

United States-Latin America and the Caribbean Trade Developments

2025



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2025



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Introduction

United States–Latin America and the Caribbean Trade Developments 2025 provides a comprehensive review of major trends and developments in trade relations between the United States (U.S.) and Latin America and the Caribbean (LAC). Prepared annually by the ECLAC Washington Office, the report aims to inform policymakers, researchers, and the general public about the evolving dynamics of regional trade and economic cooperation.

The report combines statistical information with qualitative and analytical discussions reflecting recent developments. Given the level of detail and the nature of the data presented, the statistical sections rely primarily on official sources, which are often released with some delay. For this reason, the statistical analysis uses data from the latest full year. In contrast, the thematic and policy discussions incorporate the most up-to-date information available at the time the draft is finalized. This approach seeks to balance accuracy, timeliness, and analytical relevance throughout the report.

In 2024, LAC's relative importance in total U.S. trade in goods surpassed pre-pandemic levels. The region accounted for 23.2% of the total U.S. trade in goods. Overall, LAC is a net exporter of goods to the United States, driven largely by Mexico, which is the region's leading trading partner and recorded a surplus with the United States of US\$ 181 billion in 2024. U.S. imports from the region rose 7.4%, to US\$ 661 billion from US\$ 615 billion in 2023. U.S. exports of goods to LAC increased 2.9% in 2024, reaching US\$517 billion compared with US\$503 billion in 2023. As a result, the U.S. goods trade deficit with LAC widened to US\$ 144 billion in 2024.

Compared to the trade in goods, the U.S. total trade in services with the region represents a smaller fraction of the total, accounting for only 11.5%. As with goods, Mexico is the region's major trading partner in services, accounting for 41.6% of the U.S. total trade in services with the region, followed by Brazil with 18.1%. Overall, the U.S. is a net exporter of services to LAC. The U.S. services trade surplus with the region has progressively improved since 2021, recording US\$ 39.5 billion in 2024. It was mainly driven by the U.S. trade surplus with Brazil, which has expanded since 2021 and reached US\$ 23 billion in 2024. On the other hand, the U.S. is a net importer of services from Costa Rica and the Dominican Republic.

Strategic competition between the U.S. and China continues to be a defining feature of the global trade landscape, with direct implications for LAC. In 2024, China was the U.S.'s third-most-significant trading partner in goods after Mexico and Canada, and the ninth in services. China's share of U.S. imports has been declining since trade tensions began in 2018, from 21% to 13.5% in 2024. The same is true for services, although the decline is less marked.

Developments in the U.S. economy provide a relevant perspective for understanding the broader shifts in global trade. During 2024, the U.S. experienced trade growth, with exports increasing by 4.5% and imports by 7%. As a result of stronger import growth relative to exports, the balance of trade worsened by 15% compared to 2023, with the U.S. recording a services surplus (US\$ 312 billion) and a goods deficit (US\$ 1.22 trillion).

In 2025, global trade continued to expand, despite persistent geopolitical tensions and rising trade policy uncertainty. According to UNCTAD (2025), the value of global trade in goods and services increased by more than half a trillion dollars in the first half of the year, supported by robust South-South trade and stronger performance among developing economies. Goods trade grew by 2.5% quarter-over-quarter in both the second and third quarters of 2025, while services trade accelerated sharply, reaching nearly 4% in the third quarter. On a trailing four-quarter basis, growth remained solid (5% for goods and 6% for services), suggesting that global trade is on track to exceed its 2024 record levels.

Despite this overall strength, trade patterns varied significantly across regions. Developing economies led global expansion, while imports in advanced economies, particularly the U.S., continued to grow slowly, reflecting shifting trade policies and the impact of additional tariffs. U.S. goods imports fell by about 16% in the second quarter of 2025, weighing on global averages, even as major Asian economies such as China, India, and the Republic of Korea recorded solid growth. Services trade in the U.S. also declined slightly, reflecting weaker domestic demand and the persistent effects of trade uncertainty.

Bilateral trade flows between the U.S. and China have shown signs of stabilization following successive rounds of tariff adjustments, but structural frictions persist. Renewed export controls on advanced technologies, restrictions on critical minerals, and divergent industrial policies continue to affect supply chains and heighten uncertainty in global markets. These dynamics have reinforced geoeconomic polarization and contributed to shifting trade dependencies, UNCTAD (2025) says, as developing economies (particularly in East and South Asia) deepen regional integration and expand South-South trade linkages.

The U.S. trade agenda shifted toward more assertive enforcement and strategic realignment in 2025. The newly confirmed U.S. Trade Representative, Jamieson Greer, announced a Trade Policy Agenda emphasizing stronger industrial competitiveness, regional semiconductor supply-chain security, clean energy trade, and recalibrated investor protections (USTR, 2025a). In a statement, Greer affirmed that *"we will rigorously enforce trade rules, revitalize supply chains in the Western Hemisphere, and ensure trade benefits reach every community across America"* (USTR, 2025a).

U.S. trade engagement with LAC has been reoriented through the *Americas Trade and Innovation Initiative (ATII)*, launched in early 2025 to complement prior Americas Partnership for Economic Prosperity efforts.¹ ATII seeks to deepen digital infrastructure links, scale green technology investments, and facilitate regional value chains for batteries, circular-economy goods, and critical minerals. The Council on Trade, Innovation and Competitiveness now convenes quarterly across the region's capitals to operationalize joint trade-climate frameworks under the ATII (USTR, 2025a).

¹ The Americas Partnership for Economic Prosperity, launched in June 2022 at the Summit of the Americas in Los Angeles, is an initiative to deepen economic integration, tackle economic inequality, and enhance democracy. The current member countries are Barbados, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru, United States, and Uruguay.

In March 2025, the U.S. hosted the third ministerial meeting of the Americas Partnership for Economic Prosperity in Miami. At that forum, priorities included the collaborative deployment of battery recycling facilities, the scaling of cross-border clean hydrogen corridors, and training in advanced circular-economy sectors. The U.S. simultaneously pledged US\$ 50 million to expand the Americas Partnership Platform, a technical assistance vehicle, targeted toward sustainable industrial and recycling projects in Central America and the Caribbean (USTR, 2025a).

A central pillar of US-LAC trade developments in 2025 has been the reinforcement of U.S.-Mexico-Canada Agreement (USMCA) rules in high-tech sectors. In August 2025, a Rapid Response Mechanism (RRM) panel formally found labor rights violations at Atento call centers in Mexico, marking the first-ever binding RRM ruling under USMCA (USTR, 2025b, and more details in Table 18). Meanwhile, the USTR initiated a public consultation on the 2026 joint review of USMCA, with comments due November 2025 (USTR, 2025c; Morgan Lewis, 2025). On the technology front, the U.S. invoked the CHIPS-era *Technology Resilience and Equity (TRE) Fund* to support semiconductor assembly and recycling capabilities in Mexico and Costa Rica, pairing capital grants with supply-chain safeguards to ensure secure, sustainable production (USTR, 2025a).

Overall, recent trends indicate that U.S. trade patterns in 2024 and 2025 are increasingly shaped by structural forces—including strategic competition with China and shifting policy priorities. These evolving dynamics have direct implications for LAC’s trade engagement with the United States and the trajectory of bilateral and regional trade relations.

The report is structured as follows. Chapter I provides an overview of U.S. trade flows with the world, focusing on 2024 data, then examines U.S. trade with China and its impact on LAC, highlighting this as a key systemic axis shaping global trade realignment, and finally reviews U.S. trade relations with Latin America and the Caribbean more broadly. The guiding thread is to show how U.S. trade developments interact with global dynamics and how these effects ultimately transmit to LAC. Chapter II examines selected dispute settlement cases under the USMCA, given Mexico’s role as the United States’ main trading partner in LAC and because dispute rulings are a direct transmission channel of U.S. trade policy to the region. Chapter III reviews circular economy initiatives, as these value chains (critical minerals, batteries, recycling and green technologies) are becoming strategic pillars of U.S. industrial and trade policy and offer opportunities for deeper productive integration with LAC. The conclusion outlines forward-looking considerations and policy-relevant insights emerging from the analysis.

