

International Trade

Mexico to face relatively lower protectionism, potentially revitalizing nearshoring

Liberation day: U.S. imposes tariffs on most imports

Alfonso Gurza / Diego López / Carlos Serrano / Samuel Vázquez

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On April 2, 2025, the White House issued an [executive order](#) introducing reciprocal tariffs aimed at regulating U.S. trade and reducing the trade deficit. A baseline 10% tariff will take effect on April 5, while country-specific reciprocal tariffs will be implemented starting April 9.

Key points

- **The U.S. is imposing tariffs on imports from nearly every country**, with a particular emphasis on Southeast Asian nations. Mexico and Canada are not included in the list of reciprocal tariff targets.
- **Except for beer exports, Mexico's trade position remains unchanged** compared to prior to the announcement. Tariffs on automobiles, steel, and aluminum remain in place.
- **All of these tariffs are in violation of the USMCA agreement**, therefore we expect them to be potentially reversed in the short term.
- **This places Mexico in a relatively favorable position compared to other trade competitors—particularly China—**potentially jumpstarting nearshoring activity and enhancing U.S.-Mexico economic integration over the medium term.
- **The policy may escalate into a trade war and dampen global and U.S. economic growth**, thereby negatively affecting Mexico's growth in the short run.
- **There is a possibility that Mexican exports outside the USMCA framework may be subject to a 12% tariff—rather than 25%—if satisfactory agreements are reached on security cooperation and fentanyl trafficking prevention.**
- The initial market reaction has been positive for Mexico: **the peso (MXN) appreciated by 1.26%.**

Baseline 10% additional tariff on all imports

Invoking national security and targeting the trade deficit, the [executive order](#) establishes a 10% ad valorem tariff on all imports from all countries, effective April 5, 2025. Starting April 9, additional country-specific tariff increases will apply to nations listed in Annex I of the executive order.¹

The order excludes certain items, particularly those already subject to specific tariffs, such as steel and aluminum products², vehicles and auto parts³, and critical materials listed in Annex II⁴—including pharmaceutical products, copper, semiconductors, energy-related goods, and essential minerals. Differentiated tariffs are established for Mexico and Canada in light of the “border crisis” and USMCA compliance. For Mexico, [Executive Order 14227](#) remains in effect: USMCA-compliant goods are exempt, while non-compliant goods face a 25% tariff. The 10% additional baseline tariff does not apply to these existing cases.⁵

Furthermore, tariffs will apply only to the non-U.S. content of imported goods, provided that at least 20% of the product’s value originates from the U.S.⁶

When grouping countries with specific reciprocal tariffs by region, Asia receives the largest percentages, primarily Southeast Asia. This is followed by countries in Africa and the European Union. See Appendix for more details.

Assessment: Less relative damage to Mexico opens opportunities

While the announced tariffs will likely exert downward pressure on global and U.S. growth in the short term, Mexico’s relatively low exposure to protectionist measures presents a strategic opportunity. This could enhance Mexico’s access to the U.S. market and make it an attractive destination for investment—reviving interest in nearshoring. That said, the continued imposition of tariffs on Mexican exports of automobiles, steel, aluminum, and beer remains a drag on the trade outlook and constitutes a USMCA violation. We anticipate these measures may be reversed in the short run.

In parallel, the current environment may incentivize foreign investment in industries where Mexico does not yet have a revealed comparative advantage, simply because exporting from Mexico becomes more cost-effective compared to higher-tariff jurisdictions.

¹ As of the publication date of this note, the Annex is not available for consultation; it is expected to be published in the Federal Register. However, the charts presented by President Trump during the press conference are summarized in the Annex.

² See Mexico | U.S. imposes tariffs on steel, aluminum, and derivatives (BBVA Research, 2025) [Available here](#).

³ On March 26, an [order](#) was issued under Section 232 of the [Trade Expansion Act](#) imposing a 25% tariff on imports of automobiles (sedans, SUVs, crossovers, minivans, and light trucks) and certain auto parts (engines, transmissions, drivetrains, and electrical components), effective April 3, 2025 (EST) for automobiles, and no later than May 3 for auto parts.

⁴ As of the date of this note, the Annex is not available for consultation and will be published in the Federal Register.

⁵ Any ad valorem rate of duty on articles imported from Canada or Mexico under the terms of this order shall not apply in addition to the ad valorem rate of duty specified by the existing orders. Should the orders issued under the “border crisis” context be rescinded, any item outside the USMCA framework would be subject to a 12% tariff.

