



(UBS)

Trump's impact on Latin America: CIO livestream replay highlights

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The renewed Trump administration's policies continue to shape Latin America, making it essential for investors to closely monitor changes in trade, geopolitical, and economic policies.

The U.S. economy remains strong. The latest data indicates resilience despite fluctuations in consumer confidence. The labor market and corporate balance sheets show signs of stability. However, the tension between macro aspects and geopolitics has intensified in 2025, with changing global dynamics markedly increasing uncertainty.

The Trump administration's policy focus so far has included:

- **A new approach to tariffs:** The Trump administration is implementing tariffs aggressively, but in a more targeted manner rather than universally.
- **Shifting geopolitical alliances:** Global partnerships are being reshaped, influencing international trade and investments.

In our latest livestream, Alejo Czerwonko, CIO of Emerging Markets Americas at UBS, Gabriela Soní, CIO of UBS Mexico, and Alberto Rojas, Senior Emerging Markets Strategist, analyzed the potential implications of the Trump administration policy agenda for the Latin American region.

[CLICK HERE](#) to see the full livestream replay.

Highlights include:

Mexico: A critical trade partner

- A **25% tariff on all Mexican and Canadian imports remains a risk**, though it is unlikely to be fully implemented.
- **80% of Mexico's exports** are destined for the U.S., accounting for more than 25% of Mexico's GDP.
- Investment uncertainty persists, even in the absence of new tariffs. The mere threat of protectionist measures could slow Mexico's economic activity.
- **Claudia Sheinbaum** played a key role in diplomatic negotiations to mitigate the economic impact of tariffs. Her administration has actively emphasized the benefits of free trade.
- The risk of higher tariffs is expected to persist over the next four years, particularly on **strategic sectors such as steel, aluminum, and copper**.

Panama: A geopolitical hotspot

- The U.S. is closely monitoring **China's increasing influence in the Panama Canal**. Currently, **75% of canal traffic** either originates from or is destined for the U.S.
- **50% of containers** traveling between **Northeast Asia and the U.S. East Coast** pass through the Panama Canal.
- Washington's concerns extend beyond trade to **national security**, as the canal remains a strategic asset vital to U.S. economic and geopolitical interests.

Argentina: Bilateral relations and economic impacts

- The relationship between **Trump and Milei** is genuine and positive, but Argentina is not a priority in the U.S. administration's broader economic agenda.
- The **IMF remains central** to Argentina's economic negotiations, with a **new financing agreement exceeding \$41 billion** expected to strengthen the economy.
- Argentina requested an exemption from **steel and aluminum tariffs**, but the request was denied. Despite the positive relationship between the presidents, Argentina remains subject to U.S. protectionist policies.

Venezuela: The role of U.S. foreign policy

- Washington's stance on Caracas remains uncertain. Some members of the Trump administration advocate for **greater diplomatic engagement**, while others support **stricter measures against Maduro's government**.
- It remains unclear which approach will prevail, but **strong internal resistance persists** against easing economic restrictions on Venezuela.

Peru: A relatively stable position

- **Political stability remains a challenge**, but Peru is not a primary focus of U.S. policy.
- **Could tariffs on copper be implemented?** The U.S. is evaluating the possibility, but its reliance on copper imports may limit any significant negative impact.
- Peru's economy has one of the **strongest sovereign balance sheets in Latin America**, with low debt and robust international reserves.

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