I. United States trade during 2024²

This chapter provides an overview of the United States' trade performance in 2024. Latin America and the Caribbean (LAC) accounted for 19% of total U.S. trade in goods and services, a share similar to the previous year. LAC's share of total U.S. trade in goods surpassed pre-pandemic levels, reaching 23.2%. Goods imports from LAC grew faster than exports, widening the U.S. goods trade deficit with the region, driven largely by Mexico, while U.S. services trade with LAC expanded steadily and maintained a positive services balance for the United States. These trends highlight how shifts in U.S. trade patterns—shaped increasingly by strategic competition with China—are impacting the region. What follows examines these developments in detail, showing how evolving global forces and domestic policy priorities are reflected across U.S. trade flows with LAC in 2024.

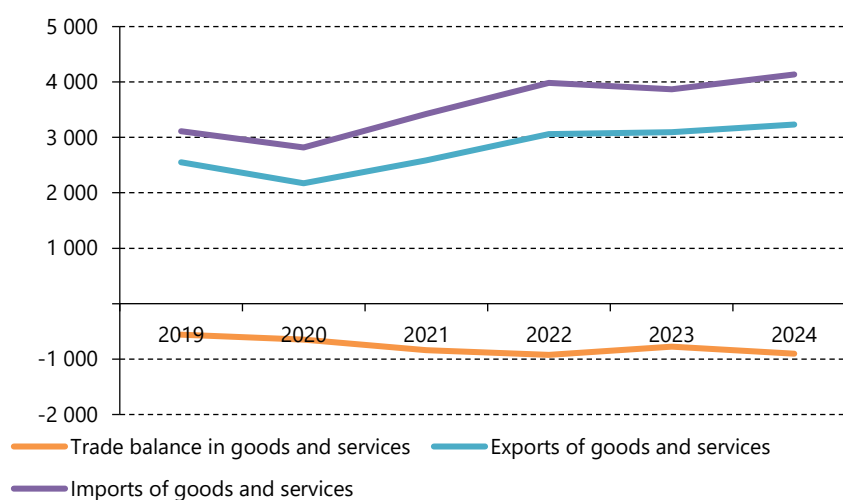
A. U.S. trade with the world³

The U.S. experienced expansions in both exports and imports in 2024, following modest growth in exports in 2023 (1.1%) and a decline in imports (-2.9%). U.S. exports in 2024 grew 4.5% to US\$ 3.2 trillion, while U.S. imports grew 7% to US\$ 4.1 trillion. Consequently, the trade deficit, which was US\$ 774 billion in 2023, worsened to US\$ 904 billion (Figure 1 and Table 1).

² Data presented in this report may vary from figures published in previous U.S.-LAC Trade Developments reports as a result of updates or revisions by the BEA and other official sources.

³ The services figures correspond to the BEA's Trade in Services, which measures cross-border transactions in services between U.S. residents and nonresidents. They do not include Services Supplied Through Affiliates, which capture services provided locally by foreign affiliates of U.S. companies abroad or by U.S. affiliates of foreign firms. The two indicators are not additive because they differ in coverage, statistical concepts, and residence criteria. Trade in Services is used here because it is methodologically aligned with the measurement of trade in goods, allowing both to be integrated into a coherent total trade aggregate, whereas services supplied through affiliates reflect local operations of foreign direct investment rather than international trade flows (see U.S. Bureau of Economic Analysis, International Services: Cross-Border Trade in Services and Services Supplied Through Affiliates for more details, available at <https://apps.bea.gov/scb/issues/2024/10-october/1024-international-services.htm>).

Figure 1
United States trade in goods and services
(In U.S. billions of dollars)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

Table 1
United States trade in goods and services with the World
(In U.S. billions of dollars)

	2019	2020	2021	2022	2023	2024
Balance						
Total	- 559.27	- 646.04	- 837.27	- 923.73	- 774.21	- 903.53
Goods	- 857.26	- 912.88	-1 083.19	-1 174.57	-1 057.50	-1 215.40
Services	297.99	266.83	245.92	250.84	283.29	311.87
Exports						
Total	2 554.09	2 172.85	2 584.07	3 058.45	3 092.54	3 232.52
Goods	1 655.10	1 433.85	1 765.85	2 095.58	2 047.46	2 079.78
Services	899.00	738.99	818.22	962.87	1 045.08	1 152.75
Imports						
Total	3 113.36	2 818.89	3 421.34	3 982.17	3 866.74	4 136.06
Goods	2 512.36	2 346.73	2 849.04	3 270.14	3 104.95	3 295.18
Services	601.01	472.16	572.30	712.03	761.79	840.88

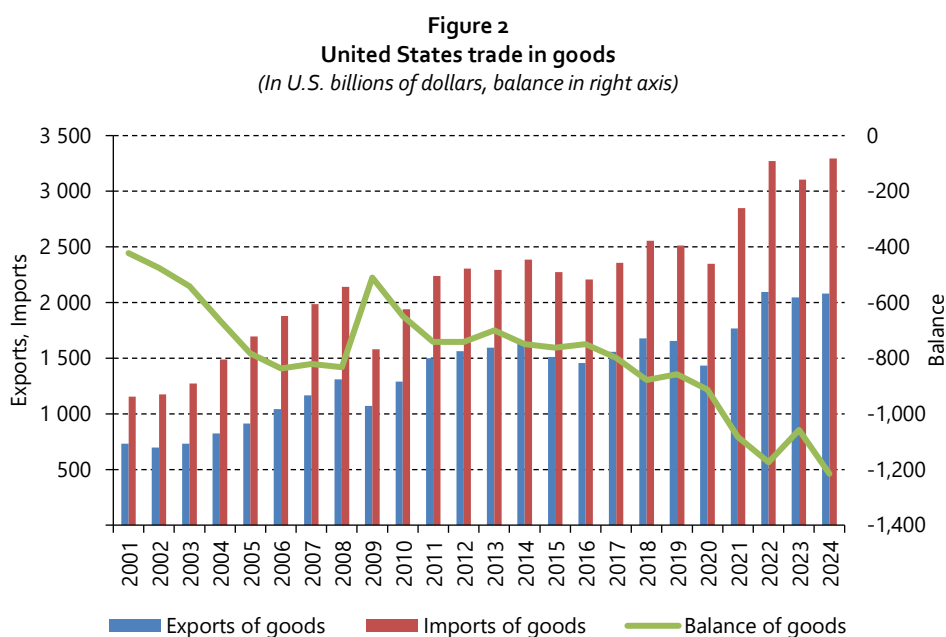
Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The widening of the trade deficit in 2024 was mainly driven by a US\$ 158 billion deterioration in the goods trade balance, partially offset by a US\$ 29 billion improvement in the services trade balance. Exports and imports of goods increased by 1.6% and 6.1%, respectively, while services saw a stronger rebound, with exports up 10.3% and imports up 10.4%. The relatively slow recovery of goods and the robust performance of services are consistent with broader global trade patterns.

1. Trade in goods

The U.S. trade deficit continues to reflect a global pattern of increasing trade imbalances (UNCTAD 2025a). The U.S. has the most significant trade deficit worldwide, especially with China and the EU. Over the years, various administrations have paid increasing attention to the trade deficit and tried to narrow it. While some argue that the trade deficit largely stems from market-distorting policies, others contend that the main drivers are foreign direct investment and the imbalance between domestic savings and total investment in the U.S. (WITA 2025, PIIE 2025).

In 2024, the trade deficit in goods stood at US\$ 1,215 billion, reaching a new low and further reinforcing the long-term trend of deterioration. It widened by US\$ 158 billion compared with 2023, a year that was marked by an improvement in the trade balance of goods (Figure 2).



