How Latin America Gains from the Trump Tariff Rollback

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With the Supreme Court having struck down Donald Trump's IEEPA-based global tariffs, Latin America has much to celebrate. The removal of this major surcharge will benefit primarily countries and industries that (1) ship large volumes to the U.S., (2) were directly hit by the "Liberation Day" global tariffs, and (3) are tightly embedded in U.S. value chains.

The tariff rollback means that Latin American and Caribbean exports revert to pre-tariff MFN or FTA rates. That's good news. The bad news is that the administration has announced a new temporary 15 percent import duty (valid for 150 days) framed as a balance-of-payments measure, applied broadly but with specific carve-outs and special rules (for example, DR-CAFTA textiles had been singled out in the new scheme).

Which countries will be the biggest winners from the tariff rollback? Evaluating both country and industry criteria vis-à-vis the tariff rollbacks the gains will be widespread. Mexico, for sure, as the country gains the most in absolute terms because of its massive export base and deep integration into U.S. manufacturing. Brazil benefits in specific heavy-industry and commodity niches while Central America will see important gains in labor-intensive manufacturing. Chile, Peru, Colombia and Andean exporters will benefit with respect to commodities and selected manufactures. Finally, in the Caribbean region, the Dominican Republic, Jamaica, Trinidad and Tobago, and others gaint in niche energy, tourism-related supply, and free-zone manufacturing.

In terms of winning industries as a result of the rollback, the three that stand out are: manufacturing (autos, auto parts, advanced manufacturing); textiles, apparel and labor-intensive goods; and metals, mining and energy. Mexico's automotive manufacturing and high-tech segments (data processing equipment, digital units, transmitters) are dominant in Latin America and heavily oriented toward the U.S. market. Lower effective tariffs make Mexico's border manufacturing hubs more attractive relative to Asia, accelerating nearshoring of supply chains for EV components, electronics, and medical devices.

As for textiles, apparel, and labor-intensive goods, DR-CAFTA and Caribbean Basin countries specialize in garments, home textiles and simple manufactures assembled for U.S. brands. Tariff rollback improves unit economics in these low-margin sectors, supporting employment in export processing zones and encouraging U.S. retailers to rebalance sourcing away from Asia toward nearby partners. Regarding, metals, mining, and energy, Latin America and the Caribbean's top export lines to world markets include petroleum oils and copper ores; those flows into the U.S. had been exposed to broad-based tariff surcharges. For Brazil, Chile, Peru, Mexico, and Trinidad and Tobago, lower tariffs increase realized prices and investment appetite in metals, mining, and energy projects tied to U.S. demand.

In agriculture and food processing, soybeans, fresh fruits, vegetables, and processed foods are major LAC exports, with Mexico alone shipping over 48 billion USD in agricultural products to the U.S., including fresh vegetables and fruit. Rolling back extra tariffs supports farm incomes and agro-industrial exporters across Mexico, Brazil, Central America, and the Andean region, with knock-on effects in rural employment and related services.

Presented below is a chart of specific examples of likely gains due to the tariff rollback:

Country/industry	Principal benefit	Illustrative economic effect
Mexico – autos & parts	Removal of IEEPA surcharges on vehicles and components sold into U.S. OEM and aftermarket channels, replaced at most by a flat 10 percent duty.	Several-point improvement in effective tariff rate on tens of billions in exports, supporting billions in additional annual gross margin or allowing price cuts to defend market share.
Mexico – electronics & high-tech	Reversion to pre-2025 tariffs on computing machinery and electronics, strengthening Mexico's status as LAC's leading high-tech exporter.	Higher FDI into border tech clusters; incremental export growth as U.S. firms shift procurement from Asia to USMCA supply chains.
Brazil – steel & aluminum	Removal of politically driven surcharges on steel and aluminum that used IEEPA-type emergency powers.	Recovery of U.S. orders, better plant utilization, and improved cash flow for Brazilian mills versus Asian and domestic U.S. competitors.
Central America – apparel & textiles	DR-CAFTA shipments again primarily governed by FTA rules instead of emergency tariffs, with potential advantage over Asian producers facing other trade actions.	Higher order volumes for cut-and-sew operations; job creation in export processing zones in Honduras, Guatemala, El Salvador, Nicaragua, Dominican Republic.
Chile & Peru – copper & minerals	Removal of extra levies on copper ores and concentrates sold into U.S. smelters and manufacturers.	Better realized prices and higher netbacks for miners, improving government royalty revenues and capex budgets in mining regions.
Mexico & LAC – agriculture	Lower duties on key agricultural lines (fruit, vegetables, soy-based products, processed foods).	Stronger margins and export growth, supporting rural incomes and agribusiness investment across major exporting regions.

Sources: World Bank, Council on Foreign Relations, Holland and Knight, *Wall Street Journal*, Quincy Institute, Office of U.S. Trade Representative

As elated as U.S. importers will be with the return to lower tariff levels, those importers will pay a price for this gift when they begin to seek tariff refunds (refunds that could exceed $175 billion.). According to Gary Goldfarb, chief strategy officer at Interport Logistics: “The tariff refund issue will be extremely challenging for importers. In Interport’s customer cases, it might represent thousands of single line items thousands of times. That detail work will definitely place a huge burden on firms like ours.”

The strategic implications for Latin American policymakers and firms are far-reaching. Therefore, it is advisable that the governments in Mexico, Brazil, and DR-CAFTA move quickly to lock in the advantage by courting new U.S. investment in manufacturing, agro-industry, and logistics while tariff predictability is temporarily higher. Firms should treat the rollback as a hedge against future Section 232/301 actions, but in the near term accelerate capacity expansions, long-term supply contracts with U.S. buyers, and financing tied to higher, tariff-relieved cash flows.

“Volatility” and “uncertainty” will shape the trade environment for the foreseeable future. As such, it behooves importers, exporters and trade intermediaries (including trade finance professionals) to closely monitor the U.S. tariff landscape.

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