, the highest in Southeast Asia. Over the past decade, Vietnam has maintained an impressive growth rate, effectively controlled inflation, and demonstrated remarkable resilience amid significant global fluctuations.
- Vietnam is projected to emerge as a leader in the region over the next decade and become one of the 25 largest economies in the world. The nominal GDP is expected to exceed 1.122 trillion USD by 2035, representing a 2.5-fold increase from the current level of 459 billion USD.

Figure 18: The Balance Between Growth and Inflation



Source: S&P Global, Oxford Economics, CEBR, BCG analysis

Figure 19: Trade in goods between Vietnam and key countries during the period of 2023-2024



Source: GSO, HSC, S&P Global, BCG analysis

- Vietnam is leading ASEAN in global export growth, with a market share increase of 0.5% from 2017 to 2023, in contrast to the declining trends observed in Singapore, Thailand, and the Philippines. The global supply chain shift presents significant opportunities, although risks from trade wars and geopolitical tensions remain. Vietnam currently maintains strong trade relations with strategic partners such as the United States, China, South Korea, Japan, ASEAN, and the European Union.

Figure 20: Trade surplus as of December 2024

Export
405.53 billion USD

Importation
380.76 billion USD

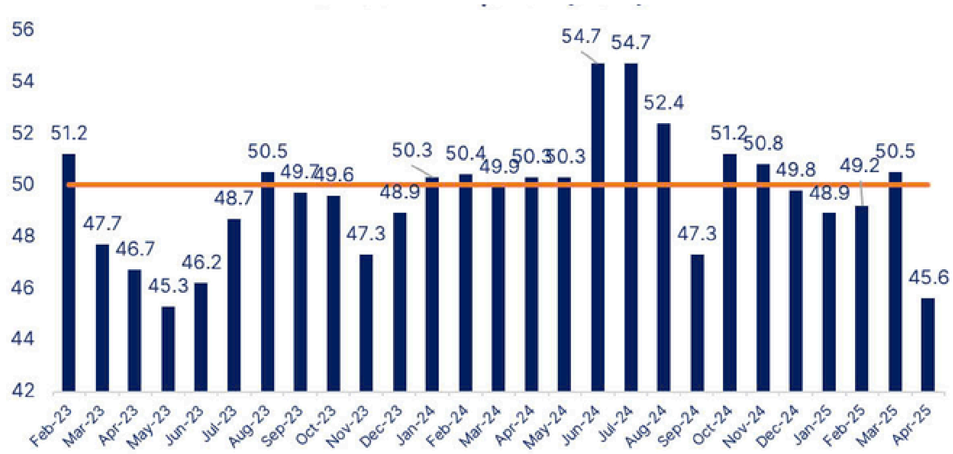
786.29 billion USD
Total trade turnover

24.77 billion USD trade surplus

Source: Vietnamnews

- The total trade turnover of Vietnam in 2024 reached 786.29 billion USD, reflecting a 15.4% increase compared to the same period last year. Export turnover amounted to 405.53 billion USD, marking a 14.3% rise and surpassing the 400 billion USD threshold for the first time, demonstrating Vietnam's export strength. Meanwhile, import turnover reached 380.76 billion USD, an increase of 16.7%, resulting in a trade surplus of 24.77 billion USD.
- The United States remains Vietnam's largest export market, with a turnover of 119.6 billion USD, while China is the largest import market, totaling 144.3 billion USD.

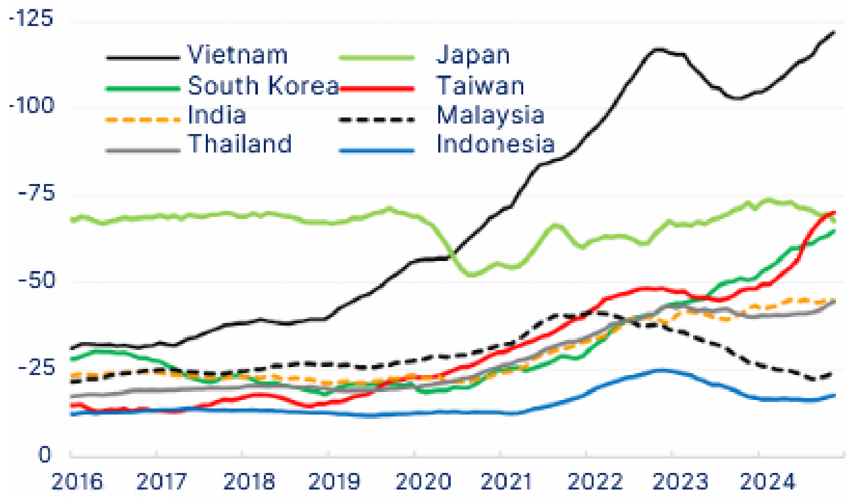
Figure 21: Purchasing Managers' Index (PMI) of Vietnam



Source: GSO, SHS Research

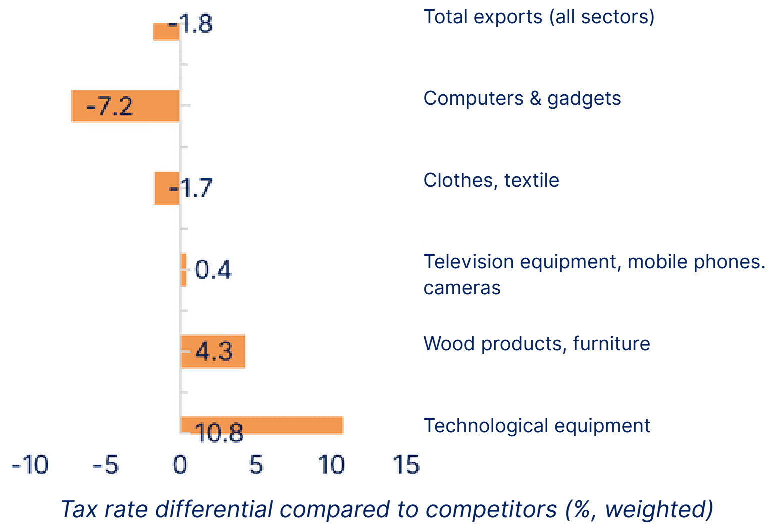
- The decline of Vietnam's PMI to 45.6 points in April 2024 - the lowest level since the beginning of 2023 - clearly indicates that the weakening is no longer merely a technical warning but is manifesting in the actual operations of production. This drop follows a brief recovery the previous month, further illustrating that **the fragile momentum for improvement has been disrupted by external policy shocks, specifically the unexpected imposition of tariffs by the United States on Vietnamese goods**. New orders, particularly in exports, have plummeted for the sixth consecutive month, reflecting a direct blow to foreign trade, which is the primary driver of production. Meanwhile, business sentiment, as indicated by surveys, has reached its lowest point since the pandemic, revealing concerns that extend not only to the present but also into the near future. Additionally, rising input costs and disrupted logistics have plunged the entire market into a state of **"strategic hesitation" - hesitant to expand, reluctant to incur additional debt, and unable to reinvest**. If this situation persists, it will undermine the natural recovery of the production sector.
- At present, many manufacturing enterprises are experiencing a clear "crossed" situation. Input material prices remain elevated due to the prolonged aftershocks of the Russia-Ukraine conflict, preventing logistics costs from decreasing. Simultaneously, new tariff policies from the United States are further intensifying cost pressures on the supply chain. Meanwhile, domestic interest rates show no signs of sustainable reduction, continuing to pose a significant barrier to capital costs. As a result, despite having orders in hand, businesses find it challenging to expand production - growth potential is constrained from both sides: **rising input costs and limited access to capital**.
- In the context of the Federal Reserve maintaining high interest rates and continuing its quantitative tightening (QT) policy (despite a reduction in pace), expectations for a decrease in financial costs remain elusive. This situation poses significant challenges for small and medium-sized enterprises, which are pivotal in the export sector, as they increasingly struggle to access the necessary capital for reinvestment and expansion of production capacity.

Figure 22: The bilateral trade deficit of the United States with Asian countries.



Source: U.S Census Bureau, CEIC, BNP Paribas

Figure 23: Tax rate differentials for Vietnam's primary export products compared to competitors (%)



Source: Global Trade Alert, based on import data from USITC DataWeb

- Since 2018, the wave of Chinese companies relocating their factories to Vietnam to evade U.S. taxes and reduce costs has propelled Vietnam to emerge as a new manufacturing hub in the region. Consequently, bilateral trade relations between Vietnam and China have strengthened, while the market share of exports to the U.S. which had declined from China has gradually been supplanted by Vietnam.
- However, the downside is becoming increasingly evident: numerous foreign direct investment (FDI) enterprises, while appearing to be Vietnamese, essentially serve as links in China's supply chain, engaging in intermediate production before exporting to the United States. This situation has led to heightened scrutiny from the U.S. regarding origin fraud and the risk of Vietnam becoming a "trade springboard" for China. If not managed effectively, short-term advantages may evolve into long-term risks, particularly as the U.S. intensifies its "friend-shoring" strategy and tightens origin regulations.
- Nevertheless, Vietnam continues to maintain a relatively strong appeal due to factors such as competitive labor costs coupled with skilled workmanship, a strategic position within the Asian supply chain, an open FDI policy, and a neutral stance in the U.S.-China conflict.
- Consequently, if the United States imposes only moderate tariffs, Vietnam may continue to benefit from the ongoing reshaping of global supply chains. However, **if Washington adopts a more aggressive stance -** similar to its previous actions regarding steel or plywood **- both exports and foreign direct investment could suffer, particularly in sectors characterized by "intermediate processing."**

Global Trade Dominance:
U.S. vs. China

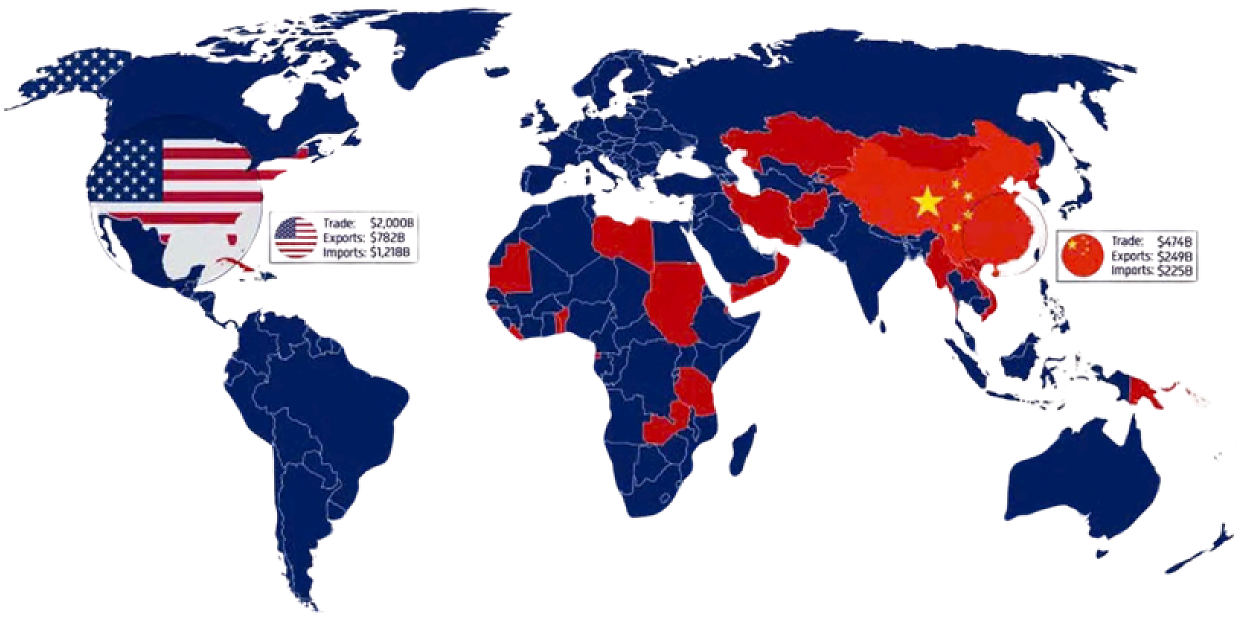
In 2000, the total trade value of the United States reached $2 trillion, more than four times the $474 billion of China. From 2000 to 2024, U.S. trade increased by 167% (equating to a compound annual growth rate - CAGR of 4.2%), while China's trade surged by 1,200% (CAGR of 11.3%), surpassing the U.S. in 2012. By 2024, the total trade value is projected to reach $5.3 trillion for the United States and $6.2 trillion for China.

Trade ($100 billion)

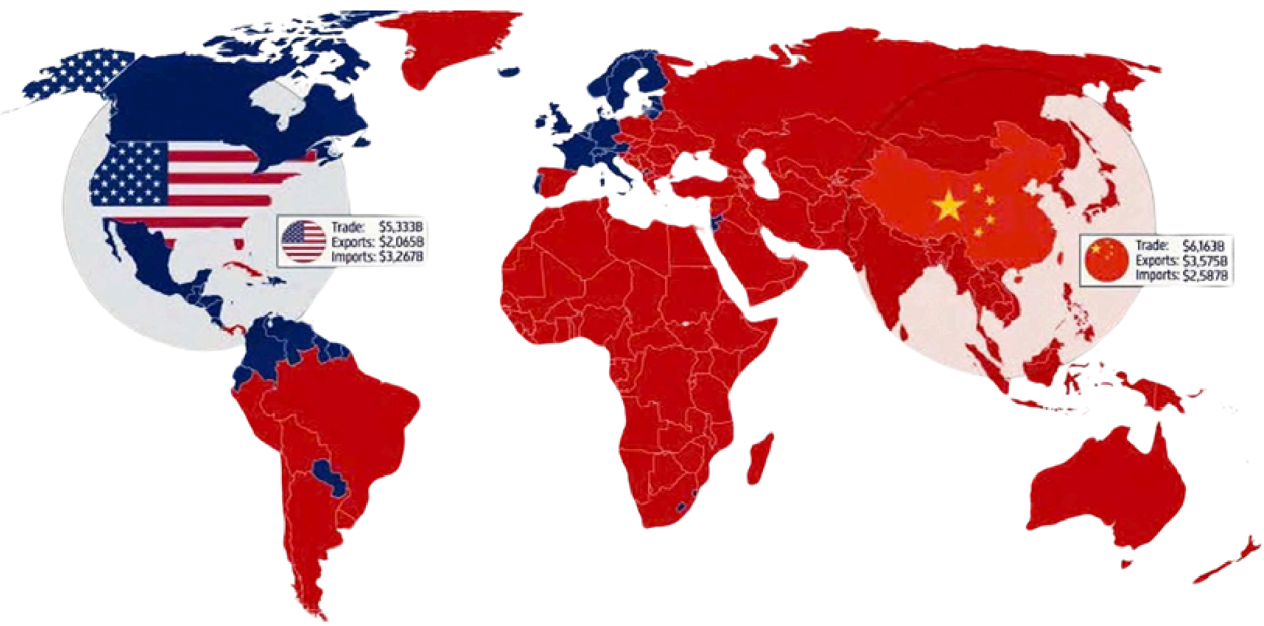
2000

■ United States as the Larger Trading Partner

■ China as the Larger Trading Partner



2024



Trade in goods = exports plus imports Data regarding the United States' trade partners is sourced from the U.S. Census Bureau, while data concerning China's trade partners is obtained from the General Administration of Customs of China.

Source: U.S. Census, Customs of China

VIETNAM'S STRATEGY: ADAPTATION AND NEGOTIATION

Response from Vietnam:

- Immediately following the United States' announcement of countervailing duties, the Vietnamese government proactively engaged in negotiations with the U.S., proposing to reduce the import tax on American goods to 0% while also requesting a postponement of the application of countervailing duties on Vietnamese exports for a minimum of 45 days.
- This is a component of the negotiation strategy aimed at achieving a sustainable trade balance, safeguarding bilateral interests, and adhering to Vietnam's current international commitments.

Vietnam's Strategy: Adaptation and Negotiation

Diversification of export markets

- Reduce dependence on the U.S. market by expanding into countries with lower tax rates and stable demand for Vietnamese goods.
- Leverage existing FTAs such as CPTPP and EVFTA to enhance exports to signed partner countries.