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

U.S. exports of goods increased by 1.6% in 2024, from US\$2.05 trillion to US\$2.08 trillion (Table 2). Compared to 2023, three sectors showed a contraction in their exports: industrial supplies and materials, automotive vehicles, parts, and engines, and other general merchandise, which decreased by 1.2%, 4.2%, and 0.6%, respectively. The slowdown in the U.S. automotive sector is associated with a surge in Chinese exports (USITC, 2025). The rest of the categories grew relative to the previous year, with U.S. exports of foods, feeds, and beverages increasing by 2.5%, capital goods by 7.4%, and consumer goods by 0.3%.

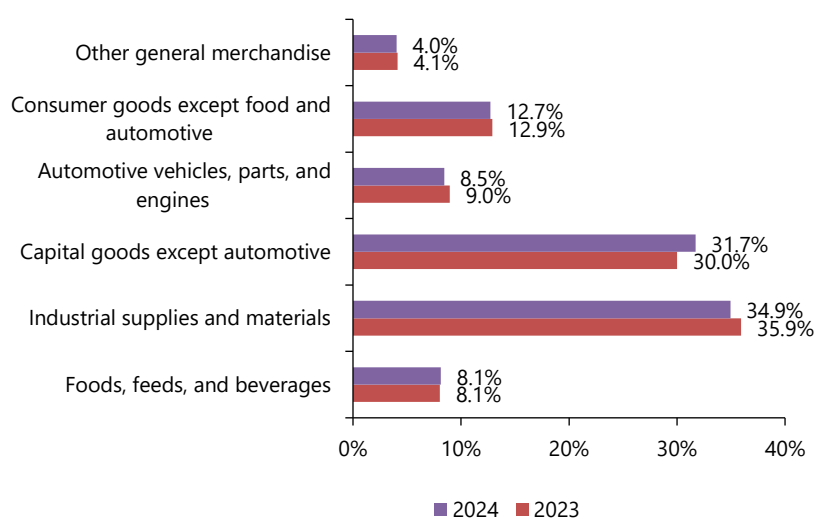
Table 2
United States trade in goods by principal end-use category
(In U.S. billions of dollars)

	Balance of goods		Exports		Imports		Total in goods	
	2023	2024	2023	2024	2023	2024	2023	2024
Foods, feeds, and beverages	- 39.76	- 51.47	161.72	165.81	201.48	217.28	363.20	383.09
Industrial supplies and materials	54.35	53.12	721.83	713.22	667.48	660.10	1 389.31	1 373.32
Capital goods except automotive	- 261.42	- 321.94	602.84	647.16	864.26	969.10	1 467.10	1 616.26
Automotive vehicles, parts, and engines	- 278.11	- 303.01	180.05	172.51	458.16	475.52	638.21	648.03
Consumer goods except food and automotive	- 498.05	- 546.54	258.93	259.59	756.98	806.13	1 015.91	1 065.72
Other general merchandise	- 42.16	- 46.26	83.10	82.60	125.26	128.86	208.36	211.46
Others	7.64	0.69	38.98	38.90	31.35	38.22	70.33	77.12
Total	-1 057.51	-1 215.42	2 047.45	2 079.79	3 104.97	3 295.21	5 152.42	5 375.00

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The composition of the U.S. goods exports by major categories in 2024 shows that industrial supplies and materials accounted for the largest share at 34.9%, down slightly from 35.9% in 2023 (Figure 3). Capital goods, excluding automotive, accounted for the second-largest share at 31.7%, up from 30.0% in the previous year. Consumer goods, excluding food and automotive, accounted for 12.7% of exports; automotive vehicles, parts, and engines accounted for 8.5%; and foods, feeds, and beverages accounted for 8.1%, all showing minimal changes from 2023. Other general merchandise constituted 4.0% of exports. The data show that industrial supplies and capital goods together account for approximately two-thirds of total U.S. goods exports in 2024, with capital goods gaining share at industrial supplies' expense.

Figure 3
United States exports of goods: shares of major categories
(Percentages)

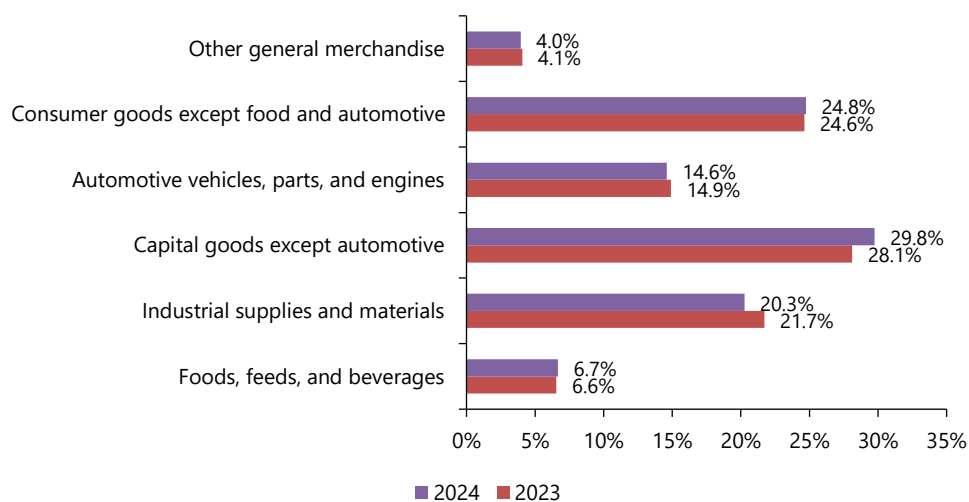


Source: ECLAC based on the Bureau of Economic Analysis (BEA).

U.S. imports of goods increased by 6.1% in 2024, from US\$ 3.10 trillion to US\$ 3.30 trillion. Compared to 2023, imports of foods, feeds, and beverages, capital goods, and consumer goods experienced the most significant expansions, increasing by 7.8%, 12.1%, and 6.5%, respectively. The only minor contraction compared to the previous year was for industrial supplies and materials, which decreased by 1.1%.

The composition of the U.S. goods imports by major categories in 2024 indicates that capital goods, except automotive, accounted for the largest share at 29.8%, up from 28.1% in 2023, followed by consumer goods, except food and automotive, at 24.8%, down slightly from 24.6% in the previous year (Figure 4). Industrial supplies and materials accounted for 20.3% of imports, down from 21.7% in 2023, while automotive vehicles, parts, and engines accounted for 14.6%, down from 14.9%. Foods, feeds, and beverages represented 6.7%, up marginally from 6.6%, and other general merchandise constituted 4.0%, remaining virtually unchanged from 4.1% in 2023. The data show that capital goods and consumer goods together account for approximately 55% of total U.S. goods imports in 2024, with capital goods showing the most significant increase in share.

Figure 4
United States imports of goods: shares of major categories
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The U.S. is a net importer of all categories of goods, except industrial supplies and materials. In recent years, the most significant trade deficit has been recorded in the consumer goods sector (US\$ 547 billion). The trade balance of capital goods, excluding automotive, has worsened, reaching a deficit of US\$ 322 billion in 2024.

Mexico, Canada, and China remain the top three trading partners of the U.S. in the goods market, collectively accounting for more than 40% of total U.S. goods trade in 2024 (Table 3). However, their relative positions have shifted: Mexico's share in total goods trade has increased, while China's share has continued to decline from 11.2% in 2023 to 10.9% in 2024, and Canada's share has fallen from 15.2% to 14.3%. The decline in Canada's goods trade is driven by lower exports and imports in the automotive sector, as well as reduced exports in industrial supplies. Regarding trade balances, the goods trade deficit with China remains the largest among all trading partners at US\$ 279 billion, though it has narrowed by US\$ 102 billion compared to 2022. Meanwhile, the trade deficit with Mexico has deteriorated progressively over the past few years, reaching US\$ 181 billion and ranking as the second-largest deficit among all partners. Additionally, Taiwan and Vietnam have surpassed the United Kingdom in their shares of U.S. goods trade, reflecting some evolving trade patterns beyond the top three partners.

