Special Report

Our view - Tariffs trigger shift in Latin America’s trade playbook

The new US tariff regime has sent ripples through Latin America's economic landscape, creating winners, losers, and some unexpected opportunities.
The tariffs, aimed primarily at China, are set to reshape global supply chains, impacting key Latin American economies in different ways.

Countries heavily reliant on exports to the US, such as Mexico and Brazil, face both risks and potential gains as industries adjust to evolving market conditions. While the steel and aluminum segments are expected to encounter setbacks once the 10% baseline tariff takes effect on April 5, agricultural producers in Argentina are already seeing increased demand as China looks for alternative suppliers to replace US goods.

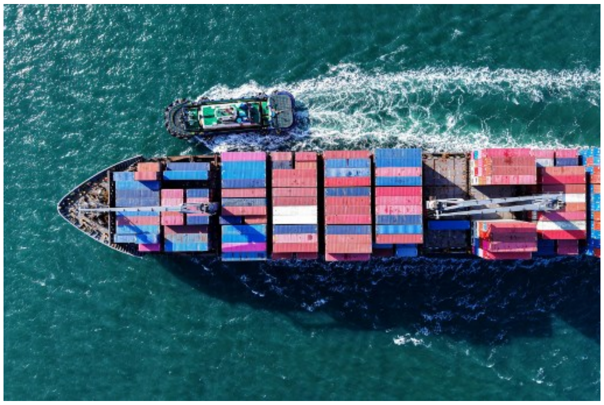
Some manufacturers, meanwhile, could face challenges if production costs rise due to changes in sourcing and logistics.

In response, businesses across the region are reevaluating trade relationships, with some seeking new export destinations and others pushing for preferential agreements to soften the impact.

Foreign direct investment flows are also likely to be affected, with investors recalibrating their strategies in response to shifting policies.
Latin American lawmakers are now weighing their options, balancing short-term economic disruptions with long-term opportunities to capture market share in a rapidly transforming global landscape.

Latin America faces crosscurrents as US tariffs disrupt trade

By Rogerio Jelmayer
The introduction of what the Donald Trump administration calls [reciprocal tariffs] against the United States' trade partners has been met with mixed reactions in Brazil and most of Latin America, generating both concern and some relief.



Through an executive order, Trump's administration announced the tariff levels imposed on many countries exporting goods to the US.

Most Latin American countries, including Argentina, Brazil, Chile, Colombia, Ecuador, Peru and Uruguay, will be subject to a baseline 10% tariff.

Venezuela will face a higher 15% rate, while Mexico, except for its beer exports, which were slapped with a 25% duty, will see no changes compared to previously announced tariffs on automobiles, steel and aluminum.

"I think Latin America got off lightly. Mexico remains subject to the duties imposed a month ago, which include numerous carve-outs for USMCA-compliant goods, and the rest of the region faces the minimum 10% tariff," William Jackson, chief emerging markets economist at Capital Economics in London, told BNamericas.

"The winners are the region's oil and critical mineral exporters, which avoided tariffs. The likely losers will be those in sectors already subject to sectoral tariffs, such as steel and aluminum, with copper likely to join," he added.

The tariffs imposed on Latin America are considered low compared with those applied to China, India, and several European countries, which have been hit with rates up to five times higher.

"In relative terms, the tariffs could have a positive effect on Latin America's economy, because its products will be more competitive in terms of pricing when exporting to the United States compared with goods from Asia and Europe," Roberto Troster, former chief economist at banking federation Febraban, told BNamericas.

"However, since China may face more barriers in the US, this could lead to an influx of Chinese-manufactured goods into Latin America, creating a deflationary effect in the region," he added.

He also stressed that there are lingering concerns about further changes to trade: "There is a major concern: we're at the beginning of a trade war, and nothing guarantees that the US won't announce further tariffs in the coming months," Troster added.

Brazil Plays It Cool: Mild Tariff Impact Spurs Diplomacy, Not Retaliation

By Rogerio Jelmayer

Brazil reacted with some relief to the newly announced tariffs, particularly given the expected economic slowdown this year. Amid rising domestic interest rates, additional pressure on exports is not anticipated.

In 2024, Brazilian exports to the US totaled US$40.3bn, while imports reached US$40.6bn, resulting in a trade deficit of US$253mn, according to Brazil's development, industry and trade ministry.