2. Strengthening trade diplomacy

- Collaborate with the government to negotiate with U.S. trade representatives, seeking options for tax reductions or alternative mechanisms.
- Actively participate in international trade forums to safeguard export interests and advocate for equitable policies.

3. Adjustment of the supply chain

- Enhance the quality, design, and uniqueness so that Vietnamese products can remain competitive in the U.S. market despite higher prices.
- Focus on the mid to high-end segment to avoid price competition.

4. Adapting to the market - enhancing the value of Vietnamese goods

- Seek new sources of raw material supply from countries benefiting from tax incentives through FTAs, thereby reducing input costs and maintaining profit margins.

Overall Assessment

- The temporary suspension of countervailing duties for 90 days for the majority of countries represents a positive short-term signal for Vietnam, providing the necessary buffer to resume trade dialogues. During this period, exports to the U.S. market may experience a notable improvement, as American importers seize the opportunity to secure orders for the back-to-school season and year-end holidays - excluding those orders with production cycles exceeding 90 days. On May 7, Vietnam commenced formal negotiations regarding tariff issues with the United States, and with flexible and concessionary policies, it is certain that the tariff rate imposed on Vietnam will be lower than the initially projected 46%.
- Nevertheless, retaliatory tariffs remain a significant "cloud" looming on the horizon. During this three-month period, countries - including Vietnam will need to accelerate negotiations with the United States, focusing on reducing the trade surplus. This may necessitate a series of policy concessions, such as lowering import tariffs on American goods to 0% and, in particular, increasing the purchase of strategic commodities from the U.S, including aerospace components, crude oil, liquefied fuels, and processed energy products.
- The recent policy shock is prompting nations to accelerate their export market diversification strategies - expanding their focus towards China, as well as America's strategic allies such as Canada, the EU, Japan, and South Korea aiming to mitigate dependence on a single market and enhance resilience against cyclical policy risks.

ASSESSMENT OF IMPACT ON SEVERAL KEY INDUSTRIES

No.	Industry	Influence	Assessment	Details
1	Industrial Park Real Estate	Directly	●●	Part I
2	Textiles, leather goods, seafood	Directly	●●●	Part II
3	Wood	Directly	●●	Part II
4	Seaport	Indirect	●	Part III
5	Steel	Indirect	●	Part IV

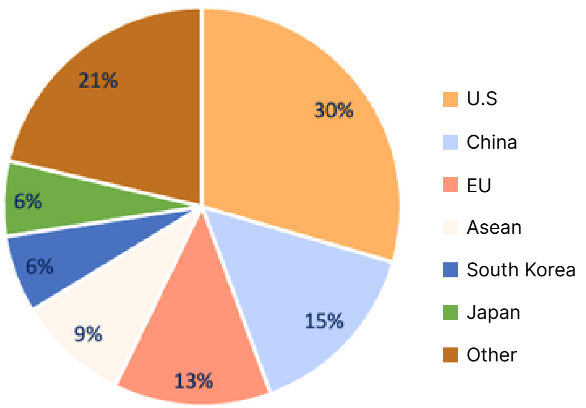
PART I: REAL ESTATE - INDUSTRIAL PARK

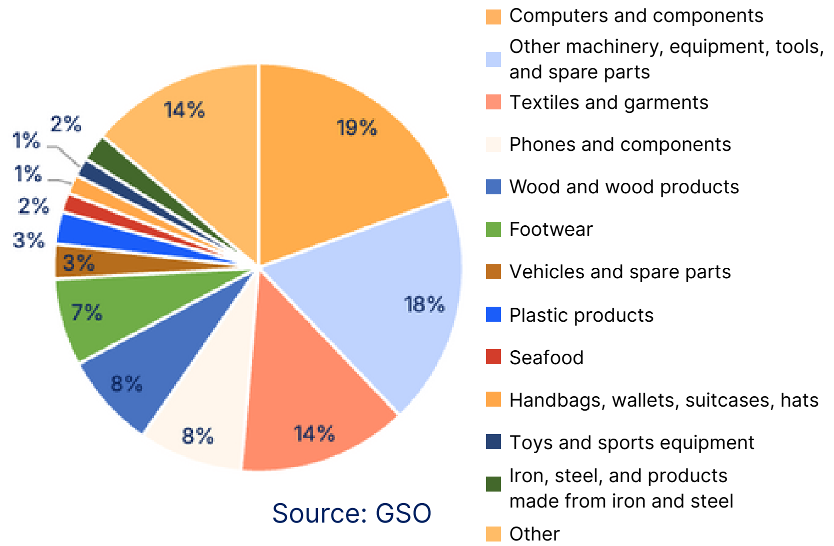
The U.S. reciprocal tax policy, announced in April 2025 and effective from April 9, 2025, is expected to significantly impact businesses in the industrial real estate sector in Vietnam.

1. The market share of the United States in Vietnam's exports.

- The United States is projected to be Vietnam's largest export market in 2024, accounting for nearly 30% of total exports.
- Electronic and textile products constitute a significant proportion of the revenue structure from exports to the United States, with computers and components accounting for 19%, telephones and components for 8%, and textiles for 14%.

Figure 24: Market share of the United States in Vietnam's exports





Source: GSO

2. The direct impact of tariffs

- **Tariffs increase the prices of Vietnamese goods in the U.S. market, adversely affecting the competitiveness of Vietnamese products.**

  If the United States imposes a 46% tariff on exports from Vietnam, the prices of goods in the American market will significantly increase, depending on the extent to which the tariff is passed on to each specific item. The extent of tariff pass-through refers to the percentage of the tariff that is transferred from the importer to the final selling price in the U.S. market.

Table 3: Summary of Transmission Levels for Major Export Categories to the United States

Product category	Transmission levels (%)	Estimation facility
Electronics, computers, and components	90 - 100	CEPR research (2023) indicates that NBER has a high transmission level for high-tech goods.
Mobile phones and components	90 - 100	Similarly, electronics are based on research concerning technological commodities.
Textiles	80 - 100	Research from the Budget Lab at Yale, as reported by Fashion Dive.
Footwear	80 - 100	Similarly, textiles
Wooden furniture and wooden products	80 - 100	Similarly, high transmission levels are based on CEPR research.
Machinery, equipment, and components	90 - 100	CEPR Research
Seafood	60 - 80	CEPR and NBER research indicates low transmission levels for agricultural products, coupled with high elasticity.

- **Decreased export demand compels manufacturing sectors to scale back operations.**
  Tariffs increase the prices of goods exported to the United States, resulting in a decreased demand from this market. According to economic theory, the reduction in output is contingent upon the price elasticity of demand for imports (PED), defined as the percentage change in quantity demanded divided by the percentage change in price. For instance, if the price rises by 10%, with a PED of -2, the demand for that product will correspondingly decrease by 20%.
- **Tariffs diminish Vietnam's appeal to foreign investors (FDI), particularly companies reliant on the U.S. market, thereby reducing the demand for industrial land leasing.**

Table 4: Estimated Impact of Export Sectors if the U.S. Imposes a 46% Tariff

Industry	% Production costs in selling price	Transmission Level (%)	PED (*)	Price Increase (%)	Reduction in export volume (%)
Textiles	25%	80 - 100	-2.0	9,2 - 11,5	18,4 - 23,0
Footwear	21%	80 - 100	-2.2	7,73 - 9,66	17,0 - 21,25
Electronics, computers, and components	56%	90 - 100	-1.5	11,59 - 12,88	17,39 - 19,32
Mobile phones and components	56%	90 - 100	-1.5	11,59 - 12,88	17,39 - 19,32
Wood products	36%	80 - 100	-1.8	6,62 - 8,28	11,92 - 14,9
Machinery, equipment, and components	80%	90 - 100	-1.3	16,56 - 18,4	21,53 - 23,92
Seafood	48%	60 - 80	-2.5	6,62 - 8,83	16,56 - 22,08

(*) PED is assumed based on the elasticity of U.S. import demand according to the USITC report.

3. How did the US-China trade war in 2018 impact China's industrial real estate?

In 2018, the United States imposed tariffs on approximately $350 billion worth of imports from China, with rates ranging from 10% to 25%. Specifically, the U.S. levied a 25% tariff on $50 billion of high-tech goods and a 10% tariff on $200 billion of other products, which subsequently increased to 25% in 2019. In response, China enacted tariffs on $110 billion of U.S. goods, primarily targeting agricultural products and industrial raw materials. According to the World Bank (2019), China's exports to the U.S. decreased by approximately 12.4% during the 2018-2019 period, equating to $50 billion, as businesses faced competitive challenges in the U.S. market.

Tariffs have induced significant changes in China's industrial real estate sector, particularly in export manufacturing hubs such as Guangdong, Zhejiang, and Shanghai.

Increase the vacancy rate

- The vacancy rate in modern industrial parks increased from approximately 10% in 2018 to 12% in 2019 on a national scale (CBRE Research, 2019).
- In Guangdong, a major manufacturing hub, the vacancy rate in industrial zones rose from 10% to 15% between 2018 and 2019, particularly in cities such as Dongguan and Shenzhen, which are focal points for the electronics and textile industries (Knight Frank, 2019).
- In first-tier cities such as Beijing and Shanghai, the vacancy rate increased from 8% to 10%, while second-tier cities like Suzhou and Dongguan experienced a more significant rise, from 10% to 15% (Cushman & Wakefield, 2019).

Reduce Rental Prices

- The rental prices for industrial land in the affected areas have decreased by an average of 5-8%. For instance, in Shenzhen, the rental cost for standard factory space fell from $1.20/m²/month to $1.10/m²/month in 2019 (Colliers International, 2019).
- In Guangdong, rental prices have decreased significantly, with an 8% reduction in standard industrial zones, attributed to the pressure from declining export orders (Savills China, 2020).

Reduce rental activity

- The leasing activity in industrial zones decreased by approximately 15-20% nationwide in 2019 compared to 2018 (Cushman & Wakefield, 2019).
- In the Longhua Industrial Park (Shenzhen), the number of new leasing contracts has decreased by 30% compared to 2017, as numerous electronics manufacturers have scaled back operations or ceased operations altogether (South China Morning Post, 2019).

Decline in investment in new industrial zones

- Foreign direct investment (FDI) in industrial zones decreased by 8% in 2019, falling from $135 billion in 2018 to $124 billion, according to the Ministry of Commerce of China (2020).
- The number of new industrial park projects commenced has decreased by 12% compared to the previous year, particularly in Zhejiang and Jiangsu, as investors express concerns regarding trade risks (China Real Estate Association, 2019).

4. Assessing the impact on Vietnam's industrial real estate sector.

- Vietnam is among the countries in the ASEAN region with the highest countervailing duties, exceeding those of direct competitors for foreign direct investment (FDI) such as Thailand, Indonesia, and the Philippines by 10% to 29%. Consequently, if this disparity remains unchanged, new FDI will likely prioritize investment in the aforementioned countries due to their tax advantages.

Nation	U.S. countervailing duty rate (%)
Vietnam	**46%**
Thailand	36%
Malaysia	24%
Phillippines	17%
Indonesia	32%
Singapore	10%

- The decline in demand in the U.S. market due to rising prices has compelled exporting businesses to scale back, resulting in decreased revenue from utility services such as electricity and water in industrial zones. This also represents a significant source of income that impacts the profitability of industrial real estate companies.
- Foreign direct investment (FDI) has declined, coupled with companies scaling back production, which may lead to a decrease in rental prices and a significant increase in vacancy rates, akin to the situation in China in 2018.
- In the worst-case scenario, if negotiations fail and Vietnam is subjected to a countervailing duty of 46%, we anticipate that the number of new leasing contracts in industrial zones will decrease by 15 to 20%. Correspondingly, rental prices are expected to decline by 8 to 10% compared to the same period.

Growth expectations are no longer what they once were, but we should not be overly pessimistic.

- The United States' tariff policy initially exhibited a stringent approach towards all countries with significant trade deficits by imposing exceptionally high tariffs. However, President Trump subsequently postponed the implementation of tariffs for 90 days on all nations (excluding China) and temporarily instituted a 10% tariff while awaiting negotiations. It is evident that the high tariffs served merely as a negotiation tactic for Trump to secure greater benefits, and it is likely that Vietnam will not face tariffs as high as 46% during the negotiation process. With lower tariff rates, the impact on exporting businesses will be diminished, thereby reducing the indirect effects on companies within the industrial real estate sector.
- On April 11, President Trump continued to exempt tariffs on smartphones, computers, other technological devices, and components. These categories account for 27% of Vietnam's total export value to the United States, thereby mitigating the impact of tariffs on the industrial real estate sector, particularly in the northern region where many factories of Samsung, Foxconn, and LG are concentrated.

PART II: IMPORT AND EXPORT SECTORS

A. VIETNAM'S SEAFOOD EXPORTS TO THE UNITED STATES:

1. The United States is a traditional market for Vietnamese seafood.

- Although Vietnamese seafood products frequently face technical barriers from the United States, it remains one of the three markets with a relatively stable share of Vietnam's seafood exports (along with Japan and the EU). Over the past 10 years, the U.S. market has accounted for an average of 18.8% of Vietnam's seafood export value. In 2024, exports reached USD 1.8 billion, up 15.4% compared to 2023, and continued to grow by 17% in the first quarter of 2025, reaching USD 380 million.

Figure 25: Export Value of Seafood to the U.S

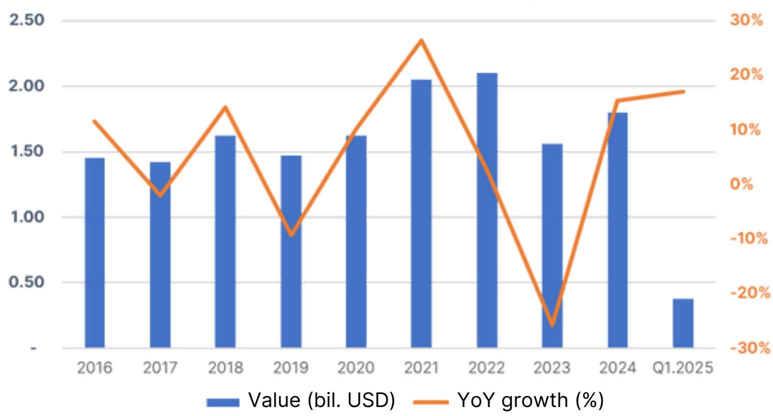
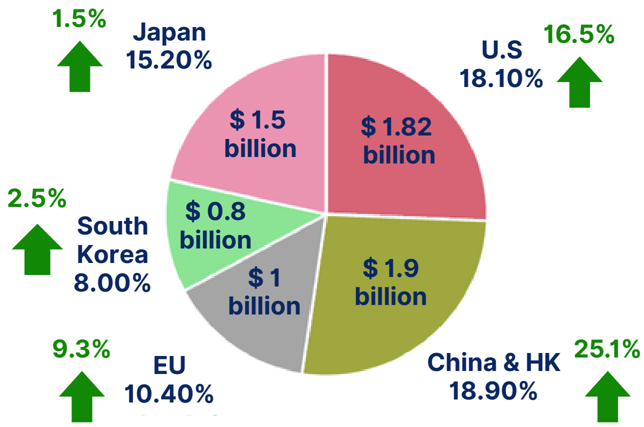


Figure 26: Structure of VN's Export Market in 2024



Source: Vasep

- In terms of product composition, 70% of the exports to the United States consist of aquaculture products (such as shrimp and catfish), while the remaining 30% comprises wild-caught seafood (including tuna). The United States currently ranks as the top market for tuna and second for shrimp and Vietnamese catfish.

