Faced with mounting US pressure, Mexico slaps trade tariffs on China

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On Wednesday, September 10, Mexico's President Claudia Sheinbaum announced legislation related to the 2026 budget proposal that would slap tariffs of between 10 percent and 50 percent on a wide range of goods, including ones made in the automotive, textile, plastic, steel, clothing, toy, footwear, furniture, paper and glass sectors.

The proposal is part of the Mexican government's stated goals of reducing reliance on imports and protecting Mexican industry. Those goals are set out in its "Plan México" industrial policy, which was made public in January.

The proposal states that its aim is to "take advantage of our internal market so that production takes place in Mexico and employs Mexican workers." At the same time, it seeks to contribute to the "balancing" of foreign trade for the "well-being" of "all Mexicans."

The reform bill states that "for years the national economy became integrated into global value chains, under frameworks that favored the importation of inputs, which led to the loss of essential productive sectors and a growing vulnerability to external shocks."

It states further:

> Trade liberalization, while expanding markets, did not always translate into greater technological capacity or an increase in national content in our exports. With this proposal, inspired by Plan Mexico, this trend will be corrected, and national industry will be strengthened given the international trade context and global reconfiguration.

The reform bill sets a goal of sourcing "at least 50 percent of strategic supplies" in Mexico. Further, it says, "tariffs are no longer seen solely as a means of raising revenue, but become a strategic tool for economic and trade policy." Around 50 countries with which Mexico has a free trade agreement will not be subject to the new proposed tariffs. China is not one of them.

According to Mexico Economy Minister Marcelo Ebrard, the imposition of tariffs on Chinese products is a measure to try to reduce Mexico's trade deficit with China, which exceeded US $57 billion in the first six months of 2025. Ebrard estimated that this would generate an additional 70 billion pesos (US $3.76 billion) in revenue for the government.

This would extend to the 29 percent of Mexico's car imports from China, "because the average price indicates a [Chinese] strategy to gain market share, which puts the Mexican industry at disadvantage," as well as to auto parts and steel.

Mexico recently surpassed Russia as the top recipient of cars from China, which sent about 280,100 vehicles to Mexico in the first half of 2025, a 25 percent increase year-on-year.

Overall, Mexico is China's second-largest trading partner in Latin America, and China is Mexico's third-largest export recipient.

The Mexico announcement triggered a swift pushback from Beijing, which urged Mexico to reconsider.

Mexico should exercise "the utmost caution and think twice" before hiking tariffs on its goods, according to a Chinese government statement. It went on to accuse Mexico of pursuing "appeasement" in response to what it cited as US tariff abuses and bullying from Washington.

Mexico is indeed trying to tread lightly to avoid US economic aggression. An aid to Ebrard said that implementation of the new tariffs would happen "within the discussion and future commercial conversations with our North American partners" ahead of the review of the United States-Mexico-Canada Agreement (USMCA or

TMEC) as to trade relations next year.

China's Ministry of Foreign Affairs spokesman Lin Jian urged Mexico to reconsider the tariff move. Beijing "attaches great importance to the development of China-Mexico relations and hopes that Mexico will work together with China to jointly promote global economic recovery," he said in a briefing the day after Mexico's tariff announcement.

China's auto manufacturers have inherently lower production costs so their cars may remain competitive in the Mexican market, dulling the impact of the announced tariffs.

For example, the world's biggest electric car maker, Shenzen's BYD Co., sells its Dolphin Mini hatchback in Mexico for around 399,800 pesos ($21,500). In contrast, General Motors Co.'s Equinox, one of the least expensive electric cars available in the country from a legacy brand, starts from about 876,990 pesos, almost twice as much.

"Chinese new energy vehicles are very competitive in Mexico, especially considering the gasoline cars produced locally tend to be older models and have limited technological features," said Yale Zhang, managing director of Shanghai-based consultancy Automotive Foresight.

Zhang said that gasoline cars of similar size to the Dolphin Mini, which is roughly 4.3 meters, sell for between 350,000 and 360,000 pesos. So, an EV that starts at less than 400,000 pesos is very attractive, he said.

BYD has put its previous plans to build its own manufacturing plant in Mexico on hold indefinitely due to geopolitical issues and trade tensions with the US. The supply chain efficiencies and cheaper labor and materials it and other Chinese carmakers enjoy at home mean they can still sell their vehicles overseas at attractive prices.

Despite proposed tariff increases, on Thursday Chinese automaker Great Wall Motors reaffirmed its commitment to Mexico, with officials stating the company "is here to stay" despite the tariffs announced by Mexico.

Chinese trade with Latin America overall grew to a record $518 billion in 2024, according to Chinese state media. China currently ranks as South America's top trading partner, and the second largest for Latin America as a whole, after the United States.

Domination of Latin America as a region in its entirety is a critical strategic goal of US imperialism, one that the Trump administration is ramping up with increasing economic and military threats. Mexico's bourgeoisie is driven to navigate between escalating pressure from Washington and its relations with Beijing, the country's second biggest trading partner.

Trump had previously lumped Canada in with Mexico on fentanyl smuggling, threatening sweeping tariffs on both countries.

Canadian Prime Minister Mark Carney and President Claudia Sheinbaum met Thursday in Mexico City, ostensibly to strengthen trade relations in the face of Trump's tariff threats, and to keep the free trade agreement "alive in the lead-up to renegotiating it in 2026."

They pledged enhanced collaboration on economic issues and security, while preparing for challenging trade negotiations with the Trump administration.

Carney said he expects "much greater amounts of trade, much greater amounts of investment" between the Mexico and Canada. Sheinbaum chimed in, saying the two countries had agreed to a plan that what would "bring a new era of further strengthening economic ties" between them.

Sheinbaum said they wanted to increase bilateral trade in different sectors through the free trade agreement and do so through maritime routes — which would avoid those goods having to pass through the United States.

Given the present chaos as to these relations, what if anything comes of such intentions, only one with a crystal ball could say. It is a given that trade and tariff disorder will not abate.

Production is already fully international in scale. Under world socialism, production would be undertaken rationally in the interests of the entire world population, not those of the dominant classes of competing individual nations, which inevitably lead to imperialism and war. Dog eat dog trade wars would likewise become a thing of the past.