

# What to expect with Donald Trump in office as of 20 January 2025? | Credendo

After winning the US election on 5 November, President-elect Donald Trump is set to make sweeping changes with his 'America First' message. This could impact global trade in 2025 and beyond.

There will be no 'business as usual' as the incoming president initiates significant changes back home that will have a ripple effect across the world. This being said, we should remain cautious as the 47th president of the USA is known as being unpredictable. Here is what we could expect:

## TRADE & TARIFFS

### Make America Great Again to challenge global economy

Trump is expected to approve the imposition of trade tariffs, which could range from 10–20% on all US imports, up to a maximum of 60% on imports from China. These protectionist measures are likely to target countries with a trade surplus with the USA and could trigger a tit-for-tat trade war.

“However, the risk is somewhat mitigated by Trump’s likely transactional approach, using the threat of tariffs to secure concessions,” says Raphaël Cecchi, Senior Country and Sector Risk Analyst at Credendo. These moves could further prompt realignment of global supply chains.

“An escalation of trade restrictions would affect open economies, notably in the EU and Asia, and further push for a reconfiguration of global supply chains to countries that are considered geopolitical allies, so-called friend-shoring.”

However, even US allies, such as Vietnam and Mexico, who have benefitted from the relocation of manufacturing production in recent years, might be vulnerable to the imposition of tariffs by the new administration – even if Mexico is protected, to some extent, by the United States-Mexico-Canada Agreement (USMCA).

## SECURITY & DEFENCE

### Realignment of the US-led international order

President-elect Trump is seemingly more reluctant to provide financial and military support to Ukraine and appears keen to seek a prompt resolution to the war with Russia.

Relations with NATO and other defence alliances may also be tested, with Trump likewise reluctant to provide security guarantees to US allies without tangible counterparty.

“The re-election of Donald Trump is likely to accelerate the decline of the US-led international order due to his 'America First' agenda, reluctance to provide security guarantees to US allies and preference for transactional deals.”

This has repercussions for international trade, given that the USA ensures the safety of the world’s major shipping lanes with its large naval forces.

# CLIMATE & ENERGY

## Back to the fossil future as climate policies questioned

Similarly, it is anticipated that there will be reduced support for climate-friendly policies in the USA, including the Inflation Reduction Act, which could be weakened.

The fossil fuel industry can expect a revival with encouragement for investment in shale oil and natural gas, areas in which the USA is already strong.

## ASIA

### Protectionist policies to harm Asian economies

- **Trade shock:** Higher import tariffs on China (potentially up to 60%, though, in reality, probably less) and on other Asian exports (10–20%) will hit open Asian economies hard. The USA remains the largest single market for Southeast Asian exporters. Beijing is likely to increase support for its own ailing economy, while countries with a trade surplus and benefiting from Chinese FDI circumventing US restrictions, could be targeted by more severe US trade restrictions. Vietnam is particularly at risk, followed by Thailand.
- **Currency depreciation:** This will affect Asian countries as a result of an expected sharp depreciation of the RMB, the negative impact of US import tariffs on Asian exports and a strong US dollar.
- **Geopolitics:** While China will remain a foreign policy priority for the USA, there is uncertainty as to Washington's military commitments to its Asian allies (including Taiwan) given Trump's generally isolationist stance.

## LATIN AMERICA

### Greater volatility and lower economic growth ahead

- **Trade measures:** More protectionist and transactional measures, including flat import tariffs, will hurt countries with a large share of exports going to the USA. Countries with larger trade surpluses vis-à-vis the USA are more likely to be targeted, such as Mexico, although free trade agreements provide a level of protection.
- **Foreign relations:** Trade may also be affected by more complex foreign relations, especially with regard to Chinese transit trade to the US or Chinese investments in critical infrastructure. There are potential implications too for Chinese 'friends' in the region, such as Cuba, Nicaragua and Venezuela.
- **Migration policy:** Harsh US migration policies, including threats of mass deportations, and a change or an end to aid and assistance programmes in Central America could influence trade and foreign relations. Closing US borders would eliminate an economic pressure valve in Central America. This could, in turn, result in rising gang crime and violence in the region. The likelihood of less nearshoring would also hurt Central America.
- **Risk outlook:** For Central America, the prospect of lower expected remittances may pressurise foreign exchange reserves. The same goes for the Caribbean, which faces the prospect of reduced US tourist numbers, as well as lower remittances. For Latin America overall, this may result in slower GDP growth, higher lending rates and currency volatility, leading to a somewhat negative outlook for the year ahead.