Table 3
United States trade in goods: top 15 partners by total trade in goods^a
(In U.S. billions of dollars)

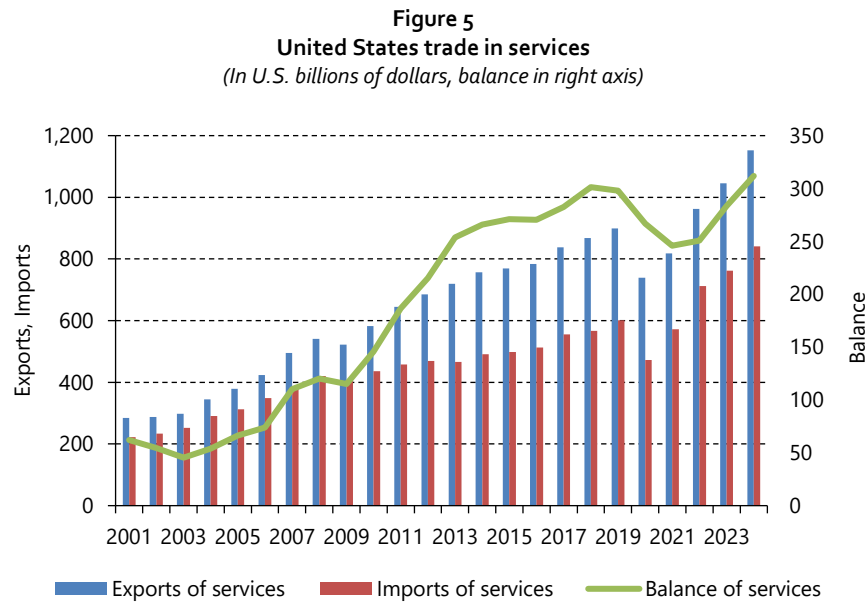
Rank	Country	Balance of goods		Exports		Imports		Total trade in goods		Percentage of total trade	
		2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	Mexico	- 158.15	- 181.15	324.04	334.44	482.19	515.59	806.22	850.02	15.6%	15.8%
2	Canada	- 71.65	- 69.26	355.02	350.41	426.66	419.67	781.68	770.08	15.2%	14.3%
3	China	- 279.22	- 295.32	148.66	144.25	427.89	439.56	576.55	583.81	11.2%	10.9%
4	Germany	- 83.17	- 85.04	76.84	75.97	160.00	161.02	236.84	236.99	4.6%	4.4%
5	Japan	- 71.73	- 69.66	76.85	80.05	148.59	149.71	225.44	229.76	4.4%	4.3%
6	Republic of Korea	- 51.25	- 66.20	66.34	66.93	117.59	133.13	183.93	200.06	3.6%	3.7%
8	Taiwan	- 47.34	- 73.45	40.47	42.91	87.81	116.36	128.27	159.27	2.5%	3.0%
9	Vietnam	- 104.61	- 123.48	9.80	13.04	114.42	136.52	124.22	149.56	2.4%	2.8%
7	United Kingdom	10.42	10.96	75.77	80.13	65.35	69.17	141.12	149.30	2.7%	2.8%
10	India	- 43.15	- 45.75	40.43	41.63	83.58	87.38	124.02	129.01	2.4%	2.4%
11	Netherlands	42.95	53.81	81.70	88.31	38.75	34.50	120.45	122.81	2.3%	2.3%
14	Ireland	- 65.55	- 86.54	17.00	16.90	82.55	103.44	99.55	120.34	1.9%	2.2%
12	Italy	- 44.30	- 44.41	28.97	32.38	73.27	76.79	102.24	109.17	2.0%	2.0%
13	France	- 13.65	- 16.57	44.51	43.65	58.16	60.22	102.68	103.87	2.0%	1.9%
15	Brazil	5.19	6.24	44.27	48.77	39.08	42.53	83.35	91.30	1.6%	1.7%
	Total top 15	- 975.20	- 1 085.83	1 430.67	1 459.75	2 405.87	2 545.58	3 836.54	4 005.33	74.5%	74.5%
	Total all countries	-1 057.50	-1 215.40	2 047.46	2 079.78	3 104.95	3 295.18	5 152.41	5 374.96	100.0%	100.0%

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^a The countries are ranked according to the value of total trade in 2024.

2. Trade in services

In contrast to the trade balance in goods, the U.S. trade surplus in services continues its long-term expansion trend. After deteriorating in the aftermath of the COVID-19 pandemic, it recovered and surpassed its pre-pandemic level in 2024, reaching US\$ 312 billion (Figure 5), the highest on record.

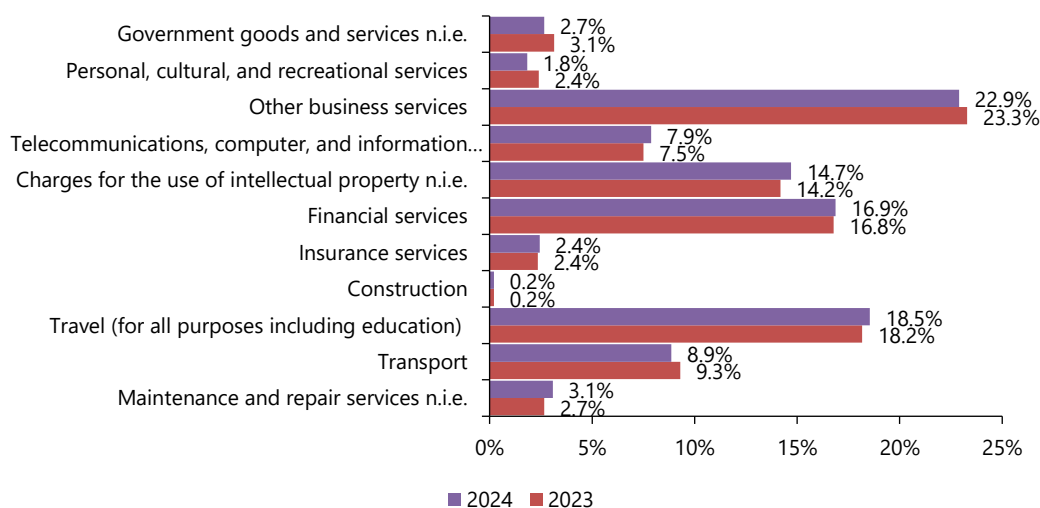


Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The robust performance of U.S. services trade coincides with a global trend. According to the WTO (2025), global trade in commercial services reached US\$ 8.6 trillion in 2024, a 9% increase from the previous year.

U.S. exports of services surged 10.3% in 2024, from the 2023 US\$ 1.05 trillion to US\$ 1.15 trillion, the highest on record. The composition of U.S. exports of services stayed the same: other business services accounted for approximately a quarter of U.S. exports of services, while the sectors of travel, financial services, and charges for the use of intellectual property together represented half of the exports (Figure 6). The growth in these sectors can be attributed to the recovery of the travel sector following the COVID-19 pandemic, increasing demand for financial services, and the growth of artificial intelligence, which has boosted investment in intellectual property (UNCTAD, 2024).

Figure 6
United States exports of services: shares of major categories
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The U.S. is a net exporter of most categories of services, recording a trade surplus of US\$ 312 billion in 2024. It has sizable trade surpluses in financial services (US\$ 131 billion), charges for the use of intellectual property (US\$115 billion), and other business services (US\$ 104 billion), compared to the other categories (Table 4).

Moreover, most categories expanded compared to the previous year, with a notable improvement in the telecommunications sector, which grew by 15.7%. This reflects a broader global trend in which telecommunications have experienced faster growth driven by structural factors such as the digitalization of economies and the growth of e-commerce (UNCTAD 2025b). The only two sectors that contracted in 2024 were personal, cultural, and recreational services and government goods and services, which declined by 15.9% and 6.4%, respectively.