Figure 27: The market share of the U.S in the export value of key seafood products in 2024

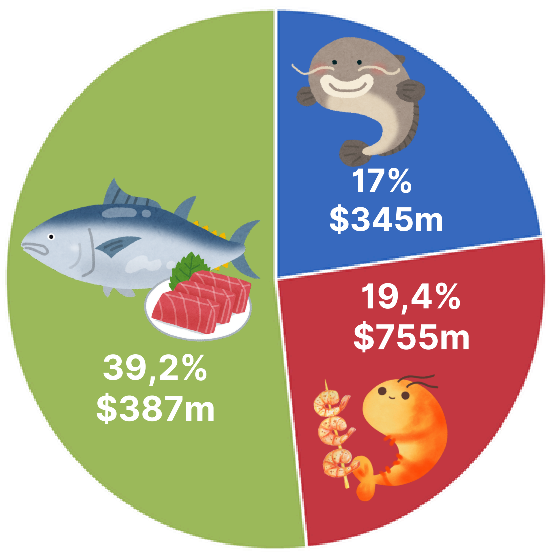
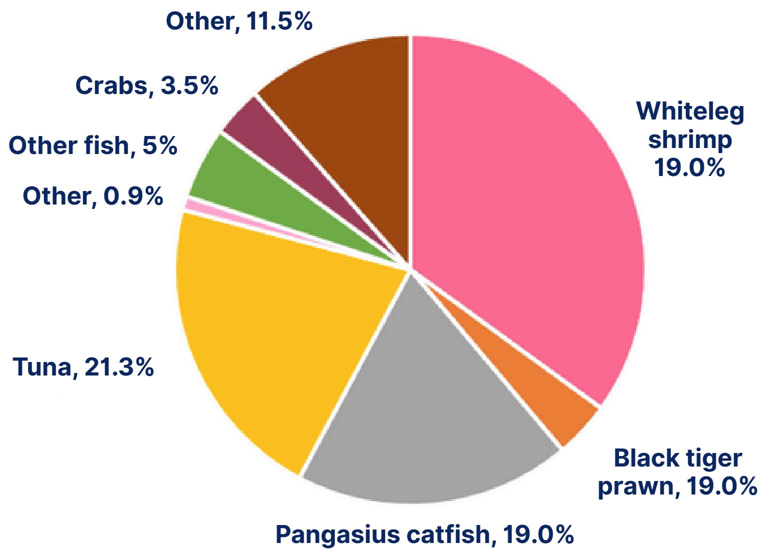


Figure 28: Structure of seafood exports to the United States 2024



Source: Vasep

2. The impact of countervailing duties on the fisheries sector.

- If the 46% retaliatory tariff policy is maintained after the 90-day period, the impact on Vietnam's seafood industry will be significant; however, tuna and shrimp are expected to suffer more losses compared to pangasius.

The United States currently holds a significant share in Vietnam's tuna export market, accounting for nearly 40%, while the export value to the European Union - the second-largest market for this product - has been gradually declining. In addition to tariffs, the U.S. has recently not recognized the equivalence of Vietnam's management and conservation measures for marine mammals concerning 12 fishing practices, including gillnetting, purse seining, trawling, longlining, and single/double trawling, which will consequently impact tuna exports.

Figure 29: Tuna Export Revenue to the U.S (million USD)

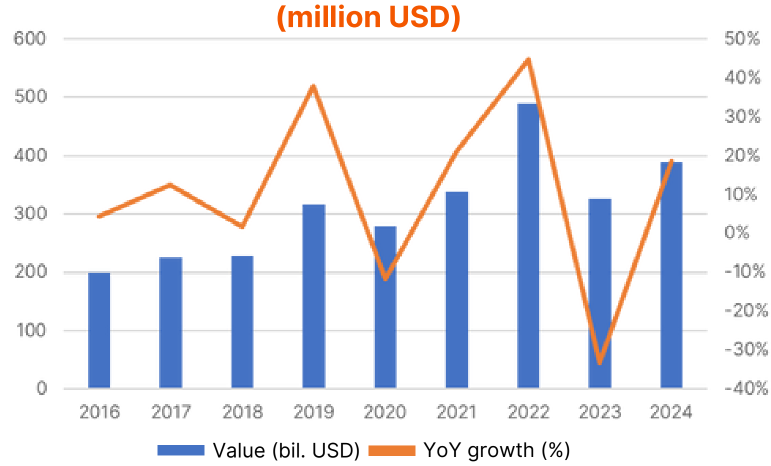
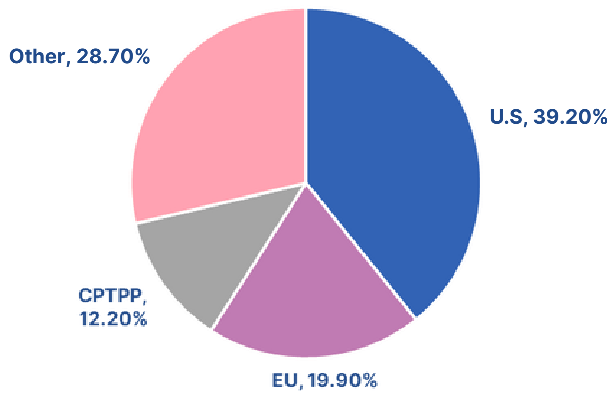


Figure 30: Structure of the Tuna Export Market



Source: Vasep

Shrimp is a product that commands a higher price compared to catfish and is currently subject to an additional countervailing duty (CVD) alongside the anti-dumping duty (AD). Meanwhile, according to the preliminary assessment results of the 20th review (PR20) in September 2024 for catfish fillets, aside from the eight companies benefiting from a 0% tax rate, other Vietnamese enterprises face a tax of $2.39/kg, significantly lower than the tax imposed on shrimp.

Table 5: Taxes on Shrimp Exports to the U.S

	National AD Tax	National CVD Tax
Vietnam	Up to 25.76%	2.84%
India	Up to 110.9%	5.77%
Indonesia	3.9%	-
Thailand	Up to 5.34%	
Ecuador	-	3.78%
China	Up to 112.81%	-

Table 6: Catfish Export Tax to the U.S

	Phase	All-nations
POR 15	8/2017 - 7/2018	2.39
POR 16	8/2018 - 7/2019	2.39
POR 17	8/2019 -7/2020	2.39
POR 18	8/2020- 7/2021	2.39
POR 19	8/2021 - 7/2022	2.39
POR 20 (p)	8/2022-7/2023	2.39

Source: SHS compilation

PART II: IMPORT AND EXPORT SECTORS

Vietnamese shrimp is currently facing competition from other countries in the U.S. market, where these nations benefit from lower countervailing duties.

Figure 31: Corresponding Tax

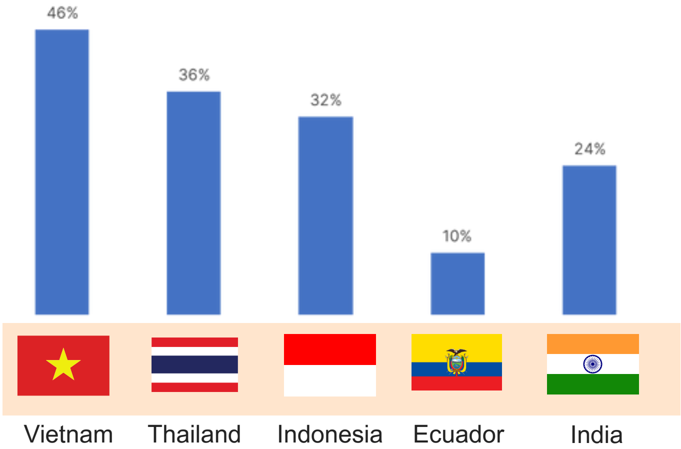


Figure 32: Market Share of Shrimp Exports to the United States

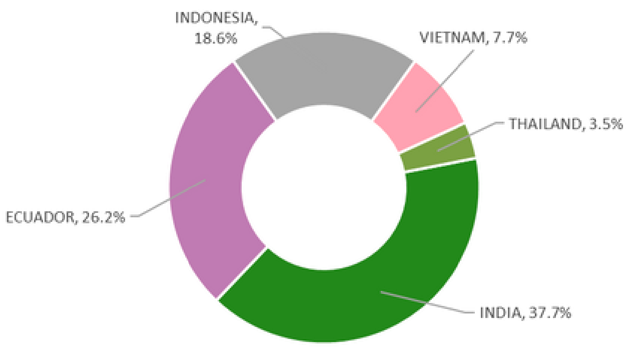


Figure 33: Export value of shrimp to the United States (million USD)

Source: Vasep

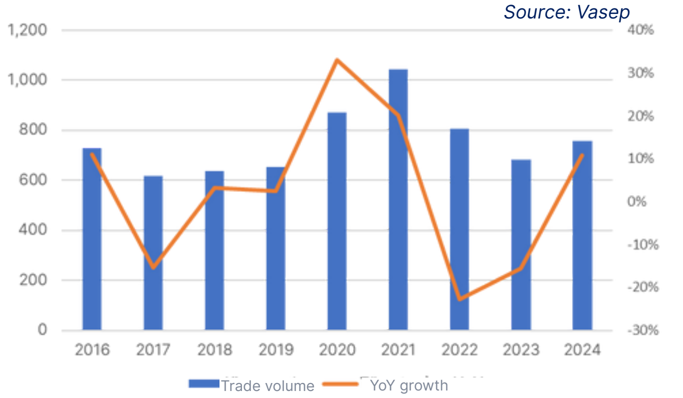
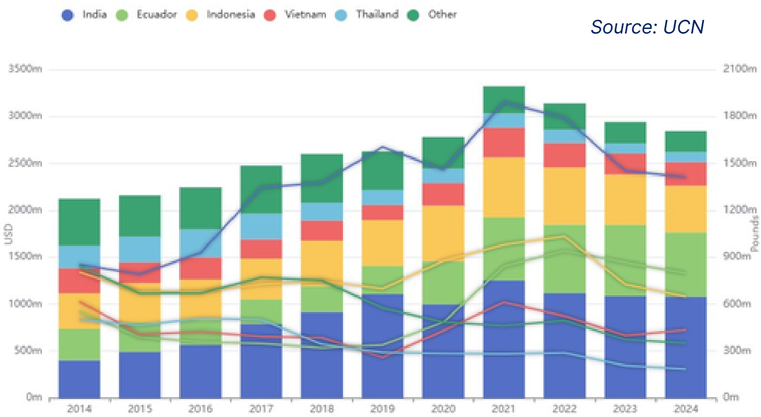


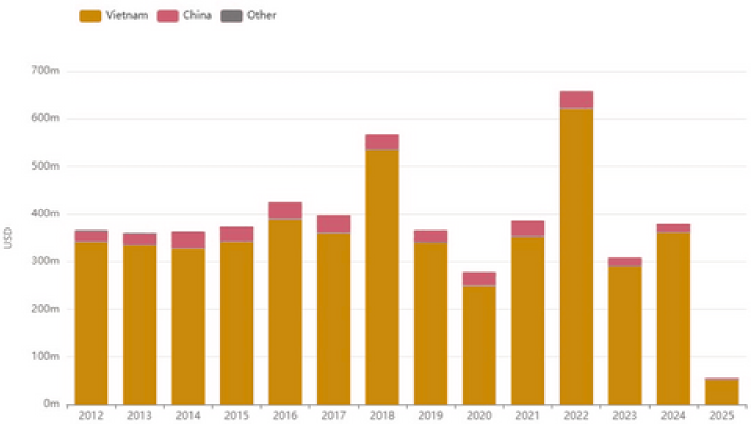
Figure 34: Market share of shrimp exports to the United States

Source: UCN



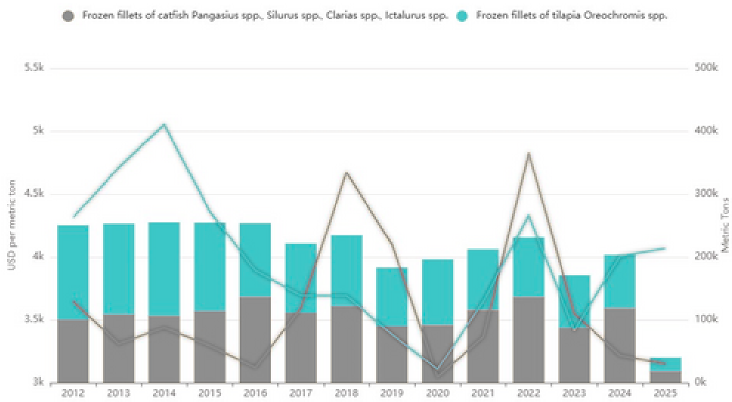
Currently, imported catfish in the United States primarily originates from Vietnam and China, accounting for 92.7% and 7.3% of the market share, respectively, to meet domestic demand. Additionally, among the competing white fish species, 87% of the frozen tilapia fillet supply comes from China, and tilapia is priced higher than catfish. China's imposition of high tariffs, reaching up to 145%, may result in a shortage of tilapia and catfish supply in the U.S., thereby alleviating some pressure on Vietnamese catfish products.

Figure 35: The value of catfish imports into the United States (USD)



Source: UCN

Figure 36: Import of catfish fillets and tilapia fillets into the United States (USD)



Source: UCN

PART II: IMPORT AND EXPORT SECTORS

- The impact on listed companies will depend on the specific types of goods and the structure of the export market. In the case of Vinh Hoan (VHC), the company has been exempted from the application of anti-dumping duties on the export of catfish and basa fish to the United States following the signing of an agreement between the two countries to resolve the dispute regarding anti-dumping duties on catfish and basa fish at the World Trade Organization (WTO) in January 2025. Several companies with ongoing projects, such as IDI's 20,000-ton-per-year seafood plant targeting the U.S. market, may need to adjust their timelines or seek alternative markets.