The US is currently Brazil's second-largest trade partner. Of Brazil's total exports to the US, 14% consisted of crude oil, 8.8% semi-finished iron or steel products, 6.7% aircraft and aircraft equipment, 4.7% unroasted coffee, 4.4% pig iron, 4.3% fuel oils, and 4.2% wood pulp.

Meanwhile, in 2023, Brazil exported US$94.4bn in goods to China and imported US$63.6bn. A third of Brazil's exports to China consisted of soybeans, while iron ore and crude oil each accounted for 21%.

"We will continue to see a very strong trade relationship with China over the next few years," Troster said.

Brazil's response

Following the announcement of Trump's tariffs, the Brazilian government expressed regret over the decision, and congress took steps to enable swift retaliation if necessary. However, immediate retaliatory measures are considered unlikely.

"Brazil is likely to use diplomatic channels to contest the tariffs, including through the World Trade Organization, although this is unlikely to have any practical effect in reversing them. At the same time, I see Brazil advancing trade agreements with regions that continue to advocate for multilateralism, such as Europe and Asia," Welber Barral, former Brazilian foreign trade secretary and founding partner of BMJ Consultores Associados, commented to BNamericas.

Shortly after the announcement, the Brazilian government leveled criticism at the US decision in a statement from the foreign affairs ministry.

"The Brazilian government regrets the decision made by the US government today, April 2, to impose an additional 10% tariff on all Brazilian exports to that country. This measure, like the other tariffs already imposed on the steel, aluminum and automobile sectors, violates the US's commitments to the World Trade Organization and will impact all Brazilian exports of goods to the US.

"While remaining open to deepening dialogue with the US government to reverse the announced measures and mitigate their harmful effects as soon as possible, the Brazilian government is evaluating all possible actions to ensure reciprocity in bilateral trade, including taking the matter to the World Trade Organization to defend legitimate national interests," the statement added.

After the tariffs were announced, Brazil's congress approved a measure allowing the government to adopt retaliatory trade measures without requiring congressional approval, ensuring a faster response if necessary.

Although the imposition of a 10% tariff was met with relative relief, different sectors will experience varying degrees of impact.

Steel and aluminum
The recently announced 25% tariff on US steel and aluminum imports will remain in effect, affecting Brazil's domestic industry.

In 2024, the US imported 5.6Mt of steel plates to meet domestic demand, of which 3.4Mt came from Brazil, according to steel association Instituto Aço Brasil. Meanwhile, the US accounted for 17% of Brazil's aluminum exports, valued at US$267mn, according to aluminum association ABAL.

Despite the high tariffs on these sectors, before considering retaliatory measures, the Brazilian government plans to engage in discussions with the Trump administration in the coming days to reintroduce a quota system for aluminum and steel. This system, used during Trump's first administration from January 2017 to January 2021, limited the negative impact of tariffs by exempting part of Brazil's exports.

"Of course, we are concerned about any measure that restricts our products from entering such an important market as the US, the main destination for Brazilian industrial exports. However, we need to conduct a thorough assessment of the situation. It is essential to persist and intensify dialogue to find solutions that minimize the potential impacts of these measures," Ricardo Alban, president of Brazil's national industry confederation (CNI), said in a statement.

Infrastructure
Brazil's infrastructure sector, one of the country's most significant sources of new business, is expected to experience little impact from US tariffs.Despite high domestic interest rates and concerns about the adverse effects of trade disputes

on the global economy, contracts for rail lines, sanitation projects, ports and airports are expected to continue attracting strong investor interest.

"I don't see the risk of these tariffs having a direct impact on Brazilian infrastructure assets. The infrastructure contracts being offered are well-structured and appealing to private investors. In other words, the risk-return balance remains favorable," Roberto Guimarães, former treasury secretary and current planning and economics director at infrastructure association Abdib, told BNamericas.

"Additionally, these are long-term projects, spanning 20 to 30 years, meaning returns will be realized across different political cycles in both Brazil and abroad," he added.
"Moreover, we must not forget that the Brazilian real is significantly depreciated against the US dollar [5.67 reais per US dollar at the close of trade on Wednesday], which keeps Brazilian exports competitive in the US market even with a 10% tariff."

How the Trump tariffs will impact Brazil's energy sector

By Joao Montenegro
Brazil's energy sector could be directly impacted by the 10% tariff the Donald Trump administration will impose on the country's exports.

