

## Monarch News

### Buyer Beware: The Reality of Just How Many Mexican Goods Imported Into the U.S. are Subject to Trump's 25% Tariffs, Despite the "USMCA Reprieve"

Are you ready?



March 13, 2025

The yo-yo back and forth in the emerging trade war between the United States and Mexico (and most other U.S. allies) is dizzying and hard to follow. On March 5th, President Trump announced a 25% across-the-board tariff on all Mexican goods imported into the United States. Following a call the next day in which Mexican President Sheinbaum deployed her "Trump whispering" talents, the White House agreed to suspend those same tariffs until April 2nd for all products that comply with and are imported under the United States-Mexico-Canada Agreement (USMCA). Many perceived this as a significant win and reprieve for Mexico, at least in the short term. Indeed, at a press conference on March 7<sup>th</sup>, Mexico's Secretary of the Economy Marcelo Ebrard stated that an estimated 90% of products will be protected under the USMCA, suggesting that a mere 10% of imports would be subject to tariffs. The reality, however, is something very different than that, and this has very significant implications for companies across a wide range of sectors who routinely import intermediate and final goods outside of the USMCA framework, often because compliance with the trade agreement is more costly or burdensome than the benefits of no tariffs. In this short document, we take a careful look at the reality of state of play.

#### Breaking Down U.S. Imports from Mexico

Data from the U.S. International Trade Commission reveals that **in 2024, a whopping 50.3% of total U.S. imports from Mexico did not enter with USMCA preferential treatment.** This represents approximately \$253.4 billion worth of trade in goods.

About 81% of those imports were concentrated in 7 sectors or categories, as shown below:

### U.S. Imports from Mexico in 2024

(figures in billions of US dollars)

HTS Number	Description (Sector)	(C)	(D)	(E)	Share of US imports from Mexico that DID NOT enter with USMCA preferential treatment (C) / (E)
		US imports from Mexico that DID NOT enter with USMCA preferential treatment	US imports from Mexico that entered with USMCA preferential treatment	Grand Total	
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts of such machinery or apparatus	86.4	19.1	105.6	82%
85	Electrical machinery, apparatus and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, and parts and accessories of such machinery and apparatus	42.5	43.9	86.9	49%
87	Motor vehicles, tractors and other land vehicles, parts and accessories thereof	22.2	113.2	135.4	16%
90	Optical, photographic, cinematographic, measuring, checking, checking or precision instruments and appliances; medical or surgical instruments and appliances; parts and accessories thereof	21.2	1.7	22.9	93%
22	Beverages, spirits and vinegar	11.6	1.2	12.9	90%
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings; illuminated signs, illuminated name-plates, illuminated name-plates and the like; prefabricated buildings	10.7	2.0	12.7	84%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	9.8	5.7	15.5	63%
	Other 90 sectors	48.9	63.0	111.9	44%
	<b>Grand Total</b>	<b>253.4</b>	<b>249.7</b>	<b>503.8</b>	<b>50.3%</b>

Source: United States International Trade Commission

In this table, billions of USD are expressed as thousands of millions of dollars

In the following 10 sectors, over 93% of U.S. imports from Mexico did not enter under the USMCA, relative to total imports in that sector:

### U.S. Imports from Mexico in 2024

(figures in billions of US dollars)

HTS Number	Description (Sector)	(C)	(D)	(E)	Share of US imports from Mexico that DID NOT enter with USMCA preferential treatment (C) / (E)
		US imports from Mexico that DID NOT enter with USMCA preferential treatment	US imports from Mexico that entered with USMCA preferential treatment	Grand Total	
88	Aircraft, spacecraft, spacecraft, and parts thereof	1.4	0.0	1.4	100%
25	Salt; sulfur; earths and stones; plasters, lime and cements	0.6	0.0	0.6	100%
30	Pharmaceutical products	1.1	0.0	1.1	99%
03	Fish and crustaceans, mollusks, and other aquatic invertebrates	0.5	0.0	0.5	99%
72	Iron and steel	3.2	0.0	3.2	99%
14	Braidable materials and vegetable products	0.1	0.0	0.1	99%
05	Animal products	0.1	0.0	0.1	98%
98	Special classification provisions	8.6	0.5	9.1	95%
95	Toys, games, games and sports requisites; parts and accessories thereof	1.5	0.1	1.6	94%
90	Optical, photographic, cinematographic, measuring, checking, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	21.2	1.7	22.9	93%
	<b>Grand Total</b>	<b>253.4</b>	<b>249.7</b>	<b>503.8</b>	<b>50.3%</b>

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Clearly, many companies choose not to use the USMCA for exporting to the U.S. because it is more advantageous for them—either the benefits of the USMCA do not outweigh the associated costs, or they are currently unable to meet the agreement's rule of origin and other requirements.

These numbers defy the widely held perception that almost all trade in goods with Mexico is covered by the USMCA. And, as a result, the fact that the United States has temporarily exempted all trade in goods covered by the USMCA does not mean that significant costs will not be incurred by those companies who are now subject to 25% tariffs.

***Do you know how your supply chain is being affected by these rules?***

### **Recommendations for Companies Exporting from Mexico to the U.S.**

- Analyze the most relevant tariff codes for your company's exports from Mexico to the U.S.
- Based on these tariff codes, develop specific recommendations (if any) that can be implemented for your company in Mexico to meet the USMCA requirements (to avoid the 25% tariff).
- Estimate the cost of complying with specific requirements to export your products under the USMCA, as well as the potential costs of non-compliance.
- Evaluate your ability to meet the tracing and paperwork requirements necessary to meet the USMCA rule of origin and other requirements.
- Create a work agenda to implement these recommendations in the short term.

Monarch Global Strategies certainly hopes that a trade war between Mexico and the U.S. can be avoided through dialogue and cooperation, fostering a more balanced and reciprocal trade environment that benefits industries across North America. Still, it is best to be prepared for any situation.

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If your company operates in sectors such as automotives, medical devices, aerospace, electronics, or energy—industries that are being impacted by these trade developments—please contact us. We have deep expertise and a strategic approach designed to support you in navigating these uncertain times.

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