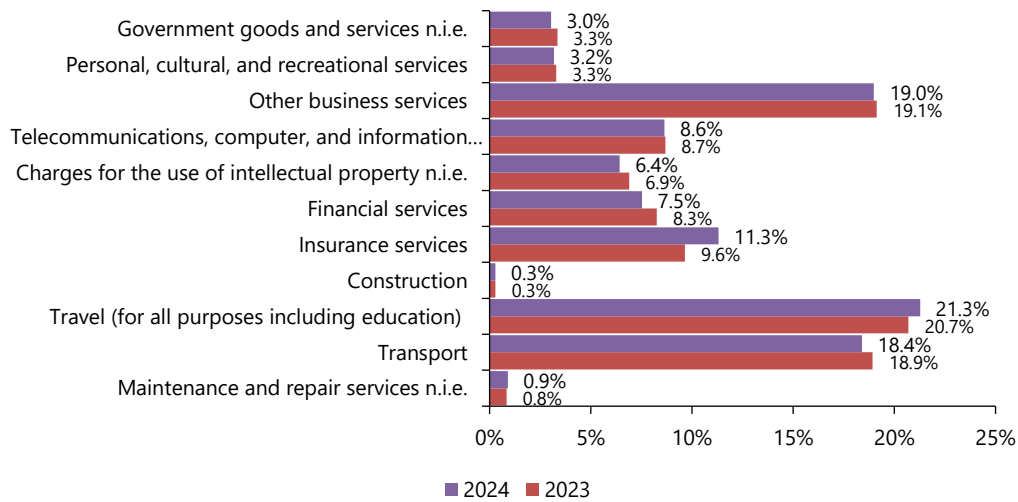
Table 4
United States trade in services by major category

	Balance of services		Exports		Imports		Total trade in services	
	2023	2024	2023	2024	2023	2024	2023	2024
Maintenance and repair services n.i.e.	21 461.00	27 979.00	27 823.00	35 519.00	6 362.00	7 540.00	34 185.00	43 059.00
Transport	- 47 015.00	- 52 511.00	97 115.00	102 238.00	144 130.00	154 749.00	241 245.00	256 987.00
Travel (for all purposes including education)	32 401.00	34 865.00	189 981.00	213 779.00	157 580.00	178 914.00	347 561.00	392 693.00
Construction	74.00	75.00	2 280.00	2 491.00	2 206.00	2 416.00	4 486.00	4 907.00
Insurance services	- 48 906.00	- 66 969.00	24 594.00	28 165.00	73 500.00	95 134.00	98 094.00	123 299.00
Financial services	112 347.00	131 138.00	175 288.00	194 509.00	62 941.00	63 371.00	238 229.00	257 880.00
Charges for the use of intellectual property n.i.e.	95 603.00	115 483.00	148 204.00	169 520.00	52 601.00	54 037.00	200 805.00	223 557.00
Telecommunications, computers, and information services	12 335.00	18 149.00	78 484.00	90 783.00	66 149.00	72 634.00	144 633.00	163 417.00
Other business services	97 666.00	104 186.00	243 402.00	263 873.00	145 736.00	159 687.00	389 138.00	423 560.00
Personal, cultural, and recreational services	38.00	- 5 692.00	25 104.00	21 094.00	25 066.00	26 786.00	50 170.00	47 880.00
Government goods and services n.i.e.	7 377.00	5 165.00	32 894.00	30 774.00	25 517.00	25 609.00	58 411.00	56 383.00
Total	283 381.00	311 868.00	1 045 169.00	1 152 745.00	761 788.00	840 877.00	1 806 957.00	1 993 622.00

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

U.S. imports of services rose 10.38% in 2024, to US\$ 841 billion from US\$ 762 billion. As with exports, U.S. imports of services are concentrated in transport, travel, and other business services, which together account for almost 60% of total imports (Figure 7). In contrast to exports, the strongest increase in imports occurred in the insurance sector, which expanded by 29.4%. All major service categories recorded growth, consistent with the global robustness observed in trade in services.

Figure 7
United States imports of services: shares of major categories
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The United Kingdom, Canada, and Ireland are still the top three U.S. trading partners in the services sector, with the U.S. importing approximately a quarter of its services from these countries (Table 5). The trade surplus with Ireland remains the largest among all trading partners, reaching US\$ 53 billion. Also, as Table 5 shows, the trade surplus in services with China slightly increased, from US\$ 28 billion in 2023 to US\$ 33 billion in 2024.

Table 5
United States trade in services: top 15 partners by total trade in services^a
(In U.S. billions of dollars)

Rank	Country	Balance of services		Exports		Imports		Total trade in services		Percentage of total trade	
		2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	United Kingdom	6.42	6.36	91.24	99.37	84.82	93.01	176.06	192.37	9.7%	9.6%
2	Canada	31.33	33.23	86.39	90.27	55.06	57.04	141.44	147.30	7.8%	7.4%
3	Ireland	43.80	53.34	71.32	83.27	27.52	29.94	98.84	113.21	5.5%	5.7%
4	Switzerland	22.70	29.70	56.47	64.69	33.77	34.99	90.24	99.68	5.0%	5.0%
5	Mexico	2.77	5.28	46.18	50.42	43.41	45.14	89.59	95.55	5.0%	4.8%
6	Germany	- 3.10	- 2.69	42.76	44.96	45.85	47.65	88.61	92.61	4.9%	4.6%
7	Japan	9.06	6.92	46.55	49.38	37.48	42.46	84.03	91.83	4.7%	4.6%
8	India	- 0.08	0.10	36.01	41.75	36.09	41.65	72.10	83.40	4.0%	4.2%
9	China	28.41	33.16	47.71	55.03	19.30	21.86	67.02	76.89	3.7%	3.9%
10	Bermuda	- 34.71	- 46.49	8.45	9.27	43.16	55.75	51.61	65.02	2.9%	3.3%
11	France	- 1.21	- 2.73	27.13	28.83	28.34	31.56	55.47	60.39	3.1%	3.0%
12	Singapore	26.55	25.07	39.16	41.44	12.61	16.37	51.76	57.81	2.9%	2.9%
13	Netherlands	20.00	21.06	35.27	37.08	15.27	16.02	50.55	53.09	2.8%	2.7%
14	Republic of Korea	10.65	11.55	25.59	27.00	14.94	15.46	40.52	42.46	2.2%	2.1%
15	Australia	14.26	14.83	25.55	26.60	11.29	11.77	36.84	38.37	2.0%	1.9%
	Total top 15	176.86	188.70	685.76	749.34	508.90	560.64	1 194.66	1 309.98	66.1%	65.7%
	Total all countries	283.29	311.87	1 045.08	1 152.75	761.79	840.88	1 806.87	1 993.62	100.0%	100.0%

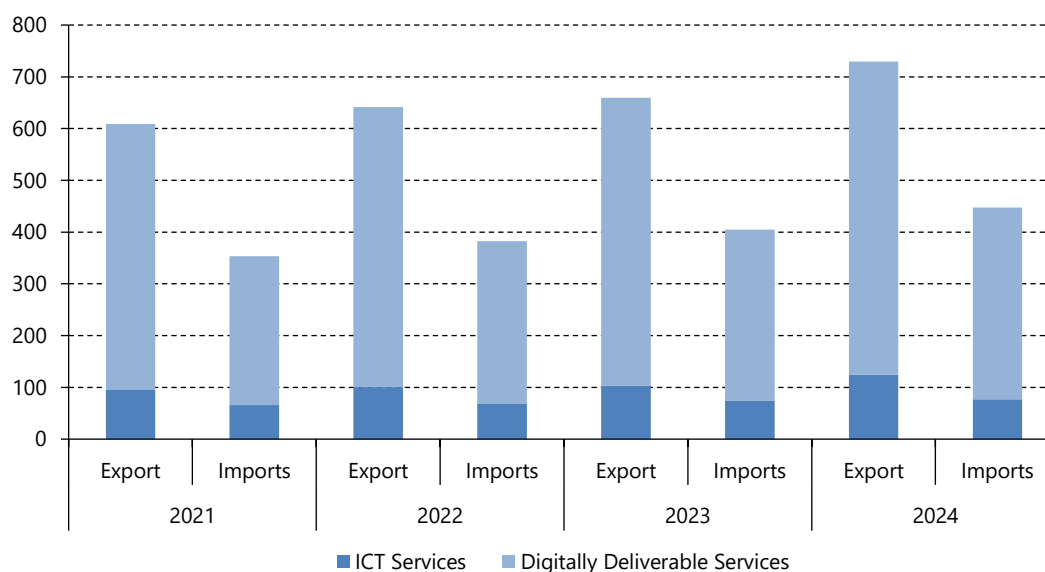
Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^a The countries are ranked according to the value of total trade in 2024.