It remains uncertain which products will be subject to the duty, but a likely candidate is ethanol, which has been the object of criticism by the White House due to the 18% tariff Brazil imposes on US biofuel.

In 2024, the US accounted for almost 20% of ethanol exports from the South American nation, corresponding to a volume of 320,000m3.

There are also concerns over the possibility of US tariffs on oil, which last year was Brazil's main product exported to the US, resulting in US$5.8bn in revenues – significantly ahead of iron and steel products (US$3.5bn).

"If there really is a decision to put tariffs of 10% on oil exports, it will become more expensive in the US market. So the news is negative," Roberto Ardenghy, CEO of local petroleum association IBP, told BNamericas.

But he also said other oil exporting countries face higher tariffs, like Iraq (39%), Guyana (38%), Angola (32%), Canada (25%) and Nigeria (14%), which could benefit Brazil.

"The US will have to buy oil from someone because there's no way it can increase its domestic production overnight. And demand is inelastic," Ardenghy said.
The US currently is a net exporter of oil and gas, but it depends on imports to meet its refining mix demand.

Given the potential inflationary impact of oil in the country, Ardenghy believes the commodity could be exempted from the tariffs.

And he highlighted that Brazil also imports hydrocarbons from the US.
"We import oil and, above all, gas from the US. Let's see what the Brazilian government decides about imports from the US," Ardenghy said.

On Thursday, President Luiz Inácio Lula da Silva said the government would take appropriate measures to defend Brazilian companies and workers, referring to the economic reciprocity law passed on Wednesday by congress and the guidelines of the World Trade Organization.

Rodrigo Borges, market lead Brazil at power market analytics provider Aurora Energy Research, pointed out that some countries face tariffs as high as 50%.
"This relative advantage could create an opportunity for certain Brazilian sectors to become more competitive globally," he told BNamericas. "However, the global outlook remains pessimistic, with international markets reacting to expectations of slower economic growth."

Borges cited two related challenges for Brazil's electric power sector.
The first involves investment uncertainty, with concerns over tariffs potentially deterring investor interest, particularly given high interest rates in Brazil.

"Concerns related to curtailments and price gaps across electricity subsystems further compound this risk, threatening much-needed investments that were gaining momentum due to rising wholesale prices and upcoming capacity auctions," he said.

In addition, a weaker economy could curb energy demand growth, potentially worsening medium-term oversupply and driving spot prices lower.
"This would further discourage investments and slow sector development," Borges added.

Mexico dodges tougher tariffs and opens key negotiations with the US

Mexico showed signs of relief after confirmation that the imposition of new tariffs by the United States does not pose an imminent risk to the country's economy, although authorities are beginning negotiations to improve bilateral trade conditions in key sectors such as automotive, steel and aluminum.

President Claudia Sheinbaum praised the fact that Mexico has been removed from the list of countries sanctioned with reciprocal tariffs by the Donald Trump administration, in contrast to regions such as the European Union and Asia, which face tariffs of up to 34%.

"In the case of Mexico, there are no additional tariffs, nor for Canada, although in the case of Canada, they make some specifications, and that's good for the country, even if some don't want to recognize it. It has to do with the good relationship we have built with the United States government," Sheinbaum said during her morning press conference on Thursday.

Capital Economics noted that Mexico has emerged relatively well from the widespread tariffs Trump announced on Wednesday. It warned that growth will be modest and that further monetary easing is expected, with a year-end policy rate forecast at 7.50%, to cushion the trade impact on the economy.

"One consequence is that the hit to the economy may be a bit smaller than we had initially feared (our forecasts had been based on a working assumption that imports from Mexico would be subject to an average tariff of ~10%)," Capital Economics said in a note.

However, there are Mexican sectors affected by the new measures, including the automotive industry, which faces a 25% tariff on vehicles whose contents do not meet the requirements of the USMCA trade agreement, as well as steel and aluminum, which are also subject to special duties.

Economy minister Marcelo Ebrard announced the start of a 40-day period of negotiations aimed at ensuring the best possible conditions for these sectors.

"Our goal over the next 40 days is to achieve the best conditions among all countries in the world, including in the automotive industry and the aluminum and steel sectors, so that the country's competitiveness is at its highest," said Ebrard, who announced an upcoming visit to Washington to continue talks with his US counterpart.

