**Headline:** Trump Tilting at Windmills and Latin America’s Crossroads

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**[Article Body:]**

The acceleration of Donald Trump’s war against China in recent weeks has generated more doubts than certainties. These measures are allegedly aimed at re-industrialising the United States and regaining ground in favour of the West. Under the slogan ‘Make America Great Again’, the right-wing administration of Trump increased tariffs on imports from most countries in the world, with Asian countries bearing the brunt. Thus, China (67%), Vietnam (90%), Thailand (72%), and Cambodia (92%) are experiencing the most significant jumps in tax barriers.

Renowned economists such as Jeffrey Sachs and Paul Krugman warn of the inflationary and recessionary risks of Trump’s measures for the United States. The same position has been adopted by the *Washington Post* and the *Economist*. They even point out that these measures have deepened the slowdown in the world economy and, at the same time, will provoke a worldwide increase in the prices of consumer goods. The main financial indices in the Global North show fears of a crash similar to that of 1929. Between [1 and 21 April](https://www.nytimes.com/2025/04/21/business/trump-tariffs-stock-markets.html), the S&P 500 (US), Dax (Germany), FTSE 100 (UK), Nikkei 225 (Japan), S&P/TSX (Canada) indices fell day after day without showing signs of recovery so far. Meanwhile, the Shanghai SE index was the only one of the world’s major stock exchanges to show a systematic reduction in the fall. Clearly, stock market euphoria and panic respond to different variables.

The problem with the Western approach to its loss of competitiveness is that it has sought out the wrong corrective: classical protectionism. The world is multipolar because the West’s productivity is in a steadily accelerating decline, while China and other countries in the Global South are the world’s producers of goods. Data confirming this productive decline of the Global North by 2024: for instance, [China accounted for 30%](https://www.theglobaleconomy.com/rankings/manufacturing_value_added/) of global manufacturing output. If we include the BRICS+, the percentage of manufacturing production in relation to the global total is at least half of the world’s manufacturing production. It is an incontrovertible fact that most of the goods that the world’s populations require are produced in the Global South and, disproportionately, in China.

The new cycle of financialisation following the Third Great Depression of 2007–2008 only accentuated the structural problem of the Global North in the face of the emergence of sovereign development projects in the Global South. This structural problem is the low productivity of the economies in the West. The key problem lies in the fact that these economies, especially encouraged by big finance capital in alliance with the digital economy sector, have privileged short-term speculation. When sovereign development projects took place in the South, the learning curve for these countries to undertake far-reaching economic modernisation began to accelerate.

China has grown even during the pandemic recession due to four major strategies: economic planning based on development for the common prosperity of its population; high fixed capital investment as a percentage of gross domestic product, particularly in strategic industries; expansion of international trade; and the combination of high technological innovation with overcapacity production. These strategies combined help to explain why China structurally leads the rankings in terms of global trade volume and, at the same time, is first in surplus trade balance. The flipside of this trend is the systematic trade deficit of the United States and, with the exception of Germany, of most European countries.

The Western view of the global economy, mostly based on short-term financial logic, tries to assert two things about the results that Trump’s policy could have on the global stage. The first is that the impact of the tariffs will be similar in the U.S. and in the East. Therefore, the assumption is that the tariffs will lead to a recession in both economies. While it is not possible to completely deny the impact of the unilateral trade war, a priori, it is expected that the impact on the Chinese economy will be less than assumed by the Western economic and political establishment. Some specific actors, such as chief executives and politicians in certain U.S. states, are even saying so in a low voice. If we take into account that China exports much more to the Global South than the United States, it is not clear that the impact could slow down Chinese exports in such a way as to decelerate their growth during this period. In the first two months of 2025, China had [208 billion dollars in exports to the Global South](https://tinyurl.com/2ptrpcm8), while the value exported by China to the United States for the same months was 75 billion dollars.

The second is that, for Western analysts, deflation in China is posing a serious problem that will accentuate the recession. The assumption is that, as consumption of Chinese goods in the U.S. falls, the fall in output prices in China will further accelerate. In certain situations of production backlogs and production at full capacity, this could be a problem similar to that experienced by Japan during the 1990s. However, with technological advantage, overcapacity, the world’s largest domestic market and high exports to other countries in the Global South, output prices will not necessarily rise and might even fall. If there is output price deflation, then this can provide sustained trade gains for China. Turnover (higher sales volumes) rather than margin (higher unit profit due to higher prices over costs) is what allows China’s economies of scale to be exploited. It is the typical dynamic of lower cost competition that allows China to be the world’s factory and not, on the contrary, high pricing.

These elements allow us to qualify the effect of the recessionary projections on the Chinese economy, which, in the first months of the application of the U.S. tariffs, continues to show vitality and [growth above 5%](https://www.guancha.cn/LuoSiYi/2025_04_17_772508.shtml) for the current year.

**What Is Left for Latin America**

The Latin American region is at a crossroads of different dimensions. The significant decline in industrial production, low international commodity prices, and an erratic regional integration strategy mean that the chances of returning to a path of stable growth are not automatic. Attempts by the United States to advance agreements that would decimate trade between China and Latin America are the order of the day. This is especially true if one bears in mind that a large number of the region’s countries now have governments that are sympathetic to the United States. El Salvador, Panama, Argentina, and Ecuador have a position that seems to ignore the productive and commercial map of the world, and even of their own economies, to produce an alignment with Trump by negotiating debt agreements, investment treaties, and even lower taxes than those levied on products from other countries.

With the exception of Central America and the Caribbean, where the United States is the main trading partner, most of the Latin American region’s trade is intra-regional or with China and other Asian countries. In this sense, Trump’s attempted tariff war could be a good excuse to increase complementary regional trade and advance a regional agreement programme with China. The latter is already the main supplier and buyer of products south of the Rio Bravo. The West’s productive decadence can only offer Latin America and the Caribbean indebtedness and de-industrialisation. A commitment to multipolar and complementary trade can provide a way to circumvent the West’s structural crisis and initiate a process of reindustrialisation in Latin America and the Caribbean.