

STUDY FOR EFFECT OF THE US – IRAN WAR ON VIETNAM MARKET

RESEARCH REPORT



B&Company

B&Company Vietnam Co.,Ltd

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Main Impacts On The Vietnam Market

Despite limited direct trade impact, rising oil prices from the US–Iran war may indirectly affect Vietnam through increased transportation costs, supply chain disruptions, and inflation risks

- The US – Iran war is believed to have a modest impact on the Vietnamese market, which can be considered as a short–term effect only since Vietnam's exports to the Middle East region account for only 3% compared with the total exports
- However, Vietnam will still have to face several impacts due to the war, especially the **heavy surge in the gasoline and oil price**, causing multiple difficulties for the Vietnam market, such as **the disruption in logistic industry, the substantial fluctuation in stock exchange market, or the high possibility of a growing inflation rate**

Gasoline/ Petrol Price



- The most direct shock caused by the war not only globally, but also Vietnam in particular, is **the energy market, including crude oil, petroleum products, and fuel distribution**
- The global oil price has increased by 30% since the war started

Transportation/ Logistic Industry



How energy market changes impact **PRICE** in Vietnam:

- The CPI inflation rate of Vietnam is expected to be raised from 2.5% to 5% in the upcoming months
- The cost for transportation and logistic will also rise substantially
 - ✓ Domestic sea freight increased by 25%
 - ✓ Road transport increased by around 20%
 - ✓ International sea freight rates: currently no information about price adjustments
- The price of raw and auxiliary materials has also increased, for example:
 - ✓ PE/PP plastic packaging has increased by about 10–13% → the price of finished bags may increase by up to 20%
 - ✓ OPP film has slightly increased, by around 5%

Supply Chain



SHORTAGE OF SUPPLY: Some factories reported that companies are concerned about price hikes and potential supply or transportation disruptions, leading them to rush orders and accept higher prices

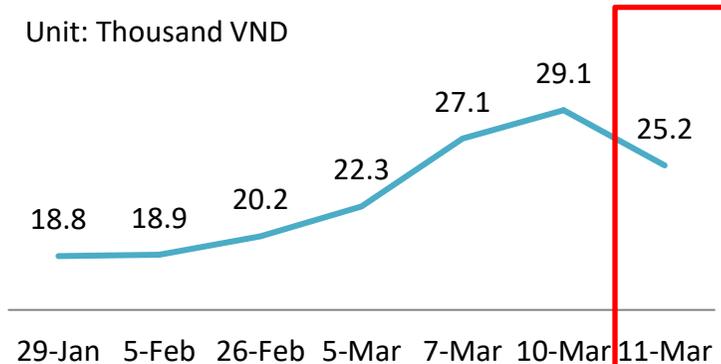
Gasoline/ Petrol Price (1)

The changes in price

The US–Iran conflict triggered a rapid increase in Vietnam’s fuel prices, with gasoline and petrol rising nearly 50% within weeks, highlighting the country’s sensitivity to global energy price fluctuations

Gasoline Price

Unit: Thousand VND



Oil (Diesel) Price

Unit: Thousand VND



People lined up at Petrol station due to increase demand

Why the price down?

- The government used the **fuel price stabilization fund** to offset part of the cost
- Global oil prices showed signs of easing after a recent surge
- The adjustment aims to reduce pressure on logistics costs and inflation

Gasoline/ Petrol Price (2)

Government's action

To stabilize the fuel market amid global oil price volatility, Vietnam has introduced tax cuts, stabilization fund support, and biofuel development initiatives

Taxes Decrease



- The MIT is authorized to adjust gasoline prices immediately when the base price of petroleum product **increases from 7%**
 - The import tax for petroleum products is also **reduced from 7-10% to 0%** in a limited time (9 March to 30 April, 26)
- ⇒ These two policies support stabilizing price for petroleum products within Vietnam market, supply availability and reduce cost pressure

Stabilization Fund



- The stabilization fund is used by the government to reduce the impact of sharp increase in global oil prices
- **The fund provides 4 – 5,000 VND per liter** for consumers during the strong period of global energy price volatility

