



Adecco

# Analysis and Evaluation of Current Trade Relations and Future Projections

Special Report

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# Overview

01

# Global Tariffs

The Donald Trump administration has implemented a series of tariffs that have significantly altered the global trade landscape. These policies have had a considerable impact on Latin America, where most countries face a minimum 10% tariff on their exports to the United States. This study analyzes the effects of these tariffs on Argentina, Brazil, Chile, Colombia, Mexico, and Peru, considering factors such as bilateral trade, export competitiveness, the impact on key industries, and possible alternatives or adaptations, in addition to the current tariff scenario, including the 90-day pause, China-related changes, and other key aspects.

## Universal 10% Rate

Since April 5, a base rate of 10% applies to imports from all countries, with specific exceptions. This rate aims to establish a minimum level to protect U.S. industry.

## 25% Tariffs

Specific levies remain on products such as steel, aluminum, and automobiles (including passenger vehicles and key parts like engines and transmissions). These tariffs affect all countries, including Mexico and Canada, despite the USMCA agreement.

## 90-Day Pause

Trump announced a 90-day moratorium on higher tariffs for dozens of countries. During this period, reciprocal tariffs are reduced to the uniform 10% level. However:

### China is excluded

The pause does not apply to China due to specific trade tensions

The pause responds to international and financial market pressure, with representatives from over 75 nations seeking to negotiate trade solutions.

## China: The Main Target

China faces a drastic tariff increase largely in response to its trade retaliation and the U.S. perception of unfair practices by the Asian giant. Trump aims to pressure China into renegotiating more favorable trade terms.

**125% Increase:** As of the April 9 announcement, Chinese imports are subject to a 125% tariff, a significant jump from the previous level (104%).

**Global Impact:** This increase could destabilize international supply chains and generate inflation in electronics, clothing, and toys.



# Key Aspects

## 1. Global Economic Impact

- The tariffs represent one of the biggest shifts in global trade in a century, affecting established economic models.
- These policies are expected to accelerate inflation in the U.S. and potentially trigger recessions in countries dependent on foreign trade.

## 2. U.S. Trade Strategy

- The stated goal is to reduce the U.S. trade deficit to zero and reshape the global economy toward greater domestic production.
- Trump encourages foreign companies to relocate their factories to the U.S. to avoid extra costs.

## 3. Market Reaction

- Following the announcement of the pause and changes in tariffs, U.S. stock markets experienced significant gains (6%-8%), reflecting temporary investor relief.



# Analysis by country

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02

# Argentina

## Key aspects

### 1. Bilateral Trade

Limited bilateral trade with the U.S. reduces the direct impact of tariffs.

### 2. Export Competitiveness

Affected by internal economic volatility and reliance on primary goods.

### 3. Impact on Key Industries

Agriculture and light manufacturing may be hit by rising costs of imported inputs.

### 4. Alternatives or Adaptations

Diversify exports to other markets such as China and the EU.

### 5. Applied Tariffs

10% on imports to the U.S.

### 6. Affected Industries and Items

Agriculture and light manufacturing.

# Brazil

### 1. Bilateral Trade

A major U.S. trading partner, but moderately impacted due to economic diversification.

### 2. Export Competitiveness

Strong in agriculture and mining.

### 3. Impact on Key Industries

Automotive and steel industries may suffer under U.S. tariffs.

### 4. Alternatives or Adaptations

Strengthen trade agreements with the EU and other Latin American nations.

### 5. Applied Tariffs

10% on imports to the U.S.

### 6. Affected Industries and Items

Automotive and steel industries.

# Chile

## Key aspects

### 1. Bilateral Trade

Free trade agreement with the U.S. mitigates tariff impact.

### 2. Export Competitiveness

Open, competitive economy, especially in mining and agriculture.

### 3. Impact on Key Industries

Wine and fruit sectors may be affected by shifts in U.S. consumer preferences.

### 4. Alternatives or Adaptations

Continue diversifying exports to Asia and strengthen EU trade ties.

### 5. Applied Tariffs

10% on imports to the U.S., though reduced due to the free trade agreement.

### 6. Affected Industries and Items

Wine and fruit industries.

# Colombia

### 1. Bilateral Trade

Free trade agreement with the U.S., but some sectors remain exposed.

### 2. Export Competitiveness

Benefits from recent political stability and economic diversification.

### 3. Impact on Key Industries

Coffee and mining sectors may face increased input costs.

### 4. Alternatives or Adaptations

Strengthen regional integration and explore Asian markets.

### 5. Applied Tariffs

10% on imports to the U.S.

### 6. Affected Industries and Items

Coffee and mining.

# Mexico

## Key aspects

### 1. Bilateral Trade

The U.S.'s main trade partner, but faces 25% tariffs on goods not covered by USMCA.

### 2. Export Competitiveness

Impacted by heavy reliance on the U.S. market.

### 3. Impact on Key Industries

Automotive and light manufacturing are highly vulnerable.

### 4. Alternatives or Adaptations

Diversify exports and boost regional integration.

### 5. Applied Tariffs

25% on non-USMCA-covered goods.

### 6. Affected Industries and Items

Automotive and light manufacturing.

# Peru

### 1. Bilateral Trade

Free trade agreement with the U.S. limits tariff impact.

### 2. Export Competitiveness

Maintains an open and competitive economy, especially in mining.

### 3. Impact on Key Industries

Mining and agriculture may be affected by shifts in global trade policies.

### 4. Alternatives or Adaptations

Continue expanding exports to Asia and deepen EU trade relations.

### 5. Applied Tariffs

10% on imports to the U.S.

### 6. Affected Industries and Items

Mining and agriculture.

# Assessment

03

# Assessment of Current Trade Relations and Future Outlook

Trade relations between the U.S. and Latin America are marked by uncertainty due to tariffs imposed by the Trump administration. While most Latin American countries face a 10% tariff, exceptions like Nicaragua and Venezuela face higher rates. Mexico, due to its trade agreement, faces a complex scenario with 25% tariffs on non-USMCA-covered goods.

Looking forward, these countries could benefit from diversifying exports to markets like Asia and the EU. Additionally, regional integration and the pursuit of bilateral trade agreements could be key strategies to mitigate the negative effects of U.S. tariffs.

## Recommendations for the Countries Analyzed

### 1. Export Diversification

Explore new markets in Asia, the EU, and other Latin American countries to reduce U.S. dependency.

### 2. Strengthening Trade Agreements

Negotiate or reinforce free trade deals with other economic blocs for key market access.

### 3. Investment in Innovation and Technology

Enhance competitiveness through innovation and advanced technology in key sectors.

### 4. Regional Integration

Promote economic integration to create a larger, more diverse market capable of facing global trade challenges.

## Conclusions

The tariffs imposed by the Trump administration have significantly reshaped the trade landscape in Latin America. While countries like Chile and Peru are protected by free trade agreements, others like Mexico face significant challenges due to their dependence on the U.S. market. Economic diversification and the search for new markets will be essential for adapting to new global trade conditions.

While the temporary pause offers relief for many countries, the extreme increase applied to China escalates global economic tensions. Effects include possible supply chain disruptions, inflation, and recession risks across multiple economies. In the long term, these measures aim to strengthen the U.S. economic position but may also cause adverse consequences both domestically and internationally.

## Special Report

# **Analysis and Evaluation of Current Trade Relations and Future Projections**