



## **TDM Insight: Vietnam Boosts Imports from China.** (28-March-2025)

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### ***Vietnam Pivots Back to Asia***

Vietnam, one of the world's most dynamic economies, now faces one of its most important challenges of this century as it faces protectionist headwinds and tepid consumer economies in the U.S. and Europe.

So far, its formidable export-based economy has seemed up to the task. In 2024, overall exports rose 14.3% year-to-year to \$405.5 billion. The part of that from foreign direct investment increased 12.4% to \$289.2 billion.

Vietnam's coping strategy, according to an analysis by Trade Data Monitor, has been to turn more toward its prosperous ASEAN partners and China. In 2024, Vietnam increased imports from China a whopping 30.2% to \$144 billion.

After the first Trump administration imposed hefty tariffs on Chinese imports in 2018, U.S. and Europe-based consumer goods firms moved or shifted parts of their manufacturing supply chains to Vietnam. It was a boon for the formerly war-torn nation, which promptly build a network of new economic zones, deep-water ports, rail lines and roads. After the 2018 duties, Vietnam's gross domestic product grew by around 8% a year. In 2024, it expanded by 7.1%. A modern economic export miracle.

According to U.S. trade statistics, in 2024 Vietnam had the third biggest trade surplus (\$123.5 billion) with the U.S., after only China (\$295.4 billion), Mexico (\$171.8 billion), and followed by Ireland (\$86.7 billion) and Germany (\$84.8 billion).

Now as the U.S. faces protectionist sentiment and economic uncertainty, Vietnam must prepare for an adjustment, and it will be essential to diversify export markets. An analysis by TDM suggests that Vietnam possesses the capacity to find new markets for its exports and diversify fruitfully.

### ***The Asian Connection***

Vietnam is tightly networked with its Asian neighbors. Seven of the country's top ten sources of imports are Asian: China, South Korea, the U.S., Japan, Taiwan, Thailand, Indonesia, Malaysia, Australia, and Kuwait.

In 2024, shipments from South Korea nudged up 6.5% to \$55.9 billion. By comparison, purchases from the U.S. rose 9.3% to \$15.1 billion. Surprisingly, Japan is still the fourth biggest supplier of goods to Vietnam, although it is slipping. In 2024, Vietnam imported \$21.6 billion from Japan, down 0.2% compared to 2023. Almost all of Vietnam's imports from Kuwait were energy-related. In 2024, Vietnam shipped in \$7.3 billion, up 23.3% over 2024, from the Middle Eastern nation.



But China was not yet Vietnam's biggest export market in 2024. That would be the U.S. Vietnam shipped \$119.5 billion of goods to the U.S. in 2024, up 23.2% from 2023. China was second, buying \$61.2 billion worth of goods, flat compared to 2023. Vietnam's next biggest exports markets were South Korea, Japan, the Netherlands, Singapore, India, the UK, Germany, and Thailand.

Now Vietnam faces the specter of new import tariffs from the Trump administration. At the recent World Economic Forum in Davos, Vietnamese prime minister Pham Minh Chinh said he was looking for "solutions" to keep his economy balanced.

### ***Why Vietnam Will Be Able to Diversify***

A review of their exports shows that the country is likely in better shape than many fear. Vietnam has trade agreements with over 25 countries. In 2024, Vietnam exports over a billion dollars' worth of goods to 36 countries.

Vietnam's top category of exports was computers and electrical products (\$72.6 billion, up 26.6%), telephones and mobile phones ( \$53.9 billion, up 2.9%), machines, equipment, tools, and instruments (\$52.2 billion, up 21%).

But Vietnam is still a dominant producer of more basics manufactured goods, offering it the flexibility it will need to adjust to changing export markets. In 2024, for example, Vietnam exported \$22.9 billion of footwear, up 13% from 2023. The biggest destination for Vietnam's powerful consumer goods manufacturing capacity: the U.S. Vietnam exported \$8.3 billion worth of footwear to the U.S. in 2024, up 15.7% from 2023. The next biggest markets for footwear were China, the Netherlands, Belgium, and Japan.

Vietnam also shipped significant quantities of certain kinds of furniture (\$3.4 billion, up 33.5%), plastics (\$2.6 billion, up 21.3%), iron and steel (\$9.1 billion, up 8.7%), fruits and vegetables (\$7.1 billion, up 27.6%), rubber (\$3.4 billion, up 18.2%), and coffee (\$5.6 billion, up 32.5%). The top markets for coffee in 2024 were Switzerland, the Netherlands and Singapore.