⁶ For the purposes of this subsection, “U.S. content” refers to the value of an article attributable to the components produced entirely, or substantially transformed in, the United States. U.S. Customs and Border Protection, to the extent permitted by law, is authorized to require the collection of such information and documentation regarding an imported article.

Appendix

During the press conference, the White House [shared 8 tables](#) illustrating the country-specific tariffs described in Annex I (not available at press time). Processing this information, we reconstructed the details below:

Table 1: COUNTRY-SPECIFIC RECIPROCAL TARIFFS (PERCENTAGE)

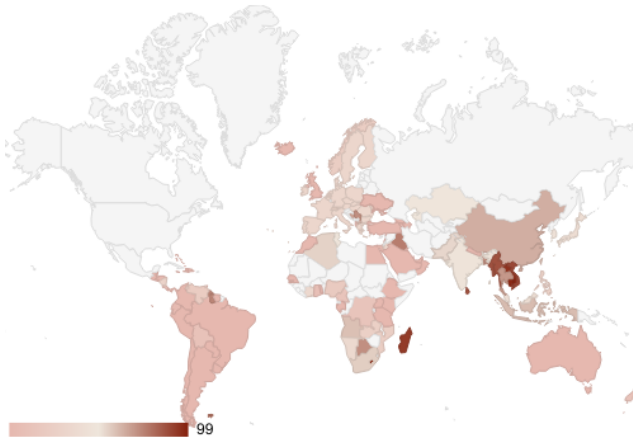
Country	Tariffs Charged to the U.S. (%)	U.S. Reciprocal Tariffs (%)	Tariff differential
Albania	10	10	0
Algeria	59	30	29
Angola	63	32	31
Argentina	10	10	0
Armenia	10	10	0
Australia	10	10	0
Azerbaijan	10	10	0
Bahamas	10	10	0
Bahrain	10	10	0
Bangladesh	74	37	37
Belize	10	10	0
Bolivia	20	10	10
Bosnia and Herzegovina	70	35	35
Botswana	74	37	37
Brazil	10	10	0
Brunei	47	24	23
Cote d'Ivoire	41	21	20
Cambodia	97	49	48
Cameroon	22	11	11
Chile	10	10	0
China	67	34	33
Colombia	10	10	0
Costa Rica	17	10	7
Democratic Republic of the Congo	22	11	11
Dominican Republic	10	10	0
Ecuador	12	10	2
Egypt	10	10	0
El Salvador	10	10	0
Ethiopia	10	10	0
European Union	39	20	19

Country	Tariffs Charged to the U.S. (%)	U.S. Reciprocal Tariffs (%)	Tariff differential
Falkland Islands	82	41	41
Fiji	63	32	31
Gabon	10	10	0
Georgia	10	10	0
Ghana	17	10	7
Guatemala	10	10	0
Guyana	76	38	38
Haiti	10	10	0
Honduras	10	10	0
Iceland	10	10	0
India	52	26	26
Indonesia	64	32	32
Iraq	78	39	39
Israel	33	17	16
Jamaica	10	10	0
Japan	46	24	22
Jordan	40	20	20
Kazakhstan	54	27	27
Kenya	10	10	0
Kuwait	10	10	0
Laos	95	48	47
Lebanon	10	10	0
Lesotho	99	50	49
Liechtenstein	73	37	36
Madagascar	93	47	46
Malaysia	47	24	23
Mauritius	80	40	40
Moldova	61	31	30
Morocco	10	10	0
Mozambique	31	16	15
Myanmar (Burma)	88	44	44
Namibia	42	21	21
Nepal	10	10	0
New Zealand	20	10	10
Nicaragua	36	18	18
Nigeria	27	14	13
North Macedonia	65	33	32

Country	Tariffs Charged to the U.S. (%)	U.S. Reciprocal Tariffs (%)	Tariff differential
Norway	30	15	15
Oman	10	10	0
Pakistan	58	29	29
Panama	10	10	0
Paraguay	10	10	0
Peru	10	10	0
Philippines	34	17	17
Qatar	10	10	0
Saudi Arabia	10	10	0
Senegal	10	10	0
Serbia	74	37	37
Singapore	10	10	0
Sint Maarten	10	10	0
South Africa	60	30	30
South Korea	50	25	25
Sri Lanka	88	44	44
Suriname	10	10	0
Switzerland	61	31	30
Taiwan	64	32	32
Tanzania	10	10	0
Thailand	72	36	36
Togo	10	10	0
Trinidad and Tobago	12	10	2
Tunisia	55	28	27
Turkey	10	10	0
Uganda	10	10	0
Ukraine	10	10	0
United Arab Emirates	10	10	0
United Kingdom	10	10	0
Uruguay	10	10	0
Venezuela	29	15	14
Vietnam	90	46	44
Zambia	33	17	16

Source: BBVA with data from White House publication.