Figure 37: MPC's Export Market Structure

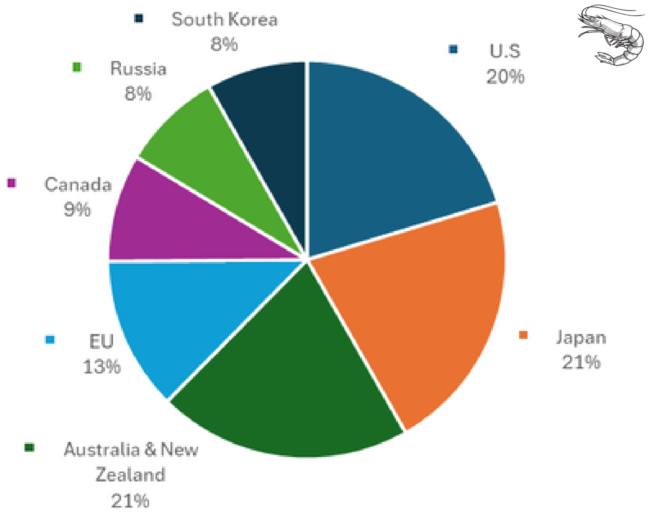


Figure 38: FMC's Export Market Structure

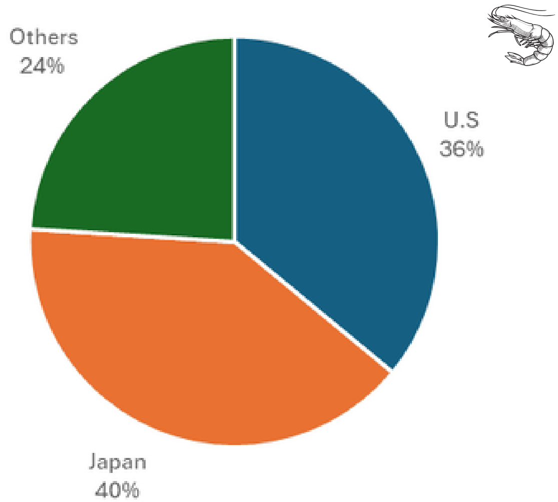


Figure 39: CMX's Export Market Structure

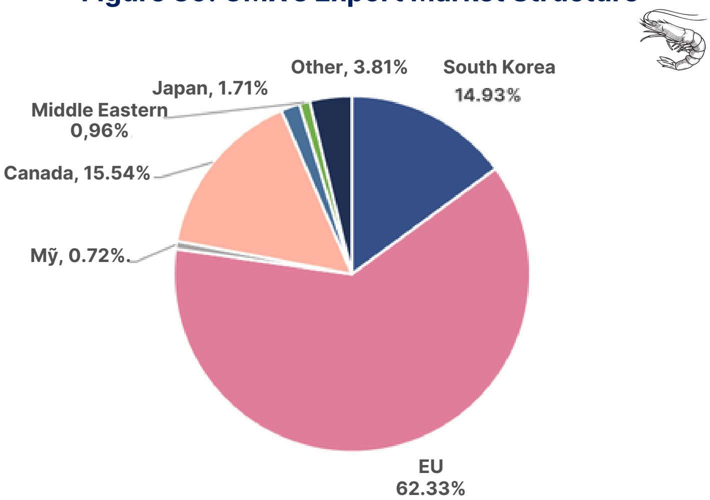


Figure 40: VHC's Export Market Structure

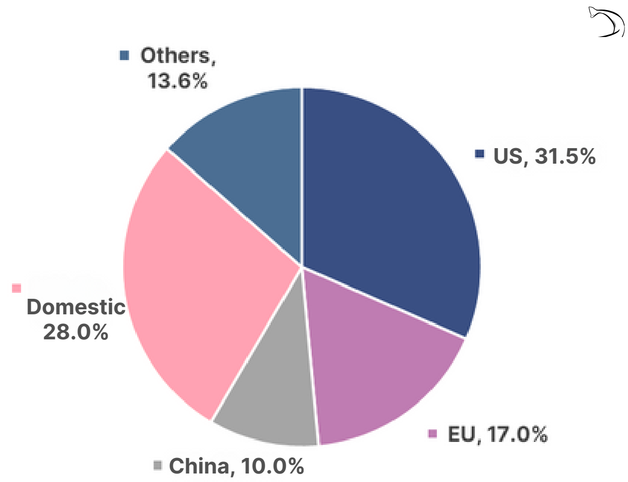


Figure 41: ANV's Export Market Structure

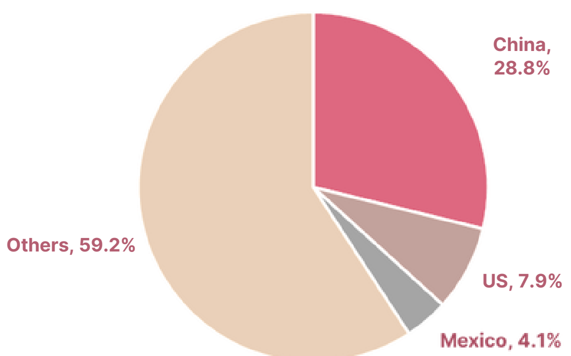
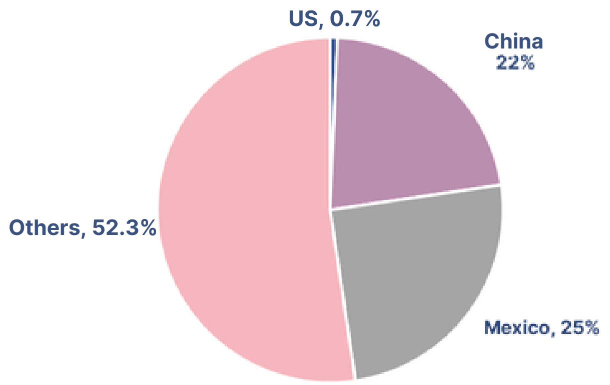


Figure 42: IDI's Export Market Structure



Source: SHS compilation

PART II: IMPORT AND EXPORT SECTORS

B. VIETNAM'S TEXTILE AND GARMENT EXPORTS TO THE UNITED STATES

1. The United States is the focal market for Vietnam's textile and garment industry

- The textile industry is among the sectors most significantly impacted by the new tax policies in the United States, as it ranks as the third largest export category to this country, accounting for 16.5% of Vietnam's total export revenue. According to data from the General Department of Customs, in 2024, the export value of textiles to the U.S. exceeded 16 billion USD, reflecting a 12% increase compared to 2023. By the end of the first quarter of 2025, Vietnam had achieved a 24.6% increase in the value of textile exports to the U.S. compared to the same period in 2024, reaching 3.8 billion USD.

Figure 43: Export value of textile and garment products to the United States

(Billion USD)

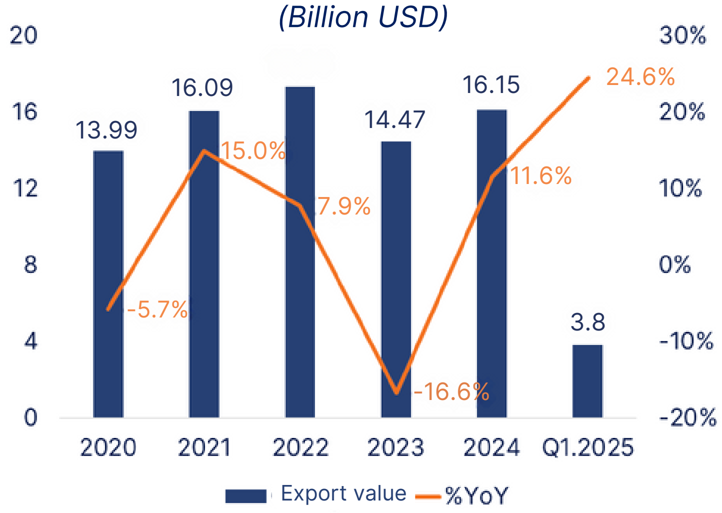
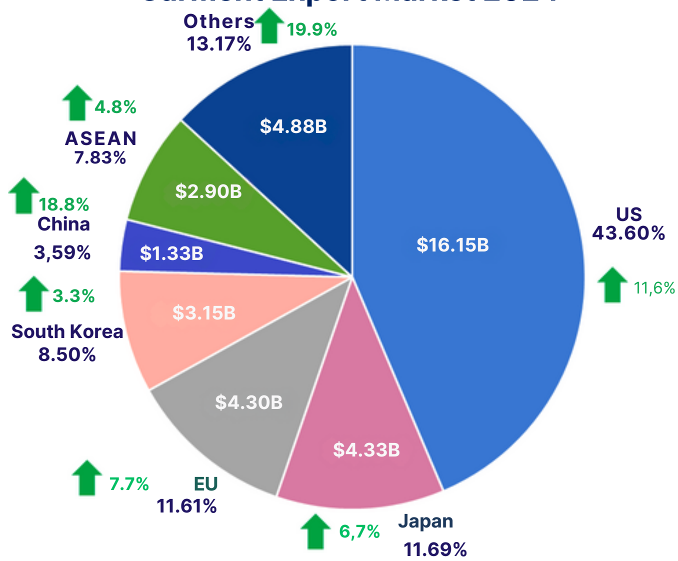


Figure 44: Structure of Vietnam's Textile and Garment Export Market 2024



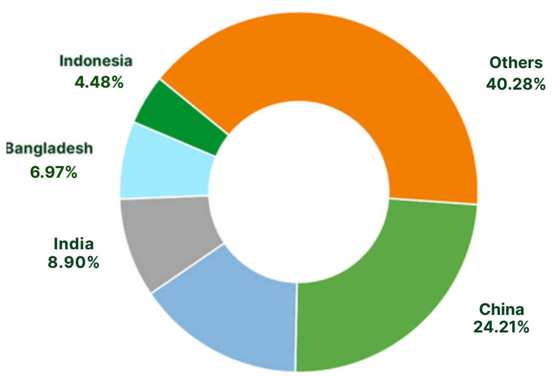
Source: General Department of Customs, SHS compilation

- In 2024, the United States remains the largest export market for Vietnam's textiles, accounting for 43.6% of the total export value. Following closely are other significant markets, including Japan, the European Union (EU), South Korea, China, and the ASEAN region.

2. Assessment of the competitive advantages of the textile industry of various countries in the U.S. market.

- According to data from Otexa, the top five countries exporting textiles and garments to the United States are China, Vietnam, India, Bangladesh, and Indonesia. Notably, Vietnam's export value to this market consistently maintains a share of 15%, ranking second in market share, just behind China. Currently, approximately 18% of the total number of factories producing sportswear and apparel for major American fashion companies are located in Vietnam.

Figure 45: Market share of textile and garment exports to the United States in 2024



Source: International Trade Administration (ITA), SHS compilation

PART II: IMPORT AND EXPORT SECTORS

- According to a survey conducted by the American Apparel and Footwear Association (USFIA), suppliers in the United States indicate a trend of shifting sourcing away from China. Consequently, in the long term, the Vietnamese textile industry is expected to gradually capture market share from China in the U.S. market. Currently, Vietnam enjoys a competitive advantage in terms of the speed of goods delivery and presents lower environmental risks compared to the other three countries in the top five, which include Bangladesh, Indonesia, and India. For the remaining criteria, all four countries are assessed at an average level with minimal discrepancies. Overall, Vietnam achieves an average score across all eight criteria and is the only country in Asia without any criteria rated poorly.

Table 7: Assessment of Competitive Advantages in the Textile and Garment Sector of Various Countries in the U.S. Market

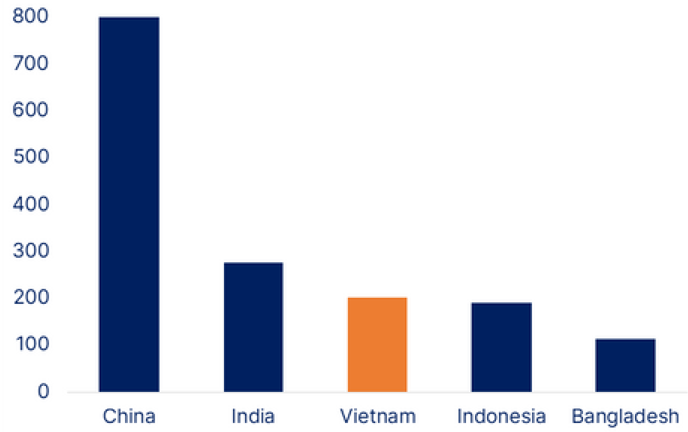
Country	Delivery speed	Supplier usage cost	Flexible and fast production capacity	Minimum Order Quantity (MOQ)	Supply chain control level	Labor and social compliance risk	Environmental compliance risk	Geopolitical risk	2024 score (unweighted)	2024 score (weighted)
United States	4.0	1.5	3.0	4.0	2.5	4.0	4.0	4.0	27.0	3.4
Mexico	4.0	3.0	3.5	3.0	3.0	3.0	3.0	3.0	25.5	3.2
CAFTA-DR (*)	4.0	3.5	3.0	3.5	3.5	3.0	3.0	3.5	27.0	3.4
Colombia	3.5	3.0	3.0	3.5	3.5	3.0	3.0	3.5	26.0	3.3
China	3.5	4.0	4.0	3.5	4.5	2.0	2.0	1.5	25.0	3.1
Vietnam	**3.0**	**3.5**	**3.5**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**	**25.0**	**3.1**
Bangladesh	2.0	4.0	3.0	2.5	3.0	2.5	2.5	3.0	22.5	2.8
Indonesia	2.5	3.5	3.5	3.0	2.5	3.0	2.5	3.5	24.0	3.0
India	2.5	3.5	3.5	3.0	4.0	2.5	2.5	3.5	25.0	3.1
Sri Lanka	2.0	3.5	3.5	3.0	2.5	3.0	3.0	3.5	24.0	3.0
Campuchia	2.5	3.5	3.0	2.5	2.5	2.5	2.5	3.0	22.0	2.8
EU	3.5	2.0	3.0	3.5	3.0	4.0	4.0	4.0	27.0	3.4
Turkey	3.0	3.0	3.5	3.0	4.0	3.0	3.0	3.0	25.5	3.2
AGOA (**)	1.5	4.0	2.5	2.5	1.5	3.0	2.5	3.0	20.5	2.6
Egypt	3.0	4.0	3.0	2.5	3.0	3.0	3.0	3.0	24.5	3.1

Source: USFIA, SHS compilation

(*) CAFTA-DR: The Central America-Dominican Republic Free Trade Agreement between the United States, Central America, and the Dominican Republic
(**) AGOA: African Growth and Opportunity Act

- In addition, regarding labor costs, Vietnam is at an average level of approximately 192 USD per month higher than Indonesia (around 188 USD) and Bangladesh (approximately 113 USD), yet still lower than China (approximately 800 USD) and India (around 300 USD), thereby maintaining a competitive pricing advantage while ensuring good product quality.

Figure 46: Labor costs in the garment industry of several countries in the region



(*) Data from China, India, and Vietnam was recorded in 2022;
Data from Indonesia and Bangladesh was recorded in 2023.

Source: Investment Monitor, Take Profit, SHS Compilation.

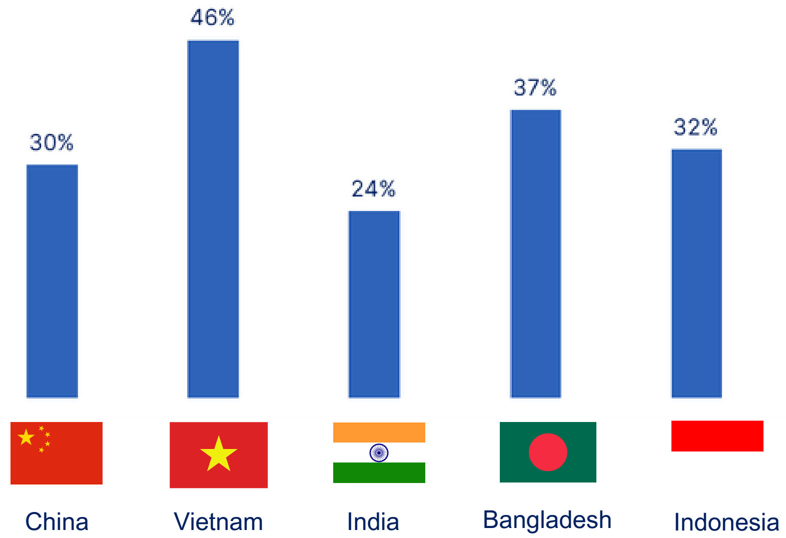
3. The impact of countervailing duties on the textile and garment industry.

The implementation of the new tariff rates will have three primary effects on the Vietnamese textile industry: it will diminish competitiveness in the U.S. market, narrow the profit margins of exporting enterprises, and increase pressure on the supply chain and employment thereby negatively impacting economic growth and reducing the quality of life for workers.

Diminished competitiveness in the U.S. market

- After the U.S. and China reached an agreement on negotiations and reciprocal tariff reductions on May 12, 2025, Vietnam currently faces the highest reciprocal tariff rate among the five largest textile and garment exporters to the U.S. market. Specifically, Vietnam's textile and garment sector is subject to an average tariff that is about 10–20% higher than that of its main competitors. As a result, Vietnam's textile and garment industry may face the risk of losing its competitive advantage, and domestic textile and garment enterprises could encounter significant challenges in maintaining their market share in the U.S.

Figure 47: Countervailing duties applied to major textile exporting countries to the United States.



Source: SHS compilation

- According to the Vietnam Institute for Economic and Policy Research (VEPR), if taxes increase by 15%, the export value of textiles and garments to the United States could plummet to just 3 billion USD in 2025, a reduction of more than five times from the 16 billion USD recorded in 2024. In this context, foreign direct investment (FDI) enterprises such as Nike, Adidas, and Uniqlo are likely to relocate their production activities to countries like Bangladesh or India, where costs are lower and they are not subject to similarly high tax rates.

PART II: IMPORT AND EXPORT SECTORS

Narrowing the profit margins of exporting enterprises.

- The Vietnamese textile and garment industry is currently significantly reliant on the United States market, with many major enterprises identifying it as their primary export destination. Notable companies with substantial export proportions to the U.S. include Song Hong Garment Corporation (80%), TNG Investment and Trading JSC (49%), and Thanh Cong Textile Garment Corporation (19%). According to the Vietnam Textile and Garment Association (VITAS), without timely countermeasures, exports to the U.S. in 2025 could decline by 20–30%, resulting in losses ranging from $5 to $7 billion. This impact will not only directly affect industry revenue but will also trigger a cascading effect on other segments throughout the entire supply chain.

