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US reciprocal tariffs

Vietnam implications amid the IEEPA reversal and shift to flat global rates

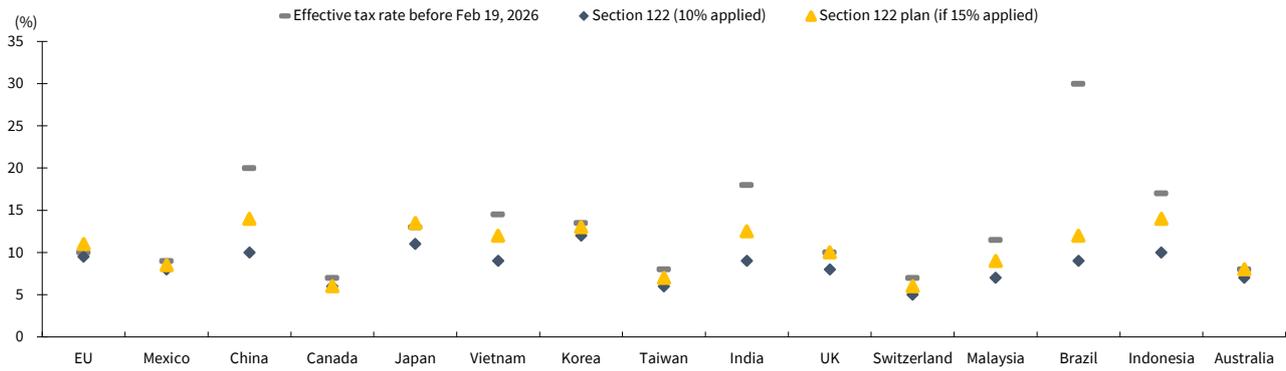
Update on US tariff policy

- On February 20, 2026, the US Supreme Court rejected the tariffs imposed by President Donald Trump under the International Emergency Economic Powers Act (IEEPA).
- Immediately thereafter, Donald Trump introduced a new 10% global tariff under Section 122 of the Trade Act of 1974 (Figure 1). However, under this provision, this tariff can only remain in effect for up to 150 days, unless extended through alternative legal authority. As of February 21, 2026, he signaled that the rate could be raised to 15%.
 - According to Bloomberg, a 10% tariff would keep the average US import tariff at approximately 10.2%, while a 15% rate would lift the average to around 12%.
 - Exemptions remain in place for certain categories, including agricultural products, pharmaceuticals, selected electronic devices, USMCA-compliant goods, and items already subject to sector-specific tariffs.
 - Approximately USD170 billion in tariff revenue collected under IEEPA has been deemed unlawful by the Supreme Court. However, no ruling has yet been issued regarding potential refunds of duties previously collected.

Implications for Vietnam

- The development is broadly positive for Vietnam's equity market and export-oriented companies, as the effective tariff burden declines from roughly 20% under IEEPA to 10–15% under the new framework. This should help alleviate cost pressures for Vietnamese exporters to the US.
- However, if a flat reciprocal tariff of 10% (or 15%) is maintained across all countries, Vietnam's earlier competitive advantage—driven by relatively lower IEEPA tariff rates compared with key competitors, particularly China—would be effectively eliminated. That said, we believe the downside risk to Vietnam remains limited, as President Trump is likely to pursue the reinstatement of country-specific tariff measures in the period ahead, with China as the primary focus. Strategic competition with China has long been a consistent priority across US administrations and has been pursued more aggressively under President Trump.

Fig 1. US – Average import tariff rates (%)



Source: Bloomberg, KB Securities Vietnam

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(Based on the expectation of price gains over the next 6 months)

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

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

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

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