At US\$ 976 billion in 2024, U.S. trade in digitally deliverable services (DDS)⁴ including information and communication technologies (ICT) services accounts for the majority (54%) of the trade in services (not through affiliates) for the U.S.⁵ These categories have experienced consistent growth in recent years, with exports reaching US\$605 billion (US\$124 billion for ICT services) in 2024 and imports totaling US\$370 billion (US\$77 billion for ICT services), which produced a surplus balance of US\$235 billion (US\$47 billion for ICT services), that represents the bulk of the total surplus in trade (Figure 8).

The DDS averaged 63% of exports and 51% of imports of services over the past four years. However, these shares have been affected by a diminishing trend. In 2020, exports and imports of DDS accounted for 70% and 63%, respectively, while in 2024, these figures decreased to 59% and 49%, respectively. This pattern highlights the early stages of recovery in service sectors severely impacted by the pandemic, such as tourism.

Figure 8
ICT and Digitally Deliverable Services in total trade in services
(In U.S. billions of dollars)



Source: ECLAC based on data from BEA's International Trade in Services.

B. U.S. trade with China and its implications for LAC

U.S. trade with China continues to play a key systemic role in the current global trade realignment, with direct effects on Latin America and the Caribbean through supply chain shifts and policy spillovers. China remains the world's largest exporter, although its economy has been gradually slowing, reflecting

⁴ These services facilitate information processing and communication. However, it is not possible to precisely identify digitally deliverable services trade because the Bureau of Economic Analysis (BEA) collects data on trade-in services by type of service traded and not on the mode of delivery; in other words, for many types of services, the actual mode of delivery is unknown. BEA, therefore, measures a related but more broadly defined concept of digitally deliverable services, which includes services that can predominantly be delivered remotely over ICT networks.

⁵ ITC refers to services that can predominantly be delivered remotely over ICT networks. It refers to the technologies and systems that facilitate the processing, storage, retrieval, and communication of information. ICT encompasses a wide range of technologies, including computers, software, telecommunications networks, the Internet, and other digital tools and devices. It plays a crucial role in enabling the collection, analysis, and dissemination of information, as well as facilitating communication and collaboration across different platforms and devices.

weaker domestic demand and ongoing challenges in the real estate sector. Economic activity continues to be supported primarily by net exports and industrial production. At the same time, trade and investment tensions between China and the U.S. have persisted, particularly in the critical minerals, automotive, and technology sectors. Policy measures, such as encompassing tariffs, export controls, and investment restrictions, have contributed to ongoing trade disruptions with potential implications for global economic performance (WTO, 2025). Next, trade data in goods and services between the two countries up to 2024 is presented, as well as a descriptive overview of more recent trade developments between the two economies.

1. Trade in goods

The U.S. trade deficit in goods with China has been deteriorating since the early 2000s. In 2023, the trade deficit shrank considerably. However, in 2024, the trade deficit in goods started to increase again, from US\$279 billion to US\$295 billion (Figure 9).

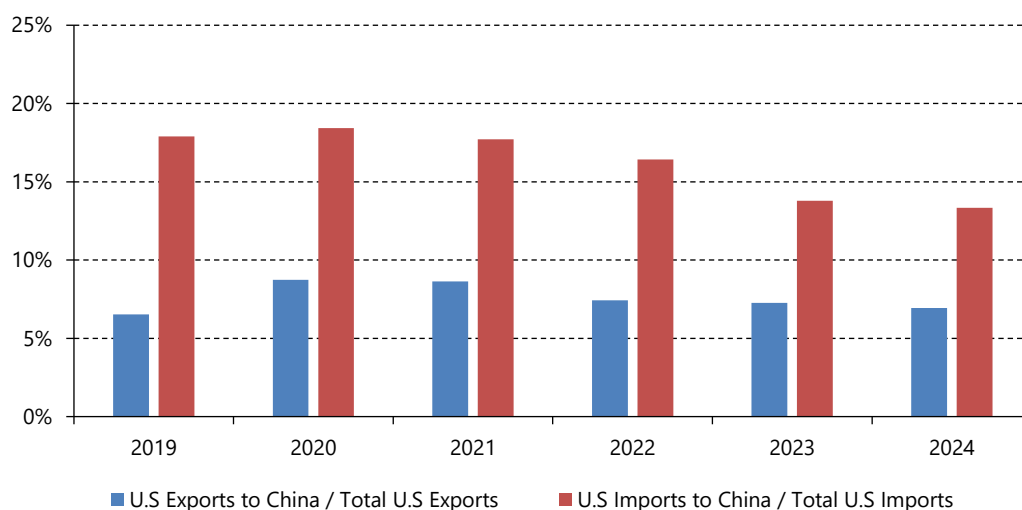


Source: ECLAC based on the Bureau of Economic Analysis (BEA).

China's relative importance in U.S. trade continued to decline slowly in 2024. The share of U.S. imports from China in total U.S. imports has decreased from 18.4% in 2020 to 13.5% in 2024 (Figure 10). The share of U.S. exports to China has also declined, but at a lower rate, accounting for 6.9% of total U.S. exports in 2024, down from 8.7% in 2020.

The U.S. trade balance with China has shown varying patterns: while it has reduced its goods deficit significantly, it has partially deteriorated its services surplus. Since 2019, the trade deficit with China relative to the goods trade balance has improved by more than 15 percentage points, reaching 24.3% in 2024. On the other hand, the trade surplus in services with China relative to the trade balance in services reached 10.6%, marking the highest surplus since the start of the COVID - 19 pandemic. (Figure 11).

Figure 10
Shares of the United States trade with China relative to the total U.S. trade
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

Figure 11
The United States trade balance in goods and services with China as a share of
the U.S.' total trade balance in goods and services
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

Total trade in goods between the U.S. and China accounted for 11% of the U.S.' total trade in goods in 2024. However, as noted previously, this share has significantly declined in recent years. The U.S. runs a trade deficit in goods with China across all categories except food, feed, and beverages, as well as industrial supplies (Table 6). However, these sectors decreased their surpluses in 2024 compared with 2023: foods, feeds, and beverages by US\$ 4.8 billion, and industrial supplies and materials by US\$ 7.1 billion.