Figure 48: Market Structure of MSH Exports

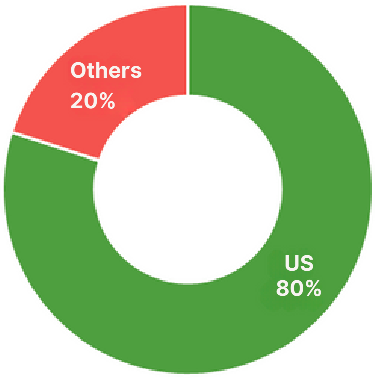


Figure 49: Market Structure of TNG's Exports

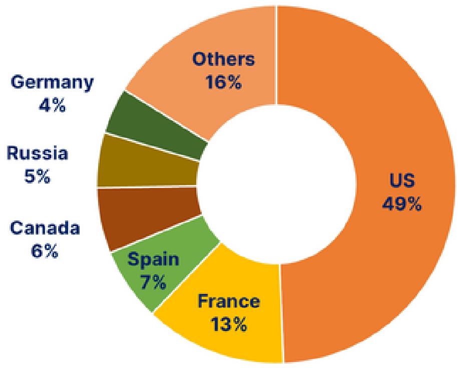
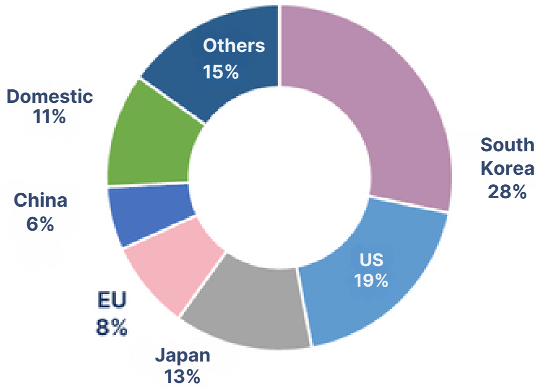


Figure 50: The structure of TCM's export market.



- With an average profit margin fluctuating between 5% and 8%, an increase in tariffs could lead many textile enterprises to experience losses. Notably, small and medium-sized enterprises (SMEs) will be the most adversely affected due to their limited financial capacity and insufficient capital to absorb rising costs.

- Not only do Vietnamese textile enterprises face high tax rates, but they also confront the risk of American customers canceling orders or demanding price reductions, as most of Vietnam's export contracts with American buyers are based on CIF (Cost, Insurance, and Freight) terms. This means that the enterprises bear the responsibility for transportation and costs until the goods reach the destination port. Consequently, this situation poses significant cash flow risks for exporting companies.

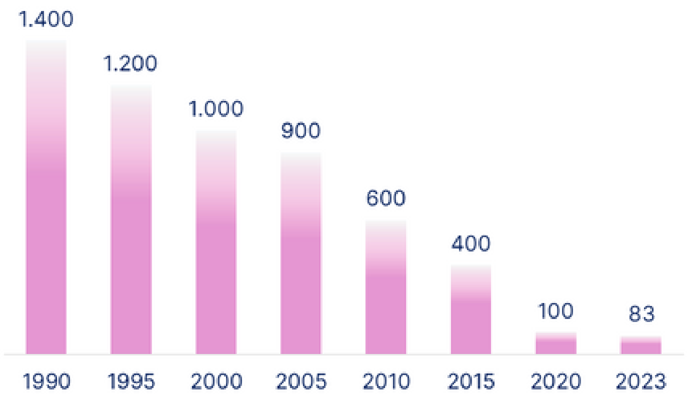
Increasing pressure on the supply chain and employment

- The President of the Vietnam General Confederation of Labor has reported that Vietnam is home to approximately 7,000 textile and garment enterprises employing around 3.4 million workers, which constitutes nearly 20% of the total workforce in the industrial and construction sectors. However, as orders decline, many companies are compelled to scale back production, and some have even closed factories. If this trend continues, hundreds of thousands of workers may face job losses, leading to severe social repercussions.

4. Positive expectations in renegotiating tax rates with the textile industry.

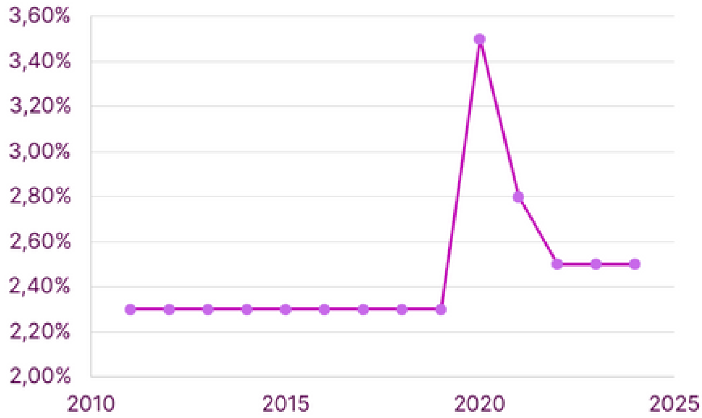
- Overall, domestic textile and garment enterprises will face greater challenges in finding alternative solutions, as the U.S. remains Vietnam's leading textile import partner. However, from an optimistic perspective, the likelihood of successfully negotiating a reduction in tariffs imposed on the textile industry is quite high, since high tariffs are typically used to protect domestic manufacturing - but the U.S. hardly produces any clothing itself.

Figure 51: Workforce in the U.S. Apparel Manufacturing Industry (Thousands)



Source: U.S. Bureau of Labor Statistics (BLS), SHS compilation

Figure 52: The proportion of domestically produced apparel in the United States



Source: AAFA, SHS compilation

- Currently, only approximately 2.5% of clothing sold in the United States is produced domestically; the majority is imported from other countries. Data from the U.S. Bureau of Labor Statistics (BLS) indicates that the American textile industry has lost over 1.3 million jobs since 1990, declining from more than 1.4 million to fewer than 100,000 workers today. In contrast, Vietnam's workforce in this sector is around 3 million. Consequently, with only 100,000 workers, the United States cannot compensate for the reduction in imports from other nations.
- Alongside the shortage of skilled and willing labor, the United States lacks a domestic supply of production materials. According to a document from the American Apparel and Footwear Association sent to President Donald Trump's Trade Representative, approximately 70 types of materials necessary for manufacturing a standard pair of shoes in the U.S. must be imported due to their unavailability domestically. Ultimately, the imposition of high tariffs primarily harms consumers and American retailers.

PART II: IMPORT AND EXPORT SECTORS

C. EXPORT OF FOOTWEAR FROM VIETNAM TO THE UNITED STATES:

Vietnam serves as a crucial link in the global footwear industry.

- VCCI reports that Vietnam is currently the third-largest footwear manufacturer in the world, following China and India, and is the second-largest exporter globally, with an estimated export volume accounting for 10% of the world's total, present in 150 markets.

Figure 53: Global Footwear Production Market Share in 2023

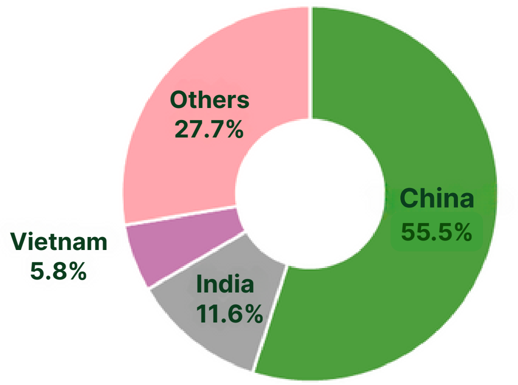
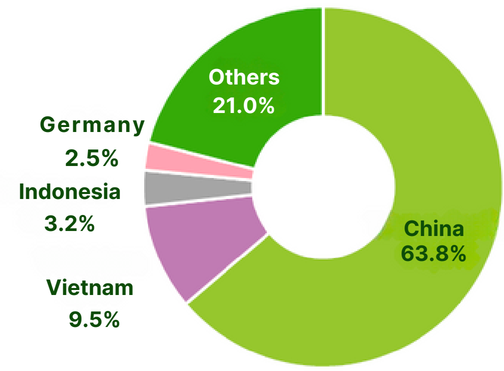


Figure 54: Global Footwear Export Market Share in 2023



Source: World Footwear Yearbook 2024, SHS compilation

- According to data from the General Department of Customs, Vietnam's footwear export revenue reached 22.9 billion USD in 2024, reflecting a 13% increase compared to the previous year. Cumulatively, in the first three months of the year, the export value of the sector rose by 15.2% year-on-year, totaling 1.97 billion USD. Notably, the United States is Vietnam's largest export market, accounting for approximately 36.2% of the total footwear exports in 2024, equivalent to around 8.28 billion USD.

Figure 55: Vietnam's Footwear Export Revenue to the United States (Billion USD)

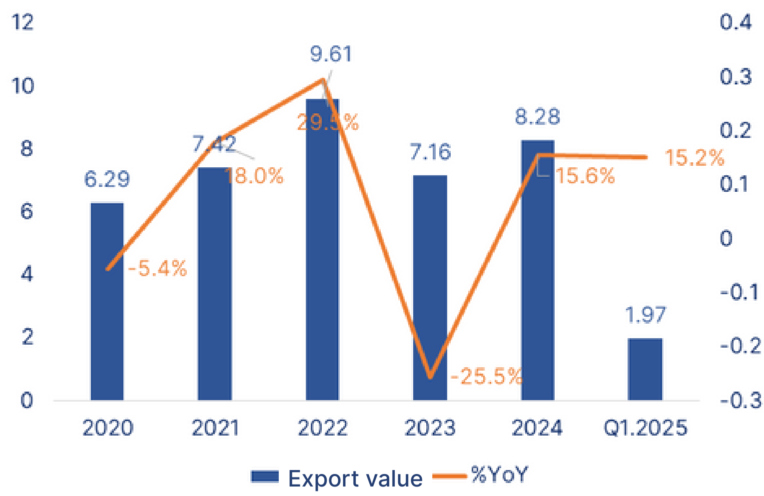
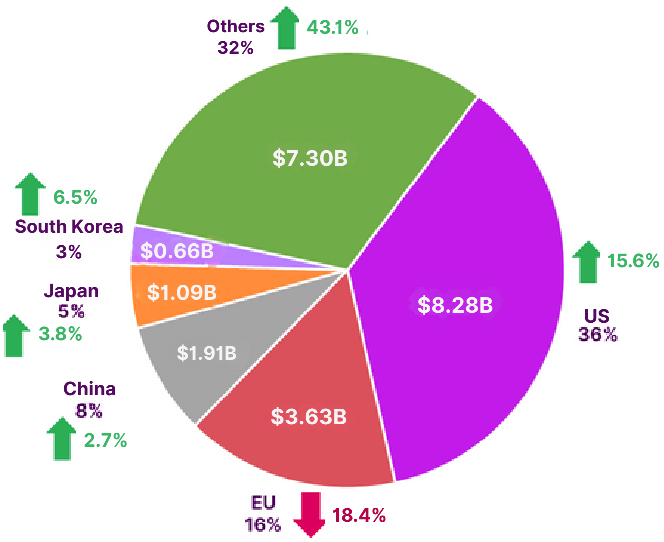


Figure 56: Structure of Vietnam's Footwear Exports 2024



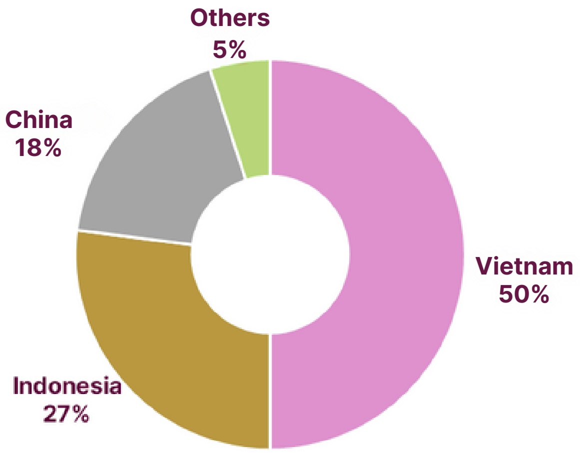
Source: General Department of Customs, SHS compilation

PART II: IMPORT AND EXPORT SECTORS

2. The production of the American footwear industry is closely linked to Vietnam.

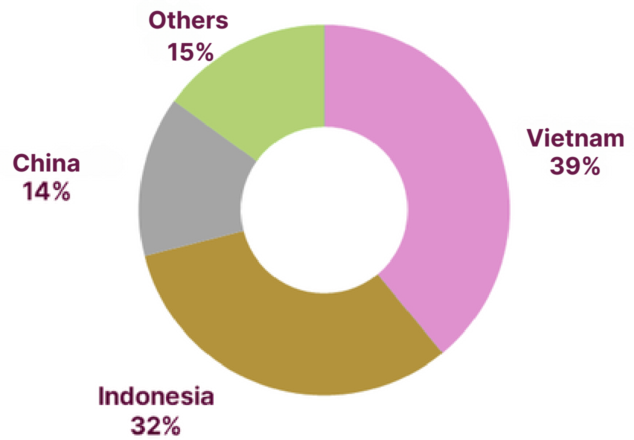
- According to a report by Spotico, eleven major American fashion companies, including Fanatics, Under Armour, Adidas, New Balance, New Era Cap, Nike, Puma, Lululemon, Amer Sports, Asics, and Dick's Sporting Goods, have established production in 2,508 factories worldwide. Notably, 80% of these factories are located in East Asia or South Asia, regions where the initial tariff rates imposed by the United States are the highest. Specifically, the factories are situated in China (35%), Vietnam (18%), Indonesia (6%), Cambodia (4%), and Taiwan (3%).
- The Footwear Distributors and Retailers of America (FDRA) reports that approximately 70% of athletic footwear consumed in the United States is produced in Vietnam, China, and Indonesia, with Vietnam holding a significant share due to its advantages in craftsmanship, labor costs, and a relatively stable investment environment. Notably, major brands with high production rates in Vietnam include Nike (50%), Adidas (39%), Brooks Running (85%), and Skechers (29%).

Figure 57: Nike's Footwear Production by Country



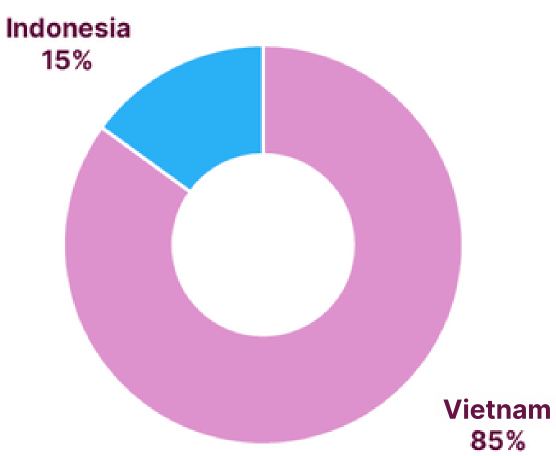
Source: Nike Annual Report 2024

Figure 58: Adidas's Footwear Production by Country



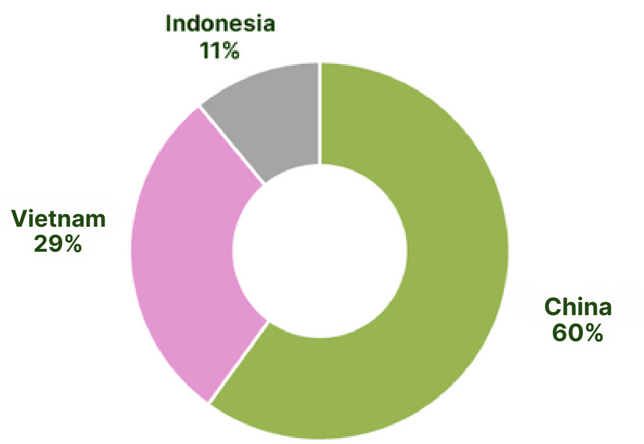
Source: Adidas Annual Report 2024

Figure 59: Brooks Running's Footwear Production by Country



Source: Reuters

Figure 60: Sketcher's Footwear Production by Country



Source: DCFmodeling.com

PART II: IMPORT AND EXPORT SECTORS

3. The Vietnamese footwear industry under the impact of new countervailing duties from the U.S

- It is evident that Vietnam's footwear industry and the U.S. market are closely linked and mutually dependent. While the U.S. is the primary consumer of Vietnam's exported footwear, the American footwear industry also finds it difficult to identify an alternative manufacturing market that offers the same policy stability, strong production capacity, and long-term commitments to brands as Vietnam does.
- According to the report from the Vietnam Leather, Footwear, and Handbag Association (LEFASO), due to the predominant operation model of contract manufacturing for major brands, the gross profit margin of domestic footwear enterprises typically ranges from 4% to 7%, significantly lower than the design and branding stages, which see margins of 20% to 40%. Factories in Vietnam, which already operate with low profit margins, will find it challenging to absorb additional cost pressures, while major brands cannot easily shift all their orders to other countries due to the substantial investment required.
- American companies may find themselves in a difficult position when seeking an alternative market. Specifically, if they withdraw from Vietnam to evade taxes, they will have few comparable options that offer both robust production capabilities and low labor costs. Consequently, foreign direct investment (FDI) enterprises operating in Vietnam, such as Nike and Adidas, are unlikely to exit immediately. However, they will be compelled to mitigate risks by diversifying their orders or renegotiating costs with domestic suppliers.
- Currently, there are no publicly listed companies related to the production of leather and footwear; however, companies involved in the development of industrial real estate and maritime logistics will be most significantly impacted.