The Mexican government has already activated two USMCA mechanisms that allow for bilateral dialogue, which has been key to maintaining the tariff-free regime for products that comply with the agreement. According to Ebrard, more than 50% of Mexican exports already operate under this tariff-free regime.

"But the tariffs in place will still weigh on the economy – and there are big downside risks if auto parts are subject to tariffs on the non-US content share. Given the economy's very poor end to last year and start to this year, we're not minded to change our 2025 GDP growth forecast, of 0.3%," Capital Economics said.

Nearshoring
Analysts and business representatives agree that, while Trump's tariff policy represents a challenge, it can also open up opportunities for Mexico in a global context marked by nearshoring.

According to BBVA, the country could benefit from greater integration with the United States and attract new investment in the face of rising tariffs for competitors like China.

Larry Rubin, president of the American Society of Mexico, said the imposition of tariffs by the United States was a foreseeable measure but the impact could be less than initially anticipated thanks to the mechanisms of the USMCA and the interdependence of supply chains.

"Many of the products that Mexico manufactures for the United States cross the border multiple times before becoming a finished product. I think we can rest easy, as the repercussions won't be as severe as initially feared," Rubin said.

Argentine oil exporters dodge Trump tariff bullet but fallout a risk

By Allan Brown
Argentine oil exporters may have dodged US President Donald Trump's "Liberation Day" tariff barrage, but wider global economic fallout from the measures may generate headwinds for the cash-strapped country as it scrambles to attract investors.

Trump announced a 10% or higher tariff on a slew of countries including the Latin American nation, but exempted energy products and other commodities.
The US, which along with Chile and Brazil, is among the main buyers of crude from Argentina, is likely concerned about generating upward pressure on domestic gasoline prices.

The US currently is a net exporter of oil and gas, but it depends on imports to meet its refining mix demand.
Trump sees the tariff measure as a way to stimulate domestic production, while critics see the move as ill-conceived and damaging for both US consumers and the global economy.

"All told, while commodities were not the focus of President Trump's Liberation Day salvo, they could still be affected depending on how countries negotiate and retaliate, and the broader impact on global GDP growth," British research firm Capital Economics said in a report.

"In general, we think that retaliation by other governments will be limited and, in the case of commodities, some countries could be willing to purchase greater quantities of US energy and agricultural supplies as part of potential negotiations with the Trump administration."

World Bank data shows that, for 2022, average tariffs charged by the US on imported Argentine fuels were 1.45%.

Overall, Argentina imposes higher average tariffs on US imports than the US imposes on incoming Argentine goods.

Argentina's main political forces see hydrocarbons industry development as a key tool to help steady the economic ship. Argentina is betting big on tapping its Vaca Muerta shale oil and gas, with the Rigi investment incentives regime introduced to help get dollars flowing in various sectors, including hydrocarbons.

So far, seasoned local players have formed the Rigi vanguard. Bringing new foreign firms into the Argentine arena may require continued work to reduce uncertainty and increase long-term visibility.

The combination of Trump's measures, and political risk factors linked to Argentina's midterm elections later this year, could potentially impact investment decision-making processes or timeframes.

Against the backdrop, it seems likely that state-controlled giant YPF, along with battle-hardened peers Vista Energy, Tecpetrol, Pluspetrol, Pan American Energy, Pampa Energía and others will continue to lead the investment charge for now.

Argentine exports of crude and derivatives to US
Argentina exported US$1.71bn of crude and derivatives to the US in 2024, according to data from Argentina's federal energy department. The figure for 2023 was US$1.68bn.Reflecting local production trends, the bulk, or around US$1bn of 2024 exports to the US, corresponded to Medanito crude from the Neuquén basin, which hosts the Vaca Muerta shale play.

Three companies accounted for the lion's share: Vista Energy (US$422mn), YPF-Chevron venture CHNC (US$318mn) and Pluspetrol (US$137mn).

Elsewhere on the map, Pan American Energy dispatched US$276mn of Escalante crude – heavier than Medanito – from the Golfo San Jorge basin, in Chubut province.

In terms of crude, overall, Argentina exported an average of around 124,000b/d last year, according to data from local hydrocarbons chamber IAPG. Domestic production was around 718,000b/d.

Appetites are being whetted by midstream investment and a government deregulation push. Production of shale oil is trending up, while output of conventionals is heading in the opposite direction as investment, led by YPF, is chiefly pumped into Vaca Muerta.