Table 6
United States trade in goods with China by principal end-use category
(In U.S. millions of dollars)

	Balance of goods		Exports		Imports		Total trade in goods	
	2023	2024	2023	2024	2023	2024	2023	2024
Foods, feeds, and beverages	22.48	17.59	26.99	22.70	4.51	5.11	31.50	27.81
Industrial supplies and materials	13.27	6.15	53.58	48.84	40.31	42.70	93.89	91.54
Capital goods except automotive	- 102.49	- 95.81	41.31	48.96	143.80	144.77	185.11	193.73
Automotive vehicles, parts, and engines	- 10.98	- 15.02	8.99	7.12	19.97	22.13	28.96	29.25
Consumer goods except food and automotive	- 194.09	- 199.33	16.14	14.97	210.23	214.31	226.38	229.28
Other general merchandise	- 7.42	- 8.89	1.64	1.65	9.05	10.54	10.69	12.19
Total China	- 279.22	- 295.32	148.65	144.24	427.88	439.56	576.53	583.80
Total all countries	-1 065.13	-1 216.09	2 008.47	2 040.88	3 073.61	3 256.96	5 082.08	5 297.84
Share of China relative to all countries	26.2%	24.3%	7.4%	7.1%	13.9%	13.5%	11.3%	11.0%

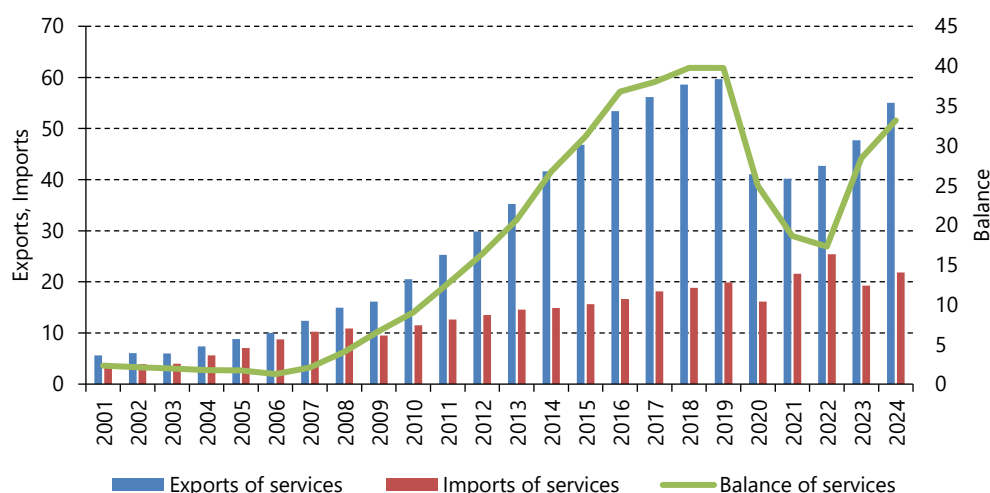
Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^aThe category "Other services" sums the categories "Construction" and "Government goods and services n.i.e.". BEA did not disclose data on these categories due to privacy issues.

2. Trade in services

Since the dramatic deterioration in the aftermath of the COVID-19 pandemic, the trade surplus in services has continued to expand, increasing by US\$ 33.2 billion in 2024 (Figure 12).

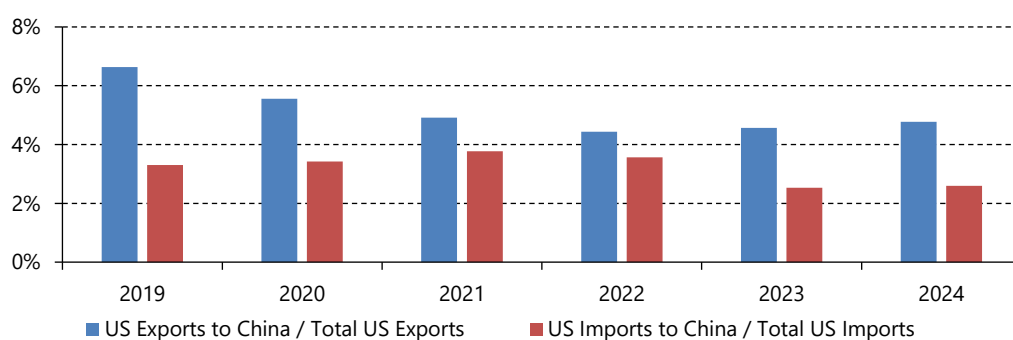
Figure 12
United States trade in services with China
(In U.S. billions of dollars, balance in right axis)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

China's relative importance in the U.S.'s total exports and imports of services remains below pre-pandemic levels. After the share of U.S. imports declined in 2023, it increased slowly to 2.6% in 2024. The share of U.S. exports to China rose from 4.4% in 2022 to 4.8% in 2024 (Figure 13).

Figure 13
Shares of the United States trade in services with China relative to the total U.S. trade in services
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

Finally, U.S. trade in services with China accounted for 3.9% of total U.S. services trade in 2024. Contrary to the case of goods, China's share in total U.S. trade in services has slightly increased compared to the past few years. The U.S. runs a trade surplus in services with China, driven mainly by travel. Except for transport and other business services, the U.S. is a net exporter of services to China in all categories (Table 7).

Table 7
United States trade in services with China by major categories^a
(In U.S. millions of dollars)

	Balance of services		Exports		Imports		Total trade in services	
	2023	2024	2023	2024	2023	2024	2023	2024
Maintenance and repair services n.i.e.	1 892.00	3 012.00	2 161.00	3 286.00	269.00	274.00	2 430.00	3 560.00
Transport	- 2 554.00	- 2 708.00	3 968.00	4 986.00	6 522.00	7 694.00	10 490.00	12 680.00
Travel (for all purposes including education)	18 866.00	21 907.00	19 971.00	24 326.00	1 105.00	2 419.00	21 076.00	26 745.00
Insurance services	154.00	294.00	338.00	471.00	184.00	177.00	522.00	648.00
Financial services	2 491.00	3 182.00	4 192.00	4 436.00	1 701.00	1 254.00	5 893.00	5 690.00
Charges for the use of intellectual property n.i.e.	6 866.00	6 757.00	7 291.00	7 802.00	425.00	1 045.00	7 716.00	8 847.00
Telecommunications, computers, and information services	1 570.00	1 938.00	2 228.00	2 522.00	658.00	584.00	2 886.00	3 106.00
Other business services	- 2 079.00	- 2 220.00	5 272.00	5 079.00	7 351.00	7 299.00	12 623.00	12 378.00
Personal, cultural, and recreational services	804.00	289.00	1 743.00	1 127.00	939.00	838.00	2 682.00	1 965.00
Other services	400.00	713.00	549.00	990.00	149.00	277.00	698.00	1 267.00
Total China	28 410.00	33 164.00	47 713.00	55 025.00	19 303.00	21 861.00	67 016.00	76 886.00
Total all countries	283 290.00	311 870.00	1 045 079.00	1 152 747.00	761 789.00	840 877.00	1 806 868.00	1 993 624.00
Share of China relative to all countries	10.03%	10.63%	4.57%	4.77%	2.53%	2.60%	3.71%	3.86%

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^aThe category "Other services" sums the categories "Construction" and "Government goods and services n.i.e.". BEA did not disclose data on these categories due to privacy issues.

3. Recent U.S.–China trade developments and spillovers for LAC

The year 2025 marked a moment of recalibration in the U.S.-China trade relationship, with five key developments shaping its trajectory.

The first moment came on April 2, 2025, when the White House published Executive Order 14257, “Regulating Imports With a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual U.S. Goods Trade Deficits”. The measure, printed in the Federal Register, declared a national emergency over trade imbalances and established a new reciprocal tariff framework. In doing so, Washington reframed trade around the principles of fairness, sovereignty, and balance, extending its reach beyond conventional economic logic (Federal Register, 2025a).

The order invoked a national emergency framework and mandated a tariff regime mirroring those imposed by key trading partners, including China. This move not only reintroduced tariffs as a central instrument of U.S. economic policy but also reframed trade as an issue of sovereignty and fairness rather than mere market efficiency. China’s Ministry of Commerce reacted sharply, urging the U.S. to return to multilateral norms (The Guardian, 2025).

Analysts from the Peterson Institute for International Economics (PIIE) have argued that the structural roots of the U.S. trade deficit lie not primarily in foreign trade barriers but in sustained foreign capital inflows attracted by the size and perceived safety of U.S. financial markets. According to Bayoumi and Gagnon (2025), tariffs cannot meaningfully address these imbalances; rather, fiscal consolidation and a moderate depreciation of the dollar would be more effective measures. Persisting with tariff-based policies, they warn, risks deepening global economic fragmentation and eroding investor confidence in the U.S. (Bayoumi & Gagnon, 2025)

In the months that followed, the administration refined this approach. On April 15, 2025, Executive Order 14266 modified reciprocal tariff rates “to reflect trading partner retaliation and alignment,” temporarily adjusting them for countries deemed cooperative. However, China remained outside these exemptions (Federal Register, 2025b). Subsequent orders in July and August, Extending the Modification of the Reciprocal Tariff Rates and Further Modifying the Reciprocal Tariff Rates, demonstrated flexibility within firmness, suggesting a graduated use of tariffs (Federal Register, 2025c; The White House, 2025a).