4. The pressure from tariffs on American footwear companies.

- On April 29, 2025, the Footwear Distributors and Retailers of America (FDRA) represented 76 leading footwear brands, including Nike, Adidas, Skechers, and Under Armour, in a letter addressed to President Donald Trump, requesting an exemption for footwear from the new tariff policy being implemented by Washington.
- According to the FDRA, the footwear industry is currently facing cumulative tariff rates ranging from 150% to 220%, encompassing both old and new taxes. This taxation is unlikely to prompt a return of production to the United States, as desired by Mr. Trump. Instead, it may lead to increased costs, reduced consumption, and push numerous small businesses to the brink of bankruptcy. The association also warns that many orders have been delayed, and the inventory of shoes available for American consumers may soon be depleted.

PART II: IMPORT AND EXPORT SECTORS

D. EXPORT OF WOOD AND WOOD PRODUCTS FROM VIETNAM TO THE UNITED STATES:

1. The United States is one of the key export markets for Vietnam's wood industry.

- Vietnam exports wood and wood products to 170 countries and territories, with the five largest markets accounting for nearly 90% of the total export value, including the United States, China, Japan, South Korea, and the European Union. Notably, Vietnam has only exported wood chips and wood pellets to Japan; wood pellets to South Korea; wood chips to China; while the United States, as the largest market, also represents the category of furniture, which has experienced the highest growth.
- According to data from the General Department of Customs, the export value of wood and wood products to the United States in 2024 reached 9.06 billion USD, reflecting a 23.9% increase compared to the same period the previous year and accounting for 55.7% of Vietnam's total export turnover for this commodity. In the first three months of 2025, the estimated value is 2.13 billion USD, representing a 12.7% increase compared to the same period in 2024.
- The primary items that Vietnam exports to the United States are wooden products (both interior and exterior), accounting for 89.9% of the total export value, while nearly 10.1% consists of wood and other raw material products.

Figure 61: Export value of wood and wood products from Vietnam to the U.S (Billion USD)

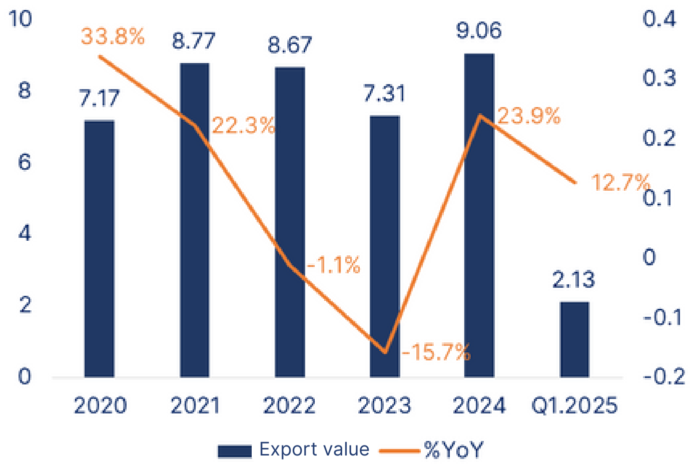
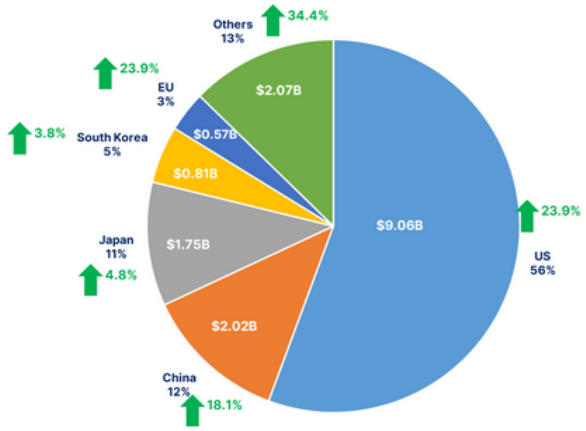


Figure 62: Market Structure of Vietnam's Wood Product Exports 2024



Source: General Department of Customs, SHS compilation

- The primary items that Vietnam exports to the United States are wooden products (both interior and exterior), accounting for 89.9% of the total export value, while nearly 10.1% consists of wood and other raw material products.

Figure 63: Structure of Vietnamese Wood Products Exported to the U.S 2024

Source: VIFOREST, SHS compilation

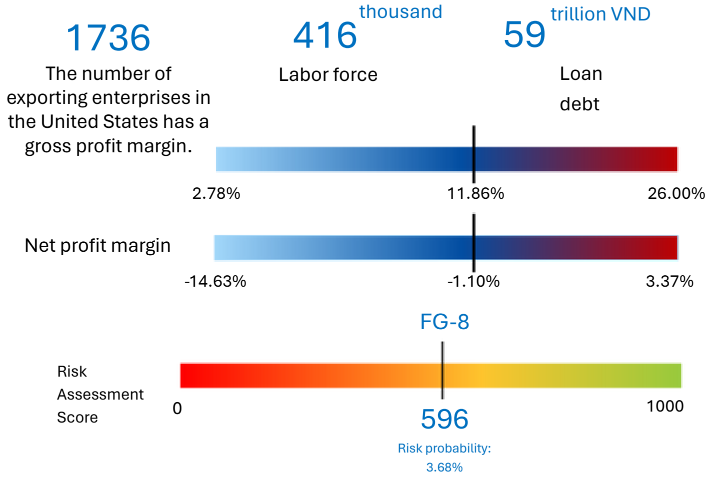
2. Will the Vietnamese wood industry be subject to new countervailing duties from the United States?

- According to the announcement, the types of goods exempt from retaliatory tariffs include: (1) Products listed in Appendix II, which comprise copper, pharmaceuticals, wooden furniture, sawn timber, semiconductors, certain critical minerals, energy, and energy products not available in the U.S.; and (2) All goods that may be subject to future tariffs under Section 232.
- On March 1, 2025, President Trump requested the Department of Commerce (DOC) to initiate an investigation into wood and wood products under Section 232 of the Trade Expansion Act of 1962. The products subject to investigation under Section 232 include wood products classified under HS codes 94 (furniture) and from HS codes 4414 to 4421. The investigative report is expected to be submitted to the President within 270 days. Consequently, according to this regulation, the aforementioned wood items, which account for approximately 85% to 90% of the value of wood and wood product exports from Vietnam to the United States, fall under category (2) and will not be subject to immediate countervailing duties after the 90-day period, pending the results of the DOC investigation. However, detailed guidance on this matter remains unclear.
- Meanwhile, other wood products, including sheet wood and products classified under HS codes 4401-4413, continue to be subject to a 46% tax. However, there has yet to be an announcement regarding whether Vietnamese wood-exporting enterprises will face cumulative tax rates or only the tax applicable to each individual item.

3. The impact of taxes on the wood industry

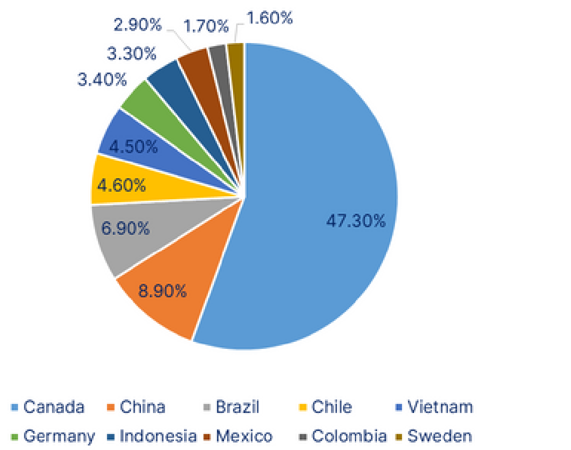
- Leveraging its cost advantage with 70% of raw materials sourced domestically, Vietnam ranks among the leading wood-exporting nations to the United States. Additionally, previously, Vietnamese wooden products exported to the U.S. benefited from a 0% tariff, providing a competitive pricing edge over foreign rivals. In contrast, Vietnam imposes a 25% tariff on furniture imports from the United States. Consequently, should countervailing duties reach as high as 46%, the production costs for wood and wood products in Vietnam would increase by approximately $4.14 billion annually, leading to a significant rise in selling prices. This would erode Vietnam's competitive advantage, aligning prices closely with those of China, its largest regional competitor, not to mention other countries such as Canada (which accounts for 47.3% of U.S. wood imports) and Indonesia (3.3%), which would have the opportunity to expand their market share due to their lower tariff rates of 25% to 32%.

Figure 64: Assessment of Wood Industry Enterprises



Source: Fiingroup

Figure 65: Structure of the wood product export markets to the United States 2024



Source: Global Wood, SHS compilation

PART III: MARITIME INDUSTRY

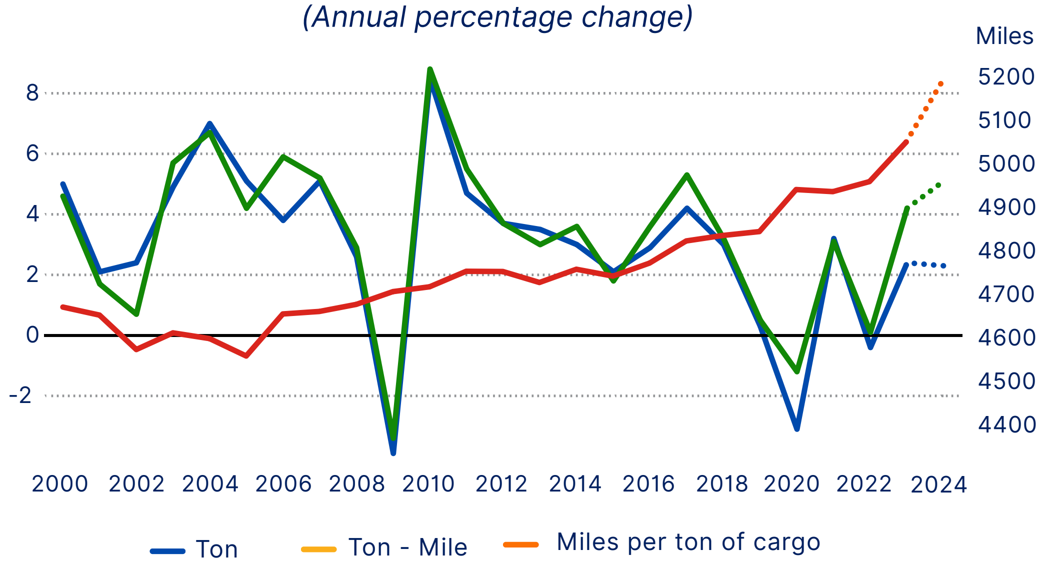
The U.S. reciprocal tax policy, announced in April 2025 and effective from April 9, 2025, is expected to significantly impact Vietnamese port enterprises due to their substantial reliance on exports to the U.S. market.

1. Alteration of global customs cargo flow

- According to UNCTAD, the volume of customs-cleared goods is projected to grow at a compound annual growth rate of 2.5% during the period from 2025 to 2029. If a reciprocal tariff of 10% is applied to all countries, the growth rate of goods volume will slow to approximately 1%. Should the reciprocal tariff remain unchanged following negotiations, the volume of goods is expected to experience a negative growth rate of around -2%.
- Asia accounts for approximately 68% of global container throughput. The 10% tariff does not alter the supply chain. However, if a higher retaliatory tariff is implemented, it will impact the global supply chain, as manufacturers may relocate from Vietnam to other countries in the region such as India, Bangladesh, and Indonesia.

Figure 66: Maritime trade growth is anticipated to accelerate in 2023 and 2024, driven by a shift towards longer shipping routes.

(Annual percentage change)



Source: UNCTAD

Table 67: Forecast for International Maritime Trade

(Annual percentage change)

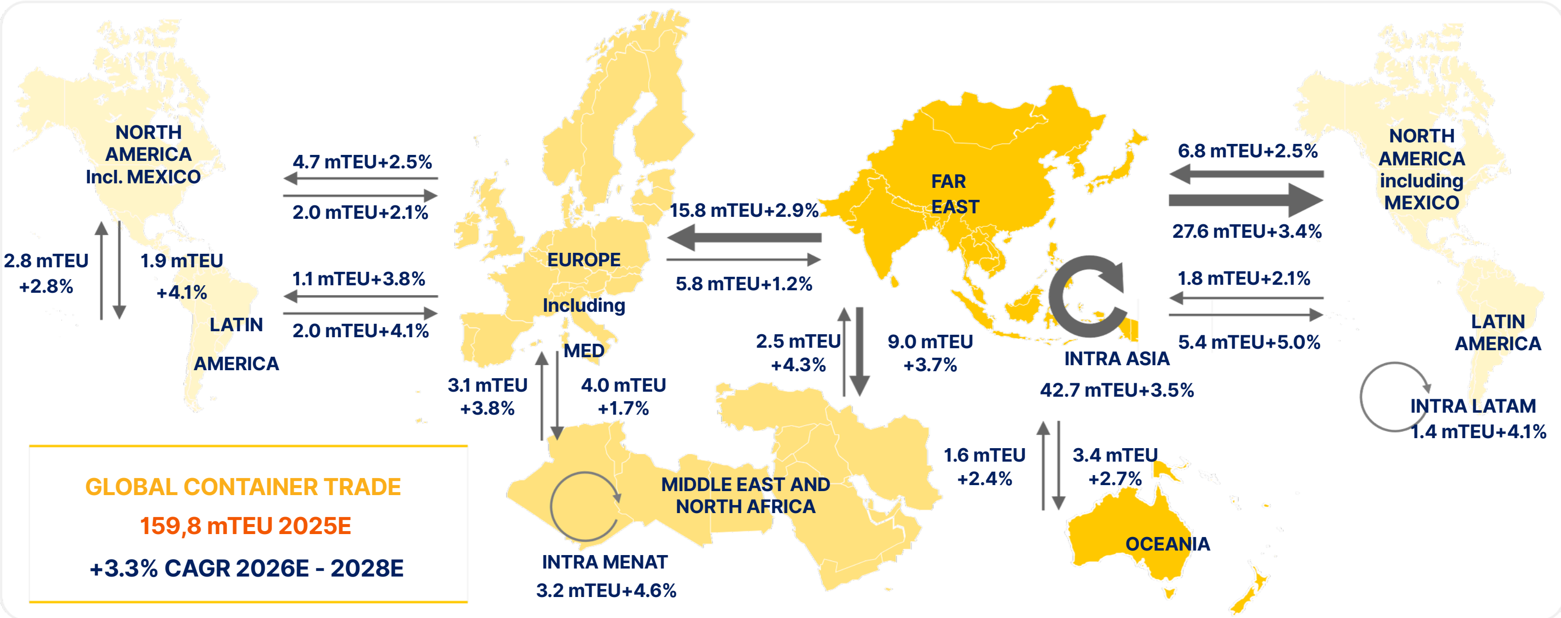
Year	Maritime trade measured in tons	Container trade measured in TEUs
2024	2.0	3.5
2025	2.5	2.9
2026	2.5	2.9
2027	2.4	2.6
2028	2.3	2.5
2029	2.3	2.5

Source: UNCTAD

PART III: MARITIME INDUSTRY

- The volume of intra-Asian cargo transport (42.7 million TEUs) significantly exceeds the volume of cargo shipped from Asia to North America (27.6 million TEUs), approximately 1.55 times greater.