Colombia avoids US tariff pain but for how long?

By Michael Place
Colombia escaped the brunt of the US new tariff regime but the wider impacts of Washington's escalating trade war could still weigh on exports, currency stability and investor confidence, a political analyst told BNamericas.

The measures announced by President Donald Trump late on Wednesday set a baseline tariff of 10% on all goods entering the US from April 5. Reciprocal tariffs on specific countries – not including Colombia – will begin on April 9.

"Colombia, like most of the rest of Latin America, was spared the worst of Trump's protectionist wrath and will face new tariffs of 10% on most of its exports," said Theodore Kahn, an associate director at Control Risks in Bogotá.

According to statistics agency Dane, Colombian exports to the US totaled US$14.3bn in 2024, led by crude oil, cut flowers, oil derivatives, coffee and precious metals.

While some of these items are not subject to the new duties, there are wider concerns for Colombia's economy, according to Kahn.

"Oil and gas, refined petroleum products and gold – all among Colombia's top exports were exempted – [at least for now] from the new measures. Still, the major escalation of Trump's broader trade war brings significant indirect risks for Colombia," he said.

"The US is Colombia's largest export market with 28% of the total, so a potential recession, downturn in consumer sentiment or resurgence of inflation would all affect its exports, even if the country retains relatively favorable market access conditions," Kahn added.

"Beyond that, we could now see 'higher-for-even-longer' interest rates from the federal reserve, which would create downward pressure on the peso over the medium term and potentially affect the central bank's own interest rate path. In short, the implications for Colombia go well beyond the headline 10% tariff rate." Earlier, the Colombian government sought to play down the impact of Trump's decision while maintaining a diplomatic tone.

President Gustavo Petro said the tariffs would create new openings for Colombian businesses and ruled out any reciprocal duties on US imports in the short term. "Trump's decision to apply tariffs by geographic area and not by product type, allows us to improve our competitive position on a Latin American scale, and Colombia will benefit if its business community helps us lower energy rates and if the central bank... begins to lower interest rates to reduce financial costs," Petro wrote on social media.

"We will only make US imports more expensive if they take away our jobs. But we will not raise tariffs if their goods help create higher-value jobs," he added. The government said it would fully assess the implications of the US announcement in the coming days, including any impact on the countries' free trade deal – in force since 2012 – and agreements established by the World Trade Organization.

Meanwhile, foreign minister Laura Sarabia said she planned to meet with industry groups to "analyze the real impact on products."

"We see this as an opportunity for our country, not only for... diversifying markets, but also as an opportunity for our products to be competitive even in the US market itself, understanding that the tariff imposed on Colombia is one of the lowest. This allows us to review other products that arrive in the United States under better conditions," Sarabia said.

Silver lining: What US tariffs mean for Chile and other LatAm mining countries

By Elinor Trebilcock

While the Donald Trump administration has for now excluded copper and other minerals – that are in short supply in the United States – from his new raft of tariffs, Latin America's mining industry is being urged to take advantage to reinvent itself, continue enhancing synergies between operations, reducing costs, diversifying clients and increasing the sector's competitiveness.

The fact that copper and other critical minerals were excluded from the lowest tariff rate of 10% applied to most Latin American countries can be seen as an effort to appease a region that is a significant source of basic resources.

The US is highly dependent on mining imports. In 2024, the country relied 100% on imports for 12 minerals and more than 50% for another 28, according to a report by the US National Mining Association.

It would not be feasible to achieve self-sufficiency in the short or medium term, so the volatility in international trade can be seen as an opportunity to continue making progress in aspects such as building resilient supply chains, experts say.

A time to strengthen ties with Asia?

Amid the turbulent geopolitical landscape, seeking new allies that promise longer-term stability seems crucial, especially in a market as volatile as copper.

New trade blocs are emerging globally. At the end of March, the trade ministers of China, Japan and South Korea met to begin talks aimed at adopting joint positions against the new trade order.

The three largest Asian economies are major buyers of Chilean copper, and China has been a big investor in mining projects in countries like Chile and Argentina. Consulting firm Wood McKenzie said that without securing copper supply and without China, there will be no energy transition. It forecasts 75% growth in global copper demand to reach 56Mt by 2050. That goal implies a strong relationship with China due to its dominance in copper smelting and refining and semi-manufacturing.

