

Trump Administration Opens Investigation Into Vietnam's Trade Practices

An inquiry will look into the country's use of illegal timber as well as its currency practices, and could eventually result in tariffs.



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WASHINGTON — The Trump administration on Friday opened an investigation into Vietnam's trade practices, a step that could result in tariffs on the country's products and potentially open a new front in the Trump administration's global trade war.

The Office of the United States Trade Representative said it would begin looking into two issues: Vietnam's importation and use of timber, which it said was illegally harvested and traded, and whether Vietnam has undervalued its currency, making its products unfairly cheap abroad.

“President Trump is firmly committed to combating unfair trade practices that harm America's workers, businesses, farmers, and ranchers,” Robert E. Lighthizer, the United States trade representative, said in a statement. “We will carefully review the results of the investigation and determine what, if any, actions it may be appropriate to take.”

The investigation will be carried out under Section 301 of the 1974 Trade Act, the same legal provision that the Trump administration used to start its trade war against China. If the agency determines that Vietnam's trade practices unfairly undermined American businesses, the United States could move to place tariffs on the country. The agency did not announce a timeline for the investigation, but it appears unlikely to conclude before the presidential election.

Vietnam is a major U.S. supplier of machinery, apparel, footwear and other products. American imports from Vietnam, and the U.S. trade deficit with the country, soared in 2019, largely as a result of Mr. Trump's trade offensive against China.

After the United States imposed tariffs on more than \$360 billion of Chinese goods, many manufacturers sought to relocate their operations out of China to other countries with low-cost labor, including Vietnam and Mexico. Electronics companies like Apple, Nintendo and Foxconn all rushed to secure Vietnamese factory space. The profitability of some of those operations could now be cast into doubt, if the United States chooses to impose broad tariffs on Vietnam.

The Trump administration has also homed in on Vietnam's currency practices, arguing that by artificially lowering the value of its currency, the dong, Vietnam can make its products unfairly cheap to buyers abroad, and thus undercut American competitors.

In 2019, the Treasury Department included Vietnam on a watch list for its currency practices, along with China, Germany, Ireland, Italy, Japan, Malaysia, Singapore and South Korea. In August, the Treasury Department also said that Vietnam had manipulated its currency in a trade case that the Department of Commerce brought against Vietnam tire manufacturers.