



## THE PENINSULA

### **Korea Policy Series: Navigating the Second Trump Administration**

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The second Donald Trump administration's policy reversals are undermining three decades of U.S.-Vietnam reconciliation and cooperation, thereby weakening the U.S. Indo-Pacific strategy. As Vietnam seeks greater strategic space to maintain autonomy amid intensifying great power competition, the country will likely double down on its principles-based foreign policy and efforts to elevate its international standing. However, as U.S.-China tensions escalate, Vietnam will face increasing challenges in cultivating strategic neutrality. To counterbalance China's influence, the United States must work more closely with allies and partners in the region, including Vietnam, and demonstrate long-term reliability.

Trump's foreign policy approach raises fundamental questions about U.S. commitment to Indo-Pacific security. The administration's reported consideration of halting military expansion in Japan undermines regional deterrence capabilities. Additionally, key

appointments in the administration demonstrate concerning knowledge gaps about the region. The suspension of U.S. military aid to Ukraine has also created a troubling precedent that signals potential unreliability as a security partner to regional allies.

U.S. foreign aid and program suspensions have severely disrupted critical bilateral cooperation initiatives between the United States and Vietnam. War legacy projects, including essential work on Agent Orange remediation and unexploded ordnance removal, have been interrupted, causing significant harm to the Vietnamese population. Environmental initiatives have also suffered, with the Trump administration's restructuring of USAID halting the Mekong-U.S. Partnership, which addresses transboundary challenges confronting the Mekong region. Additionally, the administration's reduced funding for international cybersecurity initiatives threatens to reduce Vietnam's capacity to address growing cyber threats. Furthermore, the U.S. withdrawal from the Just Energy Transition Partnership eliminates existing commitments to Vietnam's green transition, further reinforcing perceptions that the United States is an unreliable long-term partner.

The Trump administration has imposed severe economic pressures on Vietnam through punitive tariffs. Comprehensive tariffs of 25 percent have been imposed on steel and aluminum as of February 2025, with aluminum tariffs increasing by 15 percentage points. Vietnam faces a potential 46 percent tariff threat—one of the highest proposed globally—which has been temporarily suspended for ninety days until July 2025. These measures are particularly concerning given Vietnam's trade dependency vulnerabilities, as the United States constitutes 29.5 percent of Vietnam's total exports, valued at USD 119.46 billion in 2024.

In response to the second Trump administration, Vietnam will likely double down on its principles-based foreign policy, anchored by five core principles: independence, self-reliance, openness, multilateralization, and diversification of foreign relations. In defense matters, Vietnam will continue to adhere to its "Four Nos, One Depend" policy, which rejects military alliances, foreign military bases, proxy conflicts, and the use of force while maintaining flexibility for circumstance-based defense cooperation.

Vietnam has successfully elevated its international profile by serving as an active and constructive member of international organizations, hosting peace negotiations, and pursuing proactive economic integration. Through parallel diplomatic initiatives, Vietnam has reduced the likelihood that deepening ties with one major power will come at the expense of relations with another.

This strategic approach has proven highly effective, with Vietnam upgrading relationships with ten countries to comprehensive strategic partnerships between December 2022 and May 2025. However, as U.S.-China competition intensifies, Vietnam's carefully cultivated position of strategic neutrality faces mounting pressure.

#### Policy Recommendations

- Vietnam must prioritize reducing its trade dependencies to lessen the impacts of economic coercion. In doing so, the country should leverage its existing seventeen free trade agreements more effectively through targeted support programs that help businesses navigate complex trade frameworks. Developing robust public-private partnerships could also significantly reduce administrative compliance burdens and enhance trade facilitation.

- The United States must fundamentally rebuild trust with Vietnam. U.S. policymakers should frame concerns about China around its revisionist behavior rather than communist ideology, thereby avoiding mistrust with Vietnamese leaders.
- Most critically, the United States must fulfill its economic commitments and avoid sudden policy reversals that undermine long-term strategic planning.

Vietnam represents one of the most strategically important partners for the United States in the Indo-Pacific region. However, the second Trump administration's current trajectory threatens to squander this critical partnership. The window for course correction remains open, but trust—once damaged—requires sustained and consistent effort to rebuild. The Trump administration faces a fundamental choice between pursuing short-term transactional gains and investing in a long-term strategic partnership with allies and partners, including Vietnam.

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**Return to the Peninsula**