"Mining companies can do little about this tariff situation, except remain competitive producers so they are protected in the event of any crisis. The producers of cheaper commodities will always be those that withstand crises better than those that don't," Juan Carlos Guajardo, director of consulting firm Plusmining, told local media.

US tariffs to have direct and indirect impact on Peru

By Luis Alonso Altamirano Rosas

The new tariffs imposed by the United States will have both direct and indirect impacts on the Peruvian economy. Despite having a free trade agreement with Washington signed in 2009, the 10% tariff on all Peruvian exports will affect an estimated US$9.5bn worth of products a year and reduce annual exports by US$760mn, according to a report by BBVA.

The reduction in exports would be equivalent to 0.26% of Peru's GDP, the bank said, and there is also a risk of being affected by the slowdown in other trading partners such as China and the European Union.

"Other factors that amplify the impact include tariffs on countries purchasing inputs from Peru to manufacture goods for export to the US. As a result, Peruvian exports to those nations would decrease," the report states. While applying tariffs on countries competing with Peru in certain categories could have benefited the country, tariffs were applied across the board to nearly all of them, which could result in a global economic slowdown.

There will also be an indirect effect from the slowdown imposed on Peru's main trading partner China.

US imports from the Asian giant will now carry a cumulative tariff of 54%, which could reduce demand for important commodities exported from Peru, such as copper and iron ore.

According to the foreign trade portal Trade Map, the US imported US$485bn worth of electrical components – telephones, electric heaters, televisions, electrical transformers and household appliances, among others – under international subheading 85 in 2024. Of this amount, US$126bn came from China. In addition, China exported more than US$14bn worth of miscellaneous steel products and more than US$20bn worth of vehicles to the US.

Peruvian risk

Peruvian exports reached a record US$75bn in 2024, up 16% compared to 2023. Of the amount, US$25bn went to China – mainly copper (US$17bn), iron ore (US$1.74bn) and fishmeal (US$1.41bn) – while exports to the United States totaled US$9.53bn.

The main exports to the US were blueberries (US$1.25bn), grapes (US$851mn) and clothing (US$787mn). According to local consulting firm Redes, the US is the main destination for Peruvian agricultural exporters, which will be one of the most directly affected by the 10% tariff.

"For Peru, the US represented US$4.45bn in agricultural exports, and 681,700 associated jobs…. If our products become more expensive, they will lose competitiveness compared to other alternatives, which could lead to a drop in demand. In the short term, finding markets that absorb the same volume as the US is unfeasible," Redes said on social media.

Amid trade war, Ecuador's presidential runoff set to shape relations with US

By Mercedes Alvaro

Ecuadoran exporters are looking to mitigate the impact of the 10% tariffs the US imposed on exports from the country in the runup to the second round of the presidential elections.

The tariffs, which will apply to several Latin American countries, are at the bottom of the range of the duties the Trump administration will implement, which economists say will depress global economic activity.

The world is preparing for lower economic activity, weaker demand for inputs and less demand for raw materials, which will ultimately affect, for example, the price of primar commodities such as copper and oil, economist Santiago Mosquera, dean of the business school at Universidad de Las Américas (UDLA) in Quito, told BNamericas.

"Ecuador, like all countries, will experience a drop in demand for its products," Mosquera said.

Although Ecuador currently enjoys good relations with the United States and expects no issues that could complicate business ties, it will only be possible to have a clearer picture of the bilateral relationship from May 24, when the new president, who will be elected on April 13, takes office.

Conservative President Daniel Noboa, who is seeking reelection, and Luisa González, an ally of former leftist president Rafael Correa (2007-17), will face each other in the runoff.

According to pollsters, the two are neck-and-neck.

Noboa took office in November 2023 to complete the term of Guillermo Lasso, who dissolved the national assembly and called early elections. During his administration, Noboa has promoted the private sector, particularly mining, and has a good relationship with multilateral organizations, including an agreement with the International Monetary Fund.

González, who served in Correa's administration, has criticized the deal with the IMF. In a recent agreement with the country's largest indigenous group Conaie, which pledged its support for her in the April 13 vote, González offered a mining moratorium and said there would be no mining in Quimsacocha, in the southern part of the country.

During Correa's administration, relations with the United States experienced several tense moments. He declared then-ambassador Heather Hodges persona non grata and ordered her expulsion in 2011, granted asylum in the Ecuadoran embassy in London to Wikileaks founder Julian Assange in 2012, and ordered the withdrawal of the United States Agency for International Development (USAID) in 2014.

