

Beyond Tariff Disruptions: Vietnam's Continuous Appeal in 2025

Following robust economic performance in 2024 characterized by impressive GDP growth, strong foreign direct investment inflows, and a favorable trade balance, Vietnam is positioning itself strategically amid the ongoing global trade disruptions driven notably by recent U.S. tariff policies. As geopolitical tensions reshape international supply chains, Vietnam emerges as a resilient and attractive destination for investors seeking stability and opportunities in Southeast Asia.

Executive summary

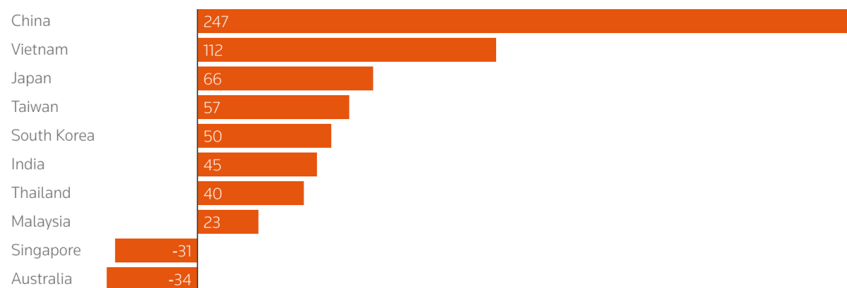
- Rising bilateral trade with the U.S.: Vietnam's large trade surplus has placed it under U.S. scrutiny, prompting tariff reductions on select American goods to mitigate potential trade friction.
- Stable growth trajectory: A predictable political environment and consistent economic policies drive steady GDP growth, with targets set as high as 8% for 2025.
- Pro-investment environment: Tax incentives, eased foreign ownership limits, and streamlined PPP laws attract significant FDI across various high-growth sectors.
- Major administrative overhaul: Significant governmental restructuring efforts are underway, including the consolidation of ministries and administrative units, and provincial rearrangements, aimed at improving governance efficiency and reducing bureaucratic barriers for investors.

US Vietnam Trade dynamics & latest developments

The Trump administration's tariff strategy focuses on curbing trade imbalances, thereby subjecting nations with substantial surpluses to heightened tariff risks.

According to a recent U.S. Treasury publication, China, Vietnam, Japan, and Taiwan lead Asia in recording notably large surpluses with the United States.

Goods and services trade surplus with the U.S.



Note: Amount in \$ billions, as of Nov 2024

By Patturaja Murugaboopathy • Source: U.S. Department of Treasury

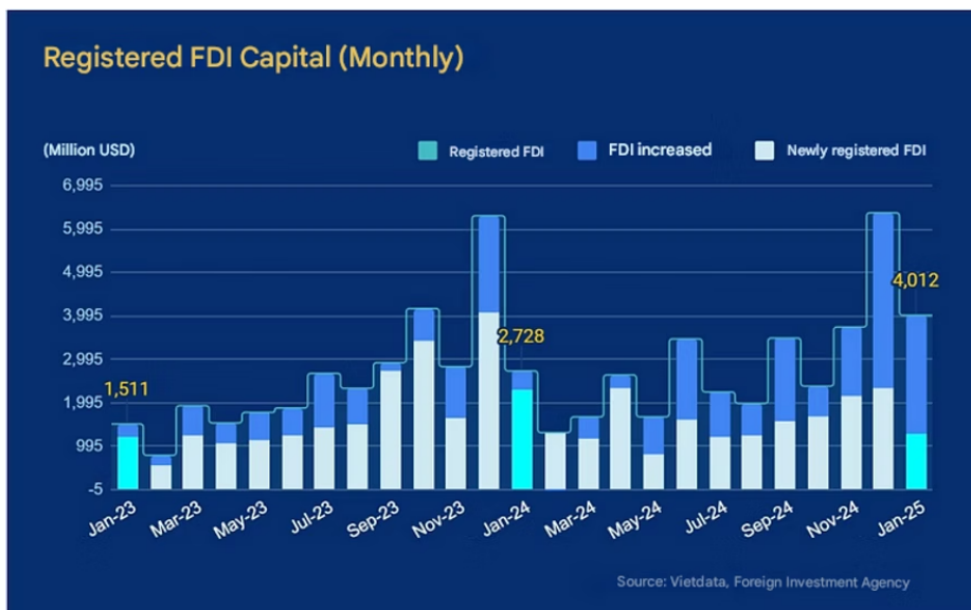
The United States continues to scrutinize trade imbalances, having already raised concerns about Vietnam's sizable surplus.

Potential tariffs on Vietnam's approximately \$112 billion in exports—particularly in electronics, apparel, and footwear—remain a significant concern and a risk factor, as Washington's recent policy moves also highlight possible transshipment issues through Vietnam.

In response—and aiming to address its sizable bilateral trade surplus with the United States, Hanoi has introduced more definitive tariff concessions on select American goods. Recent announcements reveal that tariffs on U.S. liquefied natural gas will be lowered from 5% to 2%, automobiles from a range of 45%–64% down to 32%, and ethanol from 10% to 5%. These measures, alongside efforts to boost imports and approve services such as Starlink, are intended to bolster trade ties and reduce the likelihood of facing new U.S. tariffs. These initiatives aim to minimize friction with Washington while capitalizing on broader friendshoring trends.