Figure 1. **US RECIPROCAL TARIFFS (PERCENTAGE)**



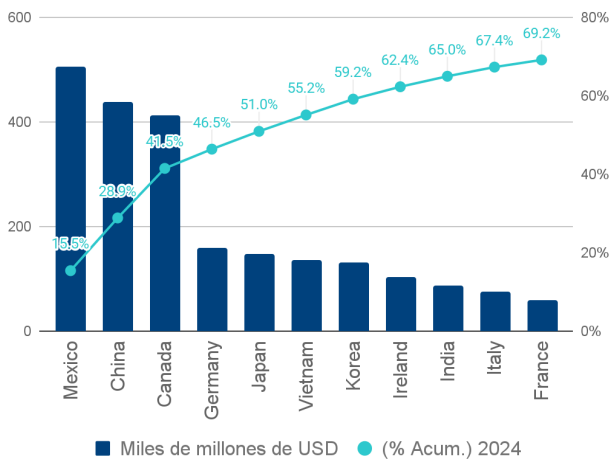
Source: BBVA with data from White House publication.

Figure 2. **US RECIPROCAL TARIFFS (PERCENTAGE)**

Region	Tariffs Charged to the U.S. (%)	U.S. Reciprocal Tariffs (%)
Southeast Asia	70.4	36.1
South Asia	68.0	34.0
Central Asia	54.0	27.0
East Asia	52.2	26.4
Africa	49.0	26.1
Europe	42.8	22.6
Middle East	20.6	13.4
Oceania	15.0	10.0
Latin America	12.8	10.6

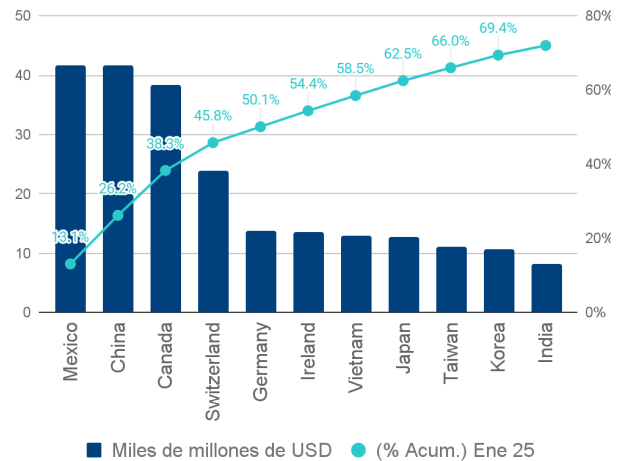
Source: BBVA with data from White House publication.
Note: Simple average of the tariff by group of countries.

Figure 3. **US IMPORTS 2024 (BILLION USD, PERCENTAGE)**



Source: BBVA Research with data from Census Bureau

Figure 4. **US IMPORTS JANUARY 2025 (BILLION USD, PERCENTAGE)**



Source: BBVA Research with data from Census Bureau

Figure 5. **US RECIPROCAL TARIFFS BY INCOME GROUPS (PERCENTAGE)**

Income Level	Tariffs Charged to the U.S. (%)	U.S. Reciprocal Tariffs (%)
Low	92.0	46.3
Lower-Middle	46.2	24.8
Upper-Middle	36.1	20.3
High	27.7	16.3

Source: BBVA with data from White House publication.
Note: Simple average of the tariff by group of countries.

Figure 6. **US RECIPROCAL TARIFFS BY TRADE BLOC (PERCENTAGE)**

Trade Bloc	Tariffs Charged to the U.S. (%)	U.S. Reciprocal Tariffs (%)
SADC	75.7	38.0
SAARC	68.0	34.0
ASEAN	66.3	34.0
ASEAN+6	56.8	28.8
Eurasian Union	54.0	27.0
EFTA	45.5	23.0
ECOWAS	41.0	21.0
EU	39.0	20.0
Non-EU Europe	31.3	19.0
MENA	29.6	17.0
CAFTA-DR	15.5	11.3
CPTPP	15.0	10.0
CAN	12.0	10.0
CARICOM	12.0	10.0
GCC	10.0	10.0
Mercosur	10.0	10.0
Pacific Alliance	10.0	10.0

Source: BBVA with data from White House publication.
Note: Simple average of the tariff by group of countries.

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ENQUIRIES TO:

BBVA Research: Paseo de la Reforma 510, Colonia Juárez, C.P. 06600 Mexico City, Mexico.

Tel.: +52 55 5621 3434

www.bbvaresearch.com