

# U.S. tariffs: How would they affect Mexicans?



How would the **tariffs** the United States government intends to impose on Mexico affect Mexicans?

The impact will depend on the sector analyzed. Overall, we believe that it could affect **economic growth**, explains **Cynthia Valeriano**, a professor at the School of Social Sciences & Government on [Tec de Monterrey's Toluca campus](#), who says:

*“On a day-to-day basis, companies will reduce production. When that happens, there are layoffs, there are no jobs, there’s no income for families, and consumption decreases. This becomes a vicious circle resulting in an **economic recession**.”*

These and other repercussions for the country have been analyzed by the professor, who acknowledges that there will also be a social impact as well as an economic one due to increased uncertainty and **job losses**.



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The academic shared that a study by the Brookings Institution, a global research center specializing in public policy, estimates that Mexico could lose more than **2 million jobs** in 2025 if a reduction in the tariffs is not negotiated.

***“Negotiations and agreements will be essential to mitigating the consequences.”***

*“We’re facing a complex situation where the economic effects will be felt in various **manufacturing sectors. Negotiations and agreements**—by the federal government—will be essential to mitigating the consequences.”*

### **Enterprise and employment**

Mexico is part of the United States-Mexico-Canada trade agreement known as the **USMCA**. As part of this union, the tariffs announced would jeopardize the competitiveness of Mexican companies, Valeriano says.

She adds that as a result, **jobs** would be threatened, especially in **automotive, agro-industrial, and pharmaceutical** sectors.

*“In the short term, we could see a reduction in U.S. consumption as product prices increase.*

*However, if these measures last for more than a year, the U.S. **economy** could be **strengthened** because they would expand their labor market and manufacturing, thereby affecting economies like Mexico and Canada,” she says.*

Cynthia Valeriano explains that industry sectors, such as those in the State of Mexico’s corridor, could be affected since 30% of its GDP depends on the manufacturing industry.

She says these companies could **slow down investments and cut staff**, an effect that was first felt in late 2024.

### **Mexico’s options in response to tariffs**

Professor **Valeriano** says that imposing similar Mexican tariffs to counter the intentions of U.S. President **Donald Trump’s** administration wouldn’t be the best option.

It could cause a contraction in Mexican GDP of up to **3%**, while not retaliating and looking for alternative solutions would reduce the decline to around **1.14%**.

*“The imposition of these taxes poses a challenge to the **economy**, but the key is to mitigate the impact. If Mexico manages to **negotiate tariff exemptions** for specific sectors or periods, the economic blow could be softened,” she says.*

*“The Mexican government’s stance, urging calm while strategies are analyzed, seems **appropriate** to me.*

*“Although it doesn’t eliminate the unease, it does send a message of control and willingness to engage in dialogue.”*

At the state level, she talks about how governments could implement **tax incentives**, reduce payroll taxes, and cooperate with chambers of commerce to find solutions.



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### Tariffs, who pays the price?

According to the professor, tariffs are **taxes applied to imports and exports** with the primary objective of protecting a country's domestic industries.

According to **Cynthia Valeriano**, the U.S. government's decision to impose *ad valorem* tariffs, calculated based on the **market price** of the product, leads to an **increase in the final cost** which ultimately falls on consumers.

*"The government doesn't directly withhold this tax; it's borne by those who buy or acquire these products, i.e., by **American consumers**, who would consume goods imported from Mexico," she concluded.*

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