What happens in the future, both in trade and bilateral relations, will depend mainly on the foreign policy agenda of the next government.

In the event of a Noboa victory, Ecuador is expected to maintain a close relationship with the United States, especially considering the importance of funding from multilateral organizations and security issues, said Mosquera.

If González wins the election, it will depend on where she wants to take bilateral relations.

"If there is a distancing, it's possible that the United States could take a different stance toward Ecuador and that there could be a change in tariffs, but that will only be known when the government changes, the ambassador to the United States is appointed and the policies for the next four years are made clear," Mosquera says.

Solid external accounts

Last year, Ecuador recorded a trade surplus of around US$6.7bn and a current account surplus.

"Fortunately, this trade war, which is affecting the entire world, finds Ecuador in a position of solid external accounts. Going forward, the surplus will narrow, but I don't foresee a current account deficit until at least 2027 or 2028, depending on overall economic activity," Mosquera said.

The US is Ecuador's leading trading partner, with exports of US$7.02bn last year and imports of US$8.13bn.

In January, the United States was the main destination for Ecuador's non-oil and non-mining exports, according to data from exporters' federation Fedexpor.

Ecuador exports mainly agricultural and aquaculture products to the United States and imports raw materials, intermediate inputs and capital goods.

Among the products affected by the tariffs imposed by the Trump administration are shrimp, bananas and cocoa, which previously entered the US market with zero tariffs.

The effects of the tariff measure will depend on each product.

According to Mosquera, in some cases, it will be easier to pass on the increased costs to the end customer. In others, the importer will bear part or all of the cost, as US consumers will face an increase in the price of virtually their entire basket of products, since most contain an imported component.

The price increase will be felt throughout the value chain, such as in plastics and containers, many of which come from China, which Trump has hit with tariffs of 54%.

Central America: Nicaragua suffers the greatest impact

(Information from Bloomberg Línea, via Factiva)

The United States has implemented a baseline tariff of 10% on most Central American nations and the Dominican Republic, excluding Nicaragua.

On Wednesday, President Donald Trump revealed that this new tariff will apply to numerous U.S. trade partners around the globe, including Belize, Costa Rica, El Salvador, Guatemala, Honduras, Panama, and the Dominican Republic.

Nicaragua, however, will be subjected to a steeper duty—reaching up to 18%. Speaking to Bloomberg Línea, exiled Nicaraguan journalist and diplomat Arturo McFields Yescas described the higher tariff as "a financial blow to the regime" of Daniel Ortega and Rosario Murillo.

During his regular press briefing, Costa Rica's President Rodrigo Chaves Robles indicated the policy would be examined further. "If the tide rises and all vessels float with it, then we are facing a new scenario. This isn't a punitive action against us," he explained. Costa Rican Foreign Minister Arnoldo André told local reporters that the government would probably set up a cross-agency committee to evaluate how the new tariff might affect exports to the U.S.

Reacting to Washington's move, Rodney Salazar, head of the Costa Rican Chamber of Foreign Trade (CRECEX), voiced concern about the possible consequences for local businesses. He urged calm, thoughtful planning, and greater coordination across industries.

According to Salazar, the chamber sees the tariffs as part of a shifting global trade framework that could, at least temporarily, challenge the competitiveness of the region’s goods in the U.S.—its most important export market.

Negotiation Still Possible
Guatemala’s Ministry of Economy (Mineco) stated that the new tariffs appear to breach the provisions of the DR-CAFTA trade agreement. Still, the U.S. might legally defend the measures under national security justifications, despite prior treaty commitments.

The Guatemalan authorities believe there is still an opening for diplomatic and commercial dialogue to address the trade hurdles and are currently reviewing the U.S. executive order.

A report by Citi pointed out that Latin American countries face varying degrees of exposure to these tariffs. Honduras, El Salvador, Panama, and the Dominican Republic are seen as especially at risk, due to factors such as trade deficits with the U.S., ongoing migration and narcotics issues, reliance on remittances, and other structural vulnerabilities.

Trump's tariffs expected to have mixed effects in LatAm ICT industry

By Pedro Ozores

The imposition of a 10% baseline import tariff on most Latin American countries by the Donald Trump administration is leading ICT executives to calculate possible consequences.