Vietnam’s robust growth trajectory is increasingly recognized, bolstered by key fundamentals that support a thriving investment climate:

- **Consistent political stability:** Vietnam’s government prioritizes economic development and fosters a secure, predictable environment for investors.
- **Strong FDI inflows:** Targeted incentives, trade deals, and competitive labor costs continue to draw robust levels of foreign direct investment.
- **Young workforce & skill development:** A large, progressively skilled labor pool underpins expansion in manufacturing, services, and emerging tech sectors.
- **Trade agreements & market access:** Vietnam’s participation in multiple regional and bilateral trade deals broadens export opportunities and strengthens global supply chain integration.
- **Ongoing infrastructure upgrades:** Improvements in transport, logistics, and energy infrastructure enhance operational efficiency and support long-term expansion.



January 2025 witnessed a promising start for FDI attraction in Vietnam. Total registered capital reached 4.01 billion USD, a 47% increase, YoY. (Source: Vietdata’s Macro and Industry Report, Feb 2025)

Vietnam enters 2025 with a track record of policy continuity and a growing reputation as a stable partner amid fluctuating global dynamics.

Trade tensions—particularly the U.S. imposition of 10–20% tariffs on Chinese goods—have spurred many companies to diversify supply chains. Vietnam’s neutrality in these disputes along with reputation gained during Covid 19 has helped it attract firms keen to maintain access to both American and regional markets. As a result, the country’s GDP grew by around 7,09% in 2024, following a 5% expansion in 2023.

On February 19, the National Assembly raised the 2025 growth target to 8 per cent with international financial institutions generally offering estimates, projecting around 6.8 percent growth for 2025.

President To Lam's administration emphasizes private sector growth, aiming for the sector to account for 70% of Vietnam's GDP by 2030 from 50% at present. Additionally, his government has expressed firm commitments to fostering high-value industries, notably semiconductors and artificial intelligence (AI). Complementing these sector-specific strategies, administrative reforms are underway, including reducing and consolidating ministries to streamline bureaucracy and enhance governance efficiency.

In alignment with these economic goals, Vietnam's land use strategy, guided by Government Resolution No. 52/NQ-CP, is being adjusted to support industrial development, infrastructure expansion, and digital transformation initiatives. Efforts to attract and retain top scientific talent through competitive incentives and improved career opportunities are also part of the government's broader strategic approach to economic advancement.

Pro-Investment Policies and M&A Climate

Vietnam offers attractive incentives for foreign investors, including substantial tax holidays, reduced corporate income tax rates in prioritized sectors, and beneficial conditions within special economic zones. Recent legislative developments, such as the updated Public-Private Partnership Law, further facilitate infrastructure investment by providing robust guarantees and transparent revenue-sharing mechanisms.

Moreover, the government's relaxation of foreign ownership restrictions—raising foreign ownership limits in sectors like banking from 30% to 49%—is enhancing Vietnam's appeal for international strategic investors. This regulatory easing, coupled with clearer legal frameworks, has significantly boosted cross-border M&A activities. In fact, M&A deal values surged by nearly 46% year-on-year in 2024, with foreign investors actively engaging in sectors ranging from consumer goods to real estate and education.

High-Growth Sectors Fueling Opportunities

Vietnam's investment landscape is underpinned by several high-growth sectors, each offering attractive opportunities driven by market demand and supportive policy frameworks:

Sector	Core Appeal	Recent Example
Manufacturing & Electronics	Competitive costs, a skilled workforce, and strategic location attract companies seeking supply-chain resilience. Major expansions by leading multinationals underscore Vietnam's growing electronics and semiconductor footprint.	Samsung's new semiconductor R&D center in Hanoi
Renewable Energy	Net-zero emissions targets by 2050 support strong demand for clean energy solutions, including wind and solar power. Policy backing and international partnerships create a robust pipeline of large-scale projects.	Ørsted-T&T Group offshore wind joint venture
Fintech & Digital Economy	Rapid digital adoption, e-commerce expansion, and a youthful population have contributed to a thriving fintech scene, drawing venture capital and spurring strategic tie-ups.	MoMo's USD 200 million Series E funding
Logistics & Infrastructure	Rising export volumes prompt significant infrastructure investments (ports, airports, highways). Demand for modern logistics—warehousing, cold chain, last-mile delivery—remains strong and increasingly sophisticated.	Development of Long Thanh International Airport
High-Tech (AI, IT, R&D)	Emphasis on semiconductors, AI, and IT services, supported by R&D incentives and initiatives to attract top science and tech talent. Growing collaboration with global tech leaders elevates Vietnam's innovation ecosystem.	NVIDIA's AI partnership with Vietnam

Conclusion

Amid ongoing global trade frictions, Vietnam's Continuous Appeal in 2025 is underpinned by steady economic policies, a prime geographic location, and agile responses to shifting tariff landscapes. The country's manufacturing, industrial real estate, renewable energy, technology, logistics, and infrastructure sectors are identified among the sectors offering the most compelling opportunities. Additionally, vibrant growth prospects are emerging in tourism, commercial, real estate sectors, driven by increased international visitation, expanding domestic consumption, and targeted government incentives. The Vietnamese government is also actively seeking foreign investment in high-tech sectors, including semiconductors and AI, but also in the financial sector as highlighted by strategic projects such as the establishment of International Financial Centers (IFCs) in Ho Chi Minh City and Da Nang. Furthermore, ambitious infrastructure projects are progressing, encompassing airport expansions (Tan Son Nhat, Long Thanh), the new Can Gio seaport, an extensive network of expressways, a nationwide high-speed train project, and considerations for future nuclear energy plants. By capitalizing on Vietnam's evolving investment framework, building solid local partnerships, and adhering to robust compliance measures, investors can position themselves for sustained, profitable growth in this rising Southeast Asian market.

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