Snap | 11 June 2019

US-Mexico migration deal strengthens Trump in use of tariff weapon

US steps up tariff threats as Mexico's concessions seem to validate the US negotiation strategy



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The US-Mexican migration deal is a quick success for US President Donald Trump. With the use of tariff threats he forced Mexico to the negotiation table and obtained some concessions in less than two weeks. Trump may see this as a confirmation of the effectiveness of his negotiation strategy and the use of (threatened) import tariffs. This has the potential to harden the stance of the US in its negotiations with other trading partners such as China, the EU and Japan. Indeed, yesterday President Trump stepped up tariff threats against China and threatened to levy tariffs on imports from Mexico if it would not implement the deal as desired. You can find our most recent trade outlook and scenarios for the trade war here.

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