Analysts expect mixed effects for the local industry if the tariffs are implemented as announced on April 2.

With regard to data and infrastructure services, such as datacenters, fiber and submarine cables, the tariffs may reduce the appetite of technology companies to install export services-focused AI datacenters in Latin America, according to industry sources.

Others, however, highlight the region's attractiveness for these projects, due to, among other things, availability of relatively cheap and renewable energy, access to land and, in countries such as Brazil, an integrated transmission system.

"Trump's tariffs on the world don't solve the energy bottleneck in the United States. They are different things," a datacenter sector executive with operations in Latin America told BNamericas on condition of anonymity.

"It may even be that big techs seek to invest more there [in the US] from a political perspective, to align with the government. But key issues for cloud projects, for example, such as having lower latency to deliver for enterprise consumers and individuals spread all across the world and that form a bulk of the customer base of these companies, will continue to be present," this source added.

Some executives mention the zero-sum nature of the US tariffs, while others believe that the region could benefit from having lower tariffs than others and attract more technology and software investment.

Fiber

In the fiber and cable sector, Japanese multinational Furukawa, whose fiber operations were recently unified and rebranded as Lightera, is still figuring out how it will be affected.

A market leader in the segment, Furukawa/Lightera has plants in Brazil, Mexico, Japan and the United States, among others. However, not all of them produce the same products for the same segments.

Still, this fleet of plants is expected to carry some advantages, and the company has established that something produced in one unit will be transferred to a country where the tariff is lower.

"Our global presence reduces and avoids some problems. But, for example, Japan received a 24% tax on exports to the US. It isn't yet clear which products will be exempt because there will be exceptions," Foad Shaikhzadeh, chairman and global CEO of Lightera, said at a press conference on April 3 in response to a question by BNamericas.

Latin American fiber plants could benefit from higher tariffs elsewhere too. Furukawa exports mostly optical LAN cables from its factories in Latin America to the US, whereas the company's main competitors are located in Asian countries that have been slapped with higher tariffs.

Shaikhzadeh said that the US does not have important products for the industry for immediate consumption and that virtually all major tech companies in the US use Japanese cables and fibers.

The executive also mentioned submarine cables as a possibility of a drawback. Under the current main production arrangement, part of the submarine cable systems is produced in Europe and part in the US.

"The issue is that a submarine cable crosses neutral territories," he said. Because of that, Furukawa's customers, which include companies laying these cables, typically enjoy tariff exemptions. It remains to be seen whether this will continue, said Shaikhzadeh, adding that the company's trade and compliance team is working "26 hours a day" to assess the impacts.

The same is likely to apply to Italy's Prysmian, which operates one of the main fiber optics manufacturing plants in Latin America in Sorocaba, Brazil.

On the flipside, Chinese fiber competitors have long faced restrictions on selling to the US, including high import tariffs. They are also subject to anti-dumping measures in Europe. With even higher prices to export to the US market, these products may land in Latin America.

Electronics

The Brazilian electrical and electronics industry also sees both potentially positive and negative impacts.Industry association Abinee believes that the tariffs on products from several countries, including Brazil's most significant competitors in the electrical and electronics sector, represent a strategic opportunity.

"With the imposition of high tariffs, such as 46% on Vietnamese products, 34% on Chinese products and 20% on European products, Brazil finds itself in a relatively advantageous competitive position with a 10% surcharge – similar to that of other countries such as the United Kingdom, Turkey, Costa Rica and Argentina," Abinee said in a statement.

"This configuration puts the country on equal footing with other competitors, and may open the door to an increase in exports of electrical and electronic products to the US, especially on the back of countries that are being heavily overtaxed by the US," added Abinee.

On the other hand, the scenario also poses risks for the local industry, since countries like China, South Korea and Vietnam are expected to redirect their exports to other markets.

"Brazil shouldn't enter into this tariff war; it should instead arm itself to face even greater competition in the domestic market," said Abinee.

The entity also highlighted that, with new impetus on signing the Mercosur-EU trade agreement, as suggested by French politicians, Brazil could increase its exports to Europe, taking advantage of growing demand for manufactured products.

The association sees a "unique moment" both for safeguarding measures to protect local industry and stimulate competitiveness and to consolidate Brazil as an attractive investment destination.

Abinee president Humberto Barbato advocates that the country should reduce red tape and foreign investment costs.