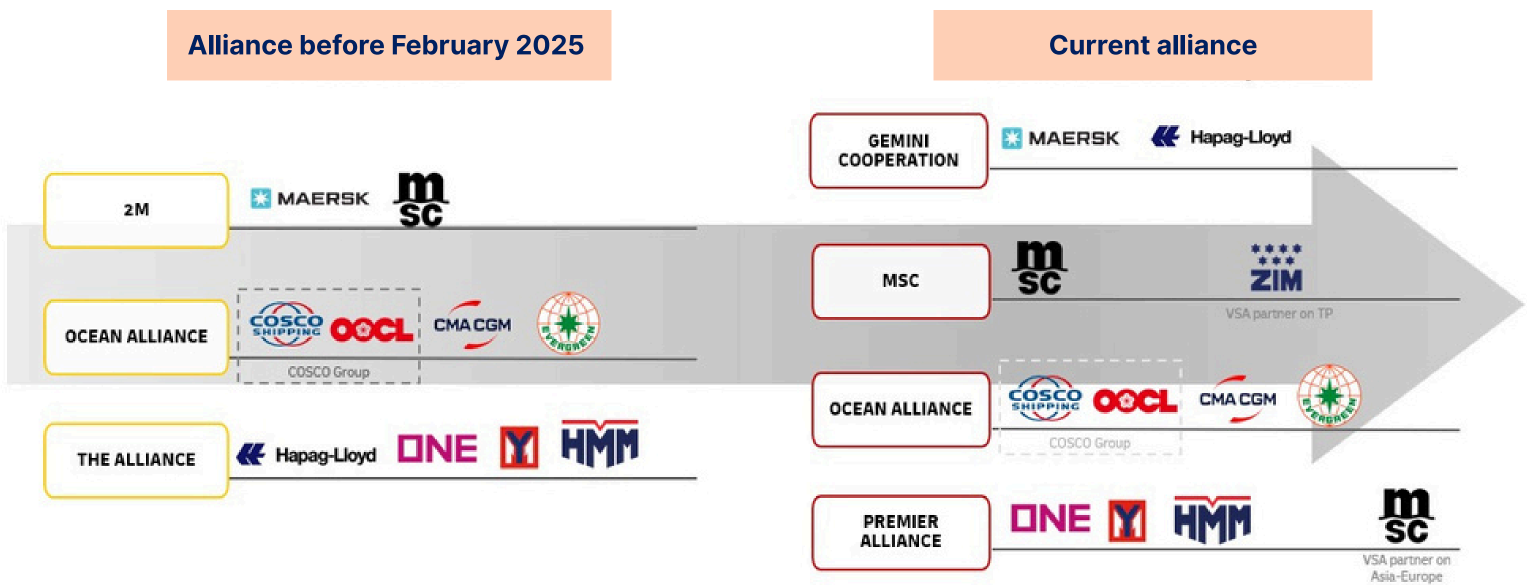
Figure 68: Global Goods Demand Outlook 2025-2028



Source: Accenture Cargo

- Service disruptions are anticipated as maritime alliances transition to a new operational model, which is also a factor that warrants careful consideration.

Figure 69: Global Maritime Alliance Restructuring



Source: Accenture Cargo

MARITIME INDUSTRY (continued)

Figure 70: Major Trade Partners of Vietnam – 2024 (Unit: billion USD)

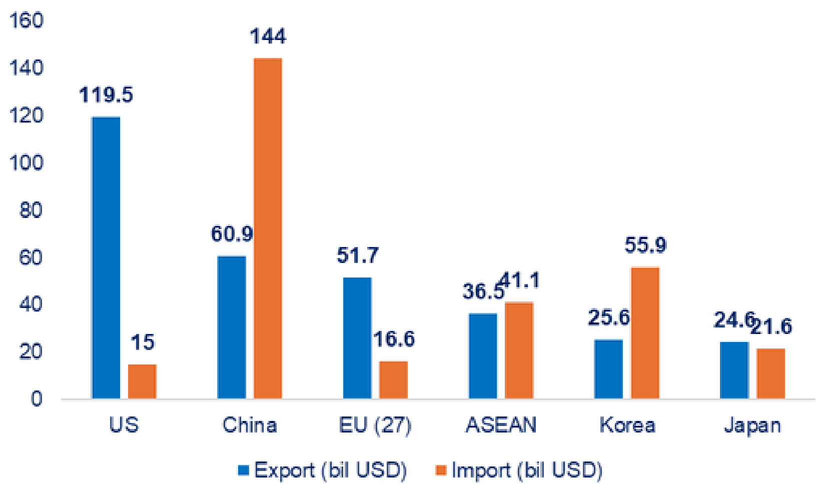
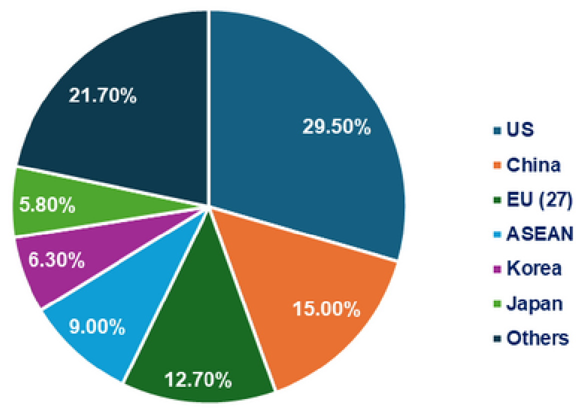
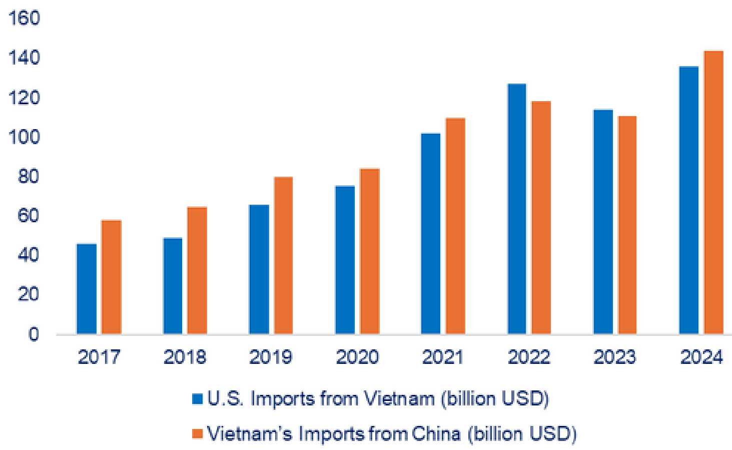


Figure 71: Market share of Vietnam's exports (as a percentage of the total)



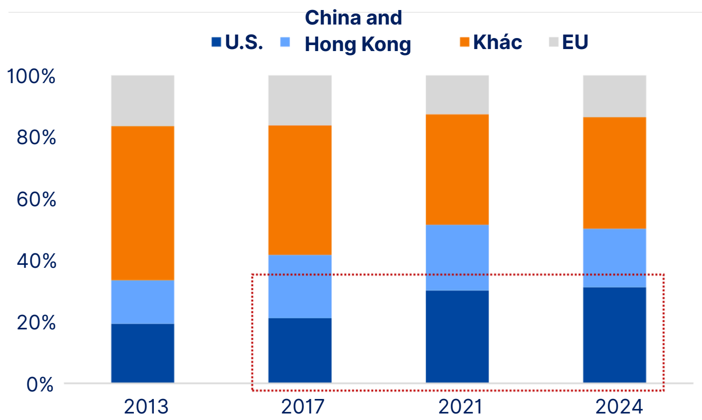
Source: General Department of Customs

Figure 72: Trade between China, Vietnam, and the United States during the period 2017 - 2024



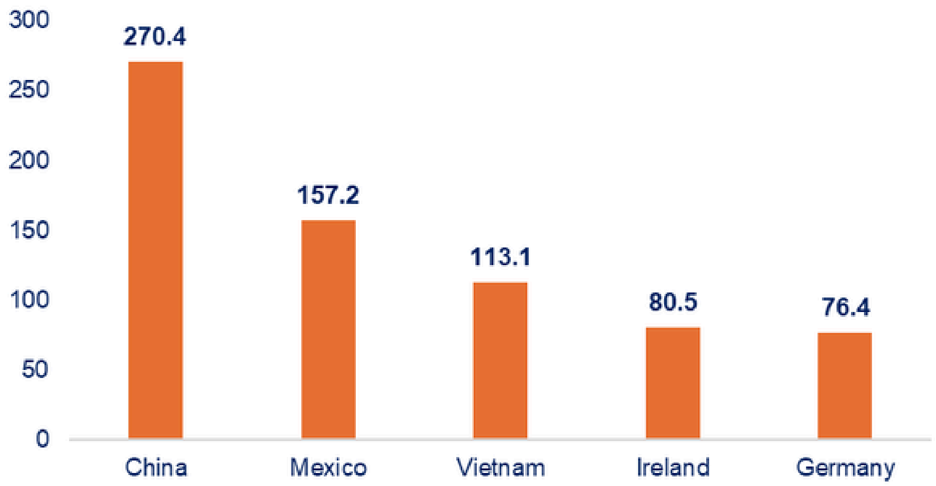
Source: General Department of Customs, US Census Bureau

Figure 73: The market share of the United States in Vietnam's total export turnover.



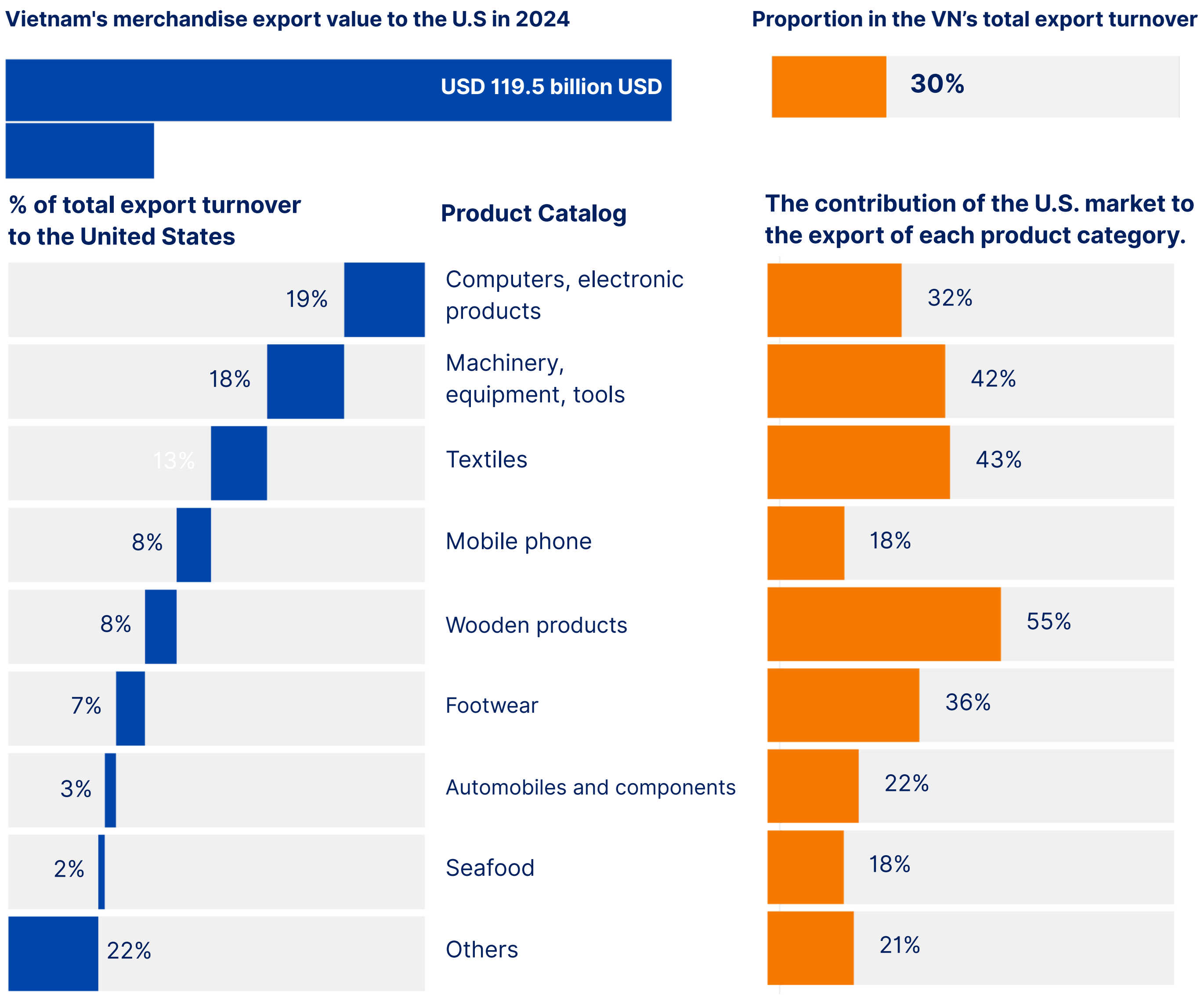
Source: GSO

Figure 74: Trade Surplus with the United States (billion USD)



Source: United States Census Bureau

Figure 75: Major export items to the U.S. market



Source: GSO, General Department of Customs, VIS Rating

MARITIME INDUSTRY (continued)

2. The impact on goods production through ports in Vietnam.

- Countervailing duties increase the export costs of Vietnam's key products to the United States, including electronics, textiles, leather goods, wooden furniture, and seafood. The elevated tax rates render Vietnamese goods less competitive in the U.S. market, leading to a decline in import demand from American partners, a reduction in export orders, and a decrease in the volume of goods passing through seaports.
- Multinational companies may begin to reallocate their supply chains if the tariff differentials between Vietnam and other manufacturing hubs persist.

✓ The port system of Vietnam features two deep-water port areas that accommodate direct shipping from Vietnam to the Americas: the Lach Huyen Port Cluster (Hai Phong) and Cai Mep - Thi Vai (Ba Ria - Vung Tau).

Port cluster	Total 2024 export volume (million TEUs)	Total 2024 export volume to the United States (million TEUs)	The 2024 shipping rate to the United States	Exports to the United States in 1st quarter 2025 (million TEUs)
Cai Mep - Thi Vai	10.8	4	37%	1
Lach Huyen	1.6	0.9	56.25%	0.22

Source: SHS Research

✓ In 2024, Vietnam's merchandise export value to the United States is projected to reach approximately 119.5 billion USD (+23.3% year-on-year), accounting for about 30% of the country's total export value. The anticipated 46% tariff is expected to impact around 37.5 billion USD in export value, equivalent to nearly 2% of GDP.

✓ Each week, Vietnam operates 31 direct flights to the United States, primarily from Lach Huyen and Cai Mep - Thi Vai. A reduction in cargo volume may result in a decrease in the number of flights, thereby impacting operational efficiency.

Port cluster	Lach Huyen	Cai Mep - Thi Vai
Number of trips	7 routes/week (5 routes to the west coast and 2 routes to the east coast)	24 direct transport routes to the United States market, including: • TCIT: eight routes. • Gemalink: 7 routes. • TCTT: 4 routes. • CMIT: 3 routes. • SSIT: 2 routes.
Primary export commodities	Electronics, apparel, leather footwear	Wood, furniture; Textiles, leather footwear; Seafood; Machinery, equipment and spare parts; Rubber

Source: SHS Research

✓ The ripple effect on logistics and supply chains. A decline in exports to the United States will impact related sectors such as logistics, warehousing, and domestic transportation. Port enterprises must adjust their strategies to adapt, whether by enhancing services to other markets or optimizing costs.

MARITIME INDUSTRY (continued)

- **Impact assessment**

The deep-water ports with direct routes to the United States are directly and significantly affected.

