Mexico vows retaliation to Trump tariffs without detailing targets

By David Alire Garcia and Ana Isabel Martinez

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[1/4] Erik "Neat" Martinez marches along U.S. Route 101 during a protest against arrests and deportations of migrants by U.S. government agencies in Los Angeles, California, U.S. February 2, 2025. REUTERS/Joel Angel Juarez Purchase Licensing Rights



Summary

Sheinbaum orders tariffs in response to US measures Mexico GDP could fall 4% in 2025 if tariff maintained

MEXICO CITY, Feb 1 (Reuters) - Mexican President Claudia Sheinbaum on Saturday ordered retaliatory tariffs in response to the U.S. decision to slap 25% tariffs on all goods coming from

Mexico, as a trade war broke out between the two neighbors.

In a lengthy post on X, Sheinbaum said her government sought dialogue rather than confrontation with its top trade partner to the north, but that Mexico had been forced to respond in kind.

"I've instructed my economy minister to implement the plan B we've been working on, which includes tariff and non-tariff measures in defense of Mexico's interests," Sheinbaum posted, without specifying what U.S. goods her government will target.

For decades, the two neighbors have seen cross-border trade grow, including from a highly integrated auto industry, as well as massive volumes of crude oil, natural gas and motor fuels that move in both directions.

There is also a booming farm trade. Mexico sends large volumes of fresh produce north, including avocados and tomatoes, while U.S. farmers supply huge amounts of corn and other grains to Mexican buyers.

Overall, the United States is by far Mexico's most <u>important foreign market</u>, and Mexico in 2023 overtook China as top destination for U.S. exports.

Mexico has been preparing <u>possible retaliatory tariffs</u> on imports from the U.S., ranging from 5% to 20%, on pork, cheese, fresh produce, manufactured steel and aluminum, according to sources familiar with the matter. The auto industry would initially be exempt, they said.

Economy Minister Marcelo Ebrard said on X that Trump's tariffs were a "flagrant violation" of the U.S.-Mexico-Canada Agreement.

"Plan B is underway," Ebrard said. "We will win!"

U.S. exports to Mexico accounted for more than \$322 billion in 2023, Census Bureau data showed, while the U.S. imported more than \$475 billion worth of Mexican products.

Almost a third of Mexico's gross domestic product depends directly on exports to the United States, Grupo Financiero BASE's economic analysis director, Gabriela Siller, said on X.

"With a universal tariff of 25%, it is estimated that exports could fall by around 12%. With this, Mexico's GDP could fall by 4% in 2025, if the tariff is maintained all year round," Siller said.

In her post, Sheinbaum also rejected as "slander" the White House's allegation that drug cartels have an alliance with the Mexican government, a point Trump's administration used to justify the tariffs.

Trump said the tariffs against Mexico were due to the country's failure to stop fentanyl, a deadly opioid, from getting into the United States, as well as what he called uncontrolled migration.

Sheinbaum touted her government's record since she took office in October - seizing 20 million doses of fentanyl, in addition to detaining over 10,000 people tied to drug trafficking.

The U.S. measures were "one of the heaviest attacks Mexico has received in its independent history," Mexico's ruling party congressional leader Ricardo Monreal told broadcaster Milenio.

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