Biofuel R&D



- The government closely monitors the market supply-demand to prevent supply shortages, including **encouraging petroleum importers to sign long-term supply contracts with different partners** to avoid heavily relying on the Middle East supply
- **The government is also promoted Biofuel development to gradually replace fossil fuels** (e.g., E5, E10 gasoline) by encouraging investment, creating financial & tax incentives or promoting international cooperation

Transportation & Logistic Market

Oil price increases are driving higher transport and logistics costs in Vietnam, impacting domestic distribution and international trade activities

Domestic Market



Higher Road Transport Cost

- Truck drivers show serious concerns with the raising price of fuel like diesel: “The more we drive, the more we lose”
- Since the road transport is accounted for 90% of passenger traffic and 60% of freight volume, the damaged operation of road transport will lead to higher price for distributed goods and tourism



Shortage of driver

- After the Lunar New Year, while transport demand increased as many distributors stocked up ahead of the 2026 price adjustments, many truck drivers quit their jobs (due to rising fuel prices and stricter penalties), leading to a severe driver shortage.

Foreign Market



Higher Maritime Shipping Costs

- Rising oil prices push up bunker fuel costs, which increases sea freight rates
- The Middle East conflict has disrupted shipping routes and increased logistics costs for Vietnamese exporters



Higher Air Transportation Costs

- Rising fuel prices increase air freight and aviation operating costs, which affects cargo routes and logistics efficiency
- Oil price increases cause other impacts for transportation such as higher air cargo rates, or reduced airline profitability

- With heavy effect from oil price increases, international transport costs directly affect multiple industries in Vietnam, including
 - Electronics (which Vietnam exports largely electric components)
 - Textile and garments (the sectors depends heavily on container shipping to the US and EU)
 - Furniture & wood products

*The example is taken from 2 Import-export and transportation companies in Vietnam

Source: SaigonTimes, SGGP, VIR, Vietnam Briefing and B&Company's synthesis

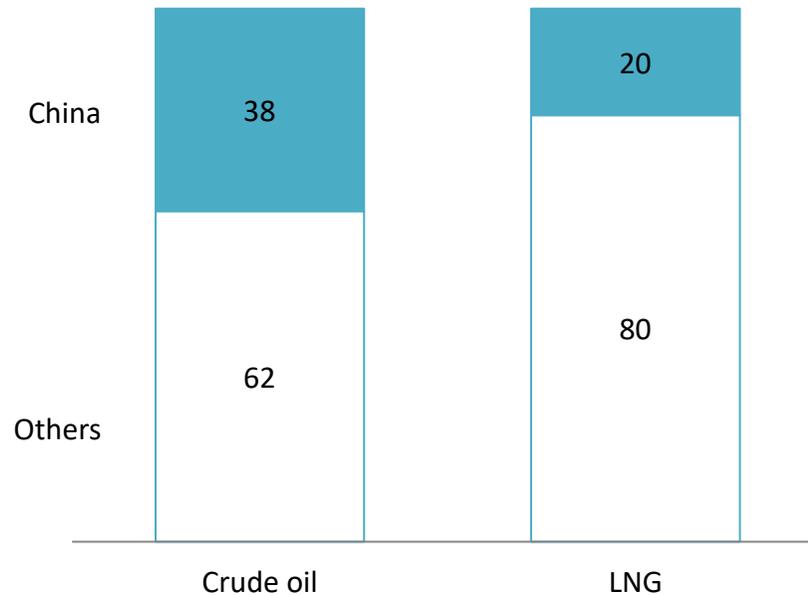
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Impacts on Supply Chain

Rising energy costs in China due to Middle East supply disruptions are pushing up manufacturing and export prices, creating upstream supply chain pressures for Vietnam's key industries

Proportion of Oil and Gas Exported Through the Strait of Hormuz

Unit: %



- China's economy is heavily damaged, especially with the country's supply chain due to the US – Iran war since **a large percentage of oil and gas exported are through the Strait of Hormuz** (520 million of raw oil imported from Iran)
- As a result, the increase of energy's price in China will also lead to **the increase of production and exporting price** from China to Vietnam for industries such as: Electronics, Machinery, Plastics/ Mechanical, and Textile & Garment, along with **decreasing profitability rate of enterprises**