Enterprises that own deep-water ports such as PHP (Lach Huyen berths 3 & 4), SGP (CMIT & SSIT), and GMD (Gemalink), particularly Cai Mep - Thi Vai and Lach Huyen, will be most significantly impacted by the United States' retaliatory tariff policies. This is primarily because these ports facilitate direct shipping routes connecting Asia with America and Europe. Tariffs diminish consumer purchasing power, resulting in a substantial decrease in the volume of goods passing through these ports.

The river ports that serve as transshipment points are also indirectly affected.

The river port groups in Ho Chi Minh City, which serve as a vital link for goods from the southern industrial zones to Cai Mep - Thi Vai, are expected to experience a decline in container throughput due to a reduction in export volumes to the United States. Similarly, the river ports in Hai Phong will also be affected, albeit to a lesser extent, as they primarily cater to intra-Asian cargo. However, the imposition of tariffs by the United States on several Asian countries may diminish production demand, consequently leading to a decrease in cargo volumes passing through these river ports.

Regarding the 10% reciprocal tax scenario: The forecast for cargo throughput at Vietnamese seaports is expected to increase by approximately 12% year-on-year.

- A 10% tax does not pose a significant disadvantage compared to competitors exporting to the United States; therefore, the risk of losing orders is minimal.
- The American consumer demand is minimally affected, as this tax does not significantly increase the prices of Vietnamese goods.
- Vietnam stands to benefit from the relocation of orders away from China (with a tariff of 145%), thereby reinforcing its position as an alternative transit hub within the supply chain.

Regarding the 46% countervailing tax scenario: It is anticipated that the volume of goods passing through Vietnamese seaports may decline by 10 to 15%, attributed to a significant decrease in export orders to the United States.

- The high tax rate diminishes competitive advantages compared to countries such as India, Brazil, and Bangladesh, which have lower taxes when entering the U.S. market.
- The risk of order and FDI capital relocation from Vietnam is increasing, impacting production, logistics, and port operations.
- The pressure on import prices in the United States has surged, leading to a potential reduction in consumer spending, which negatively impacts Vietnam's exports.
- Major ports such as Cai Mep - Thi Vai and Lach Huyen are adversely affected due to their reliance on the Asia – America shipping route; the frequency of vessels and cargo volumes may experience significant declines.

3. The impact on the revenue and profit of maritime port and shipping enterprises.

- **Port revenue has declined:** The volume of goods and the frequency of vessels have decreased, leading to a significant reduction in income from loading, storage, and anchorage. This has particularly impacted major ports such as Lach Huyen (PHP), CMIT & SSIT (SGP), and Gemalink (GMD).
- **Tariffs and export orders decline:** U.S. tariffs hinder trade, reducing global container flows - particularly to the United States. Ports with a significant volume of shipments to the U.S., such as GMD and VSC, face the risk of revenue decline starting in Q2 2025.
- **Dual risk:** Companies that operate ports while also owning container ships, such as HAH, face dual pressures from both declining output and rising transportation costs, which directly impact profitability.

4. Increased inventory levels and localized congestion in the short term.

- **Fluctuations in cargo volume exert pressure on port operations:** Currently, a 90-day negotiation period is underway among nations. Prior to the implementation of tariffs, a "bottleneck" in exports may occur, resulting in short-term growth. Subsequently, there may be a significant decline in cargo volume, complicating resource allocation and increasing operational costs for the port.
- **The risk of container backlog and congestion due to tariff policies:** The reduction in imports by American partners may lead to a backlog of containers at ports. The wait-and-see mentality of importers and exporters in response to tariff developments may also increase inventory levels, resulting in congestion and a shortage of transportation capacity.
- **Disruption of the supply chain and the risk of rising shipping costs:** The proposed imposition of tariffs by the United States on vessels associated with China could severely disrupt the global supply chain and elevate shipping costs, reminiscent of the COVID-19 period. While this may provide short-term benefits to shipping companies, it could ultimately diminish consumer demand and shipping volumes, adversely affecting the entire logistics sector.

5. Competitive pressure and the risk of losing FDI inflows as Vietnam no longer enjoys tariff advantages.

- **When Vietnam no longer benefits from tax incentives, the wave of "tax-evading" goods from China and export orders may shift to other countries,** such as India (26% tax), Brazil (10%), or Bangladesh—regions that currently possess greater competitive advantages. This poses a threat to the long-term volume of goods passing through Vietnamese seaports.
- **FDI serves as a vital catalyst for export growth and port productivity.** However, if subjected to countervailing duties from the United States, Vietnam may gradually lose its appeal to foreign investors, particularly in the export manufacturing sector. The uncertainty surrounding the trade environment further compels multinational corporations to diversify their investment destinations, placing Vietnam at risk of falling off the global capital flow "map."

Index	2024	Forecast of Impact 2025
Export value to the U.S	119.5 billion USD	Reduction of 10-15% due to countervailing duties.
Container throughput at the Cai Mep - Thi Vai port complex	4 million TEUs (to the U.S.)	Reduce by 20-30% in the short term.
Container throughput at Lach Huyen port complex	1.6 million TEUs (0.9 million to the United States)	Reduce by 15-25% in the short term.
Export proportion to the United States	29% of Vietnam's total export turnover	It can be reduced to 25% or lower if the tax is 46%.

Source: Vietnam Maritime Administration, SHS Research

6. The risk of diminishing the role of Vietnamese ports in the global supply chain.

- **The psychology of waiting and the trend of route diversion have led many import-export businesses to prioritize transshipment through major ports** such as Singapore and Hong Kong, rather than directly docking at Vietnamese ports. It is anticipated that this may result in a 10–15% decrease in vessel arrivals at deep-water ports like Cai Mep and Lach Huyen if shipping companies consolidate routes or restructure their operational networks.
- **Disruption of the supply chain and transportation schedules:** The elevated tariff rate of 46% imposed by the United States has significantly diminished export orders, compelling domestic manufacturers to adjust their plans and causing interruptions in the flow of goods. Consequently, shipping schedules to ports have become misaligned, prompting shipping companies such as Maersk, MSC, and CMA CGM to potentially reduce or consolidate routes to lower costs, resulting in container backlogs and slowing vessel turnaround times.

7. The impact on the long-term development plan for Vietnam's seaports.

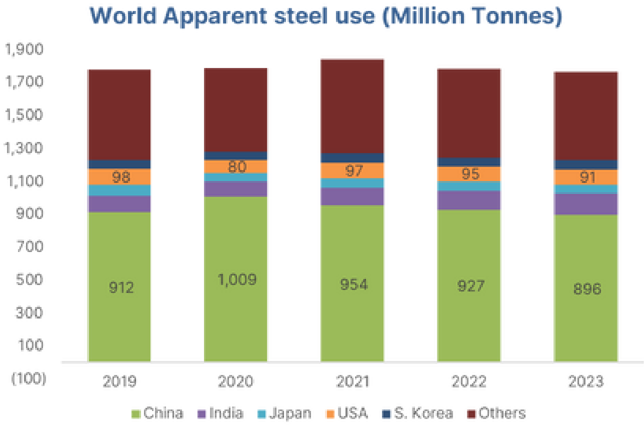
- Decision 422/QĐ-TTg amends and supplements certain provisions of Decision 1579/QĐ-TTg dated September 22, 2021, which approved the Master Plan for the Development of Vietnam's Seaport System for the period 2021 - 2030, with a vision towards 2050. Specifically, it has adjusted several aspects as follows: The seaport system is designed to accommodate a cargo volume ranging from 1,249 to 1,494 million tons (including container cargo from 46.3 to 54.3 million TEUs, excluding international transshipment cargo).
- The decline in cargo volume due to tariffs may impact the timeline and effectiveness of infrastructure investment projects in Vietnam's seaports in the long term.

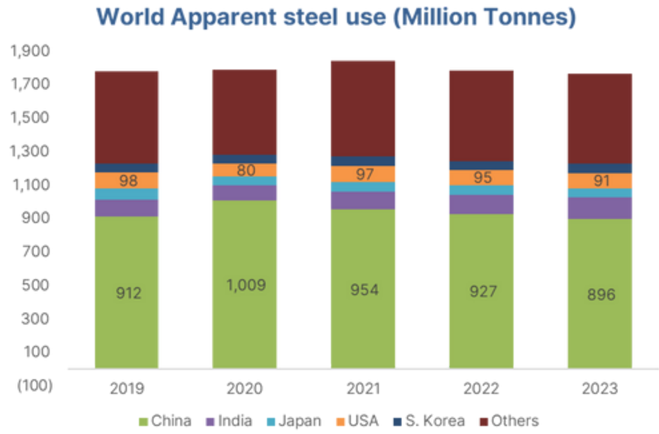
Overall Assessment

- Although the U.S. countervailing tax policy may induce short-term fluctuations, the long-term outlook for the two strategic port clusters in Vietnam - Hai Phong and Cai Mep - Thi Vai remains quite positive.
- The actual impact will depend on the negotiated tax rates, the implementation timeline, and the competitive capabilities of other exporting rivals. Overall, Vietnam's maritime industry still possesses significant growth potential in the medium to long term. However, changes in trade policies from major partners may create temporary "headwinds," necessitating that companies within the sector prepare and adapt flexibly.

SECTION IV: THE STEEL INDUSTRY

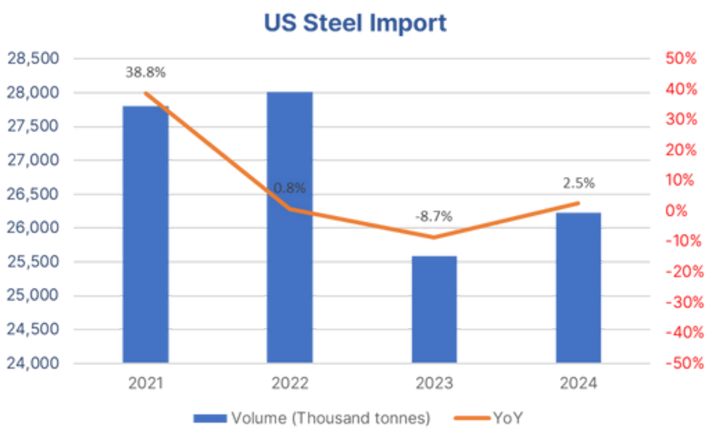
- The United States is one of the leading countries in the production and consumption of steel worldwide.





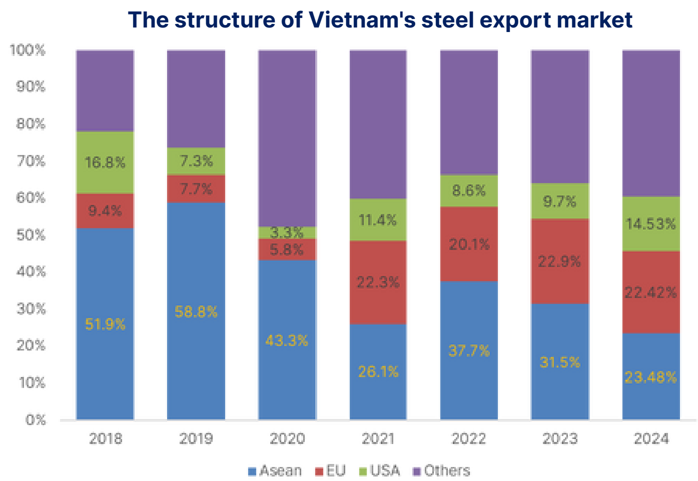
Source: WorldSteel, SHS Research

- The United States primarily imports steel from Canada and Mexico. Vietnam ranks among the top 10 countries exporting steel to the U.S.; however, over the past five years, it has accounted for only 2.8% of the total steel imports.



Source: USITA, SHS Research

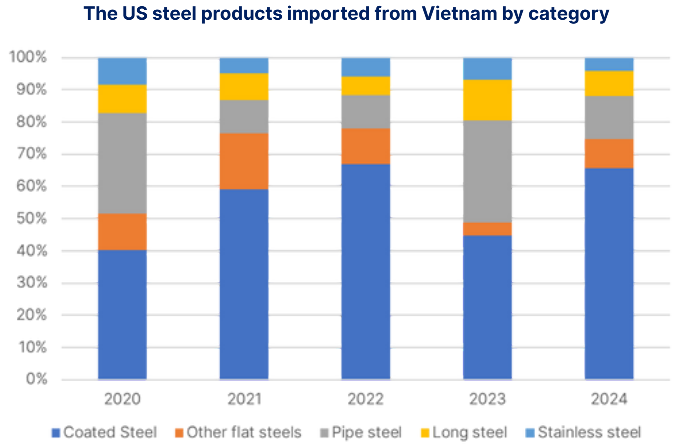
- For Vietnam, the United States represents a relatively low proportion of steel export markets, averaging 8.2% during the period from 2020 to 2023, with an increase to 14.5% anticipated in 2024.



Source: VSA, SHS Research

- In terms of structure, galvanized steel is currently the primary export item to the United States.

Source: VSA



Source: USITA, SHS Research

- Regarding the impact, the countervailing duties do not apply to steel, as the United States previously imposed a 25% tariff on all imported steel products. This tariff is viewed as a means to restore a more equitable playing field and provide fairer competitive opportunities compared to the past, given that Vietnamese steel has been subject to a 25% tariff since 2018, while competing nations such as Canada and Mexico have enjoyed exemptions since May 2019. Nevertheless, the indirect effects of the countervailing duties remain significant, as steel is closely correlated with economic growth. Most forecasts suggest that these duties will dampen global economic growth, potentially reducing demand for imported steel and impacting the construction and expansion of facilities for foreign direct investment (FDI) projects in Vietnam, thereby indirectly affecting the steel industry. Additionally, it is important to note that companies in the galvanized steel production sector will incur additional anti-dumping duties (AD) when exporting to the United States if the preliminary tariff levels are maintained in the final ruling.

Enterprise	Proportion of export revenue to the United States	Preliminary AD Tax
Hoa Sen Corp.	9%	59%
Ton Dong A Corp.	16%	39.84%
Hoa Phat Corp.	1%	49.42%
Nam Kim Corp.	13%	49.42%
Pomina		49.42%
Southern plate steel		49.42%
TVP Steel Corp.		49.42%
Viet Phap Steel JSC.		49.42%
Southwest Steel Company		49.42%
Nationwide		88.12%

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RESEARCH DEPARTMENT

Nguyen Minh Hanh
Head of Research
Hanh.nm@shs.com.vn

Ngo The Hien
Research Director
Hien.nth@shs.com.vn

Doan Thi Anh Nguyet
Research Manager
Nguyet.dta@shs.com.vn

Tran Hong May
Analyst
May.th@shs.com.vn

Le Thu Huyen
Analyst
Huyen.lt@shs.com.vn

Nguyen Thanh Hoa
Research Director
Hoa.nt@shs.com.vn

Pham Hong Son
Associate Director
Son.ph@shs.com.vn

Le Anh Thang
Research Manager
Thang.la@shs.com.vn

Le Nguyen Tu Anh
Analyst
Anh.lnt@shs.com.vn

Phan Tan Nhat
Associate Director
Nhat.pt@shs.com.vn

Vu Tuan Duy
Analyst
Duy.vt@shs.com.vn

Vu Nhat Anh
Analyst
Anh.vn@shs.com.vn

For any information, please contact:

Research Department

Saigon - Hanoi Securities Corporation (SHS)

Hanoi Headquarter

1st-5th Floor, Unimex Building, No. 41 Ngo Quyen, Cua Nam Ward, Hanoi
Tel: 84.24.38181888
Fax: 84.24.38181688
Email: contact@shs.com.vn

Ho Chi Minh Branch

3rd Floor, Saigon Metropolitan Tower, 235 Dong Khoi, Sai Gon Ward, Ho Chi Minh City
Tel: 84.28.39151368
Fax: 84.28.39151369
Email: contact-hcm@shs.com.vn

Da Nang Branch

8th Floor, Thanh Loi 2 Building, 03 Le Dinh Ly, Thanh Khe Ward, Da Nang City
Tel: 84.236.3525777
Fax: 84.236.3525779
Email: contact-dn@shs.com.vn

SHS

Empower Financial Prosperity

SAIGON - HANOI SECURITIES (SHS)

Website: shs.com.vn

Tel: 84.24.38181888

Email: contact@shs.com.vn

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