

USA and Mexico - What do tariffs and immigration have to do with each other?



US President Donald Trump has been very vocal about preventing illegal immigrants from coming into America ever since he took office. He has talked about building a wall between the US and Mexico to keep illegal immigrants out. He has also been harsher with people who have been found without the appropriate papers in the country.

A couple of weeks ago, he announced that as another deterrent, starting from June 10, 2019, he would start imposing [tariffs on all goods coming into America](#) from Mexico. This would start with a 5% tax on these goods, and then the tariffs would increase by 5% every month until they reached 25%, unless Mexico did something real to stop the flow of people across the Mexico-US border.

What does this mean for goods that go from Mexico to America? Mexico and America are big trade partners, under NAFTA and the new deal USMCA. America imported \$378 billion worth of goods from Mexico last year, making Mexico the second largest trade partner for America. If the tariffs had been imposed, then a product from Mexico that was being sold in America at \$1, would cost the consumer \$1.05 initially, and then go steadily up to \$1.25. That's a steep increase, and would discourage the use of these products. This would hurt Mexico as they would sell less product to America. This would also hurt Americans, as they would have to pay more for the same product, or then find alternative goods.

Got it. So what happened to this tariff threat? It was called off this weekend, as Mexico agreed to help America more in securing the border and halting the flow of illegal immigrants to America. These immigrants are from Mexico, but they are

also from other countries in Central America where they are fleeing violence and poverty.



Mexico has agreed to increase its border control forces, and importantly, to keep asylum seekers in Mexico while they figure out their next steps. So this means that when the asylum seekers are turned away at the US-Mexico border, they will be kept in Mexico, rather than the US.

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