After weeks of high-level backchannel discussions, the two governments reached a 90-day agreement to reduce specific tariffs, bringing them down from triple-digit levels to roughly 10 percent on targeted goods. Although the suspension was temporary, it marked the first genuine effort in nearly five years to de-escalate a cycle of tariff retaliation.

However, the Peterson Institute and Brookings analyses underscore that tariff reductions failed to address new forms of circumvention. Evidence indicates that China has increasingly rerouted its exports to the U.S. through Mexico, Vietnam, and Thailand, effectively offsetting declines in direct exports to the U.S. (Brooks, 2025a). This phenomenon - known as *transshipment* - allows goods nominally classified as Mexican or Southeast Asian to enter the U.S. market tariff-free under trade agreements such as the USMCA. Such practices challenge the effectiveness of tariff regimes and highlight the vulnerable nature of modern global supply chains (Meltzer & Barron Esper, 2025).

Despite Washington’s invocation of reciprocity, the fiscal return from tariffs remained marginal. Data from PIIE’s Trump’s Tariff Revenue Tracker show that between January and July 2025, cumulative tariff revenues reached roughly \$122 billion - barely 6 percent of the federal budget deficit. Consumer goods and industrial intermediates were the most impacted by tariff collections, while China accounted for the largest single-country share of tariff payments. These figures illustrate that tariffs have functioned less as a budgetary instrument and more as a geopolitical signal (Hufbauer & Zhang, 2025).

The persistence of circumvention through North American channels had immediate consequences for U.S. industrial sectors. Meltzer (2025) notes that the 25 percent tariffs applied to non-U.S. content in automobile imports (intended to reinforce domestic production) created distortions across the North American supply chain. While most USMCA-compliant imports still entered duty-free, Chinese firms exploited investment pathways in Mexico to maintain access to U.S. consumers. This trend raised concerns that the upcoming 2026 USMCA review could be dominated by disputes over Chinese content in North American manufacturing (Meltzer, 2025).

However, the easing was short-lived. By midyear, Beijing announced new restrictions on the export of rare earth minerals and other critical materials, citing the need to ensure “domestic security and sustainable resource management” (ABC News, 2025).

The tightening of export restrictions also coincided with a deflationary turn inside China. Brooks (2025b) documents that while Chinese exports to the U.S. declined sharply, total exports continued to rise through 2025, implying either transshipment or redirection to new markets. This dynamic has amplified deflationary pressure in China’s already stagnant consumer price environment (Brooks, 2025b).

The trade tensions also intersected with the administration’s technological agenda. In late July 2025, President Trump unveiled America’s AI Action Plan, which sought to accelerate the development of artificial intelligence through deregulation and expanded export channels. The plan reflected a deliberate pivot away from the Biden-era guardrails toward a more permissive approach, prioritizing global diffusion of U.S. AI capabilities. Analysts noted that the initiative’s emphasis on open AI models and relaxed export controls introduced a new front in the competition for technological sovereignty (Chorzempa, 2025).

In August 2025, the USTR extended certain Section 301 tariff exclusions on imports from China that were due to expire, providing regulatory continuity for affected sectors (USTR, 2025d). Then, in September, it launched an official request for public comments to assess whether those exclusions should be renewed or revised (Federal Register, 2025d).

At the moment of writing this report, October 2025, tensions had again risen sharply. The U.S. administration threatened to impose 100 percent tariffs on a broad range of Chinese goods beginning 1 November 1st, should Beijing fail to lift its export restrictions (Reuters, 2025; USTR, 2025e; Federal Register, 2025e). China’s response was immediate: the Ministry of Transport introduced retaliatory port fees on U.S.-flagged vessels, escalating from 400 yuan per ton in 2025 to over 1,000 yuan projected by 2028 (AP News, 2025).

These developments have also reshaped global inflation dynamics. Recent Brookings analysis suggests that while the U.S., as a net importer, faces tariff-induced inflationary pressures, major exporters such as China and the eurozone experience the opposite effect. The divergence underscores how tariffs redistribute, rather than eliminate, inflationary forces across economies: they act as a positive inflation shock for importers and a deflationary shock for exporters (Brooks, 2025c).

Throughout these cycles of confrontation and recalibration, one theme has persisted: the intertwining of trade with questions of national identity, technological security, and strategic autonomy.

By the final quarter of 2025, the U.S.-China trade dispute had evolved into a sprawling confrontation echoing the patterns of the original 2018 - 2019 tariff escalations. Updated data show that over 70 percent of bilateral trade flows were again subject to elevated tariffs, with average rates exceeding 50 percent on both sides (Bown, 2025). This resurgence underscored how trade instruments once framed as temporary leverage had become embedded tools of strategic competition, blurring the boundary between economic and security policy (Bown, 2025).

Finally, according to the IMF (2025), the intensity of the 2025 tariff shock proved smaller than initially expected, as many firms chose to front-load imports ahead of new tariff measures, softening the immediate impact on prices.

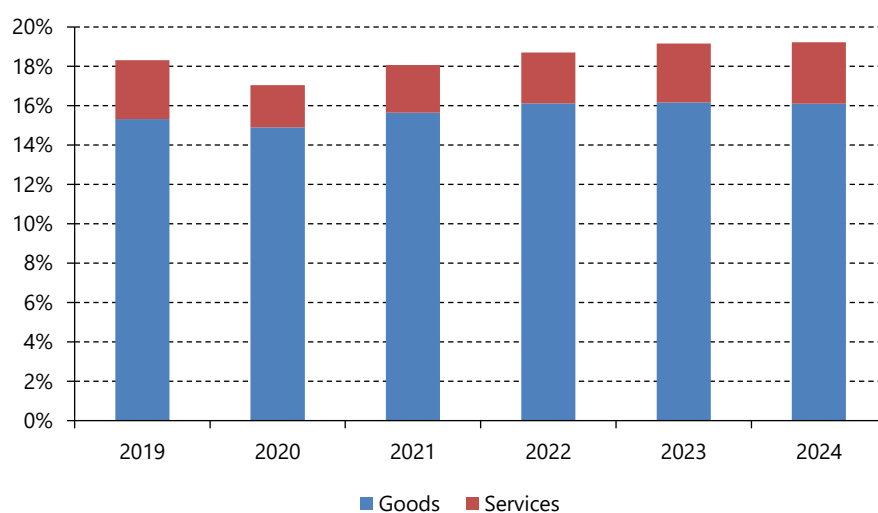
While tariff levels have since stabilized, trade-policy uncertainty remains high, and much of the cost increase continues to be absorbed by U.S. importers. The depreciation of the U.S. dollar has added to import-price pressures. At the same time, the 2025 tariff wave has accelerated friend-shoring and regional supply-chain diversification faster than during the 2018 - 19 episode.

Recent data also point to a gradual reallocation of trade away from China toward Mexico, Central America, and parts of South America. These regions now face both new opportunities and persistent challenges linked to external demand and commodity dependence. Overall, the IMF (2025) findings highlight that although the global trading system has demonstrated resilience and adaptability, sustained fragmentation could weigh on productivity growth and dampen global economic performance over the medium term.

C. U.S. trade with Latin America and the Caribbean

LAC's participation in U.S. trade in goods and services remained broadly stable in 2024 at around 19%, a similar level to the previous year (Figure 14).⁶

Figure 14
United States total trade in goods and services with Latin America and the Caribbean
as a share of the United States' total trade in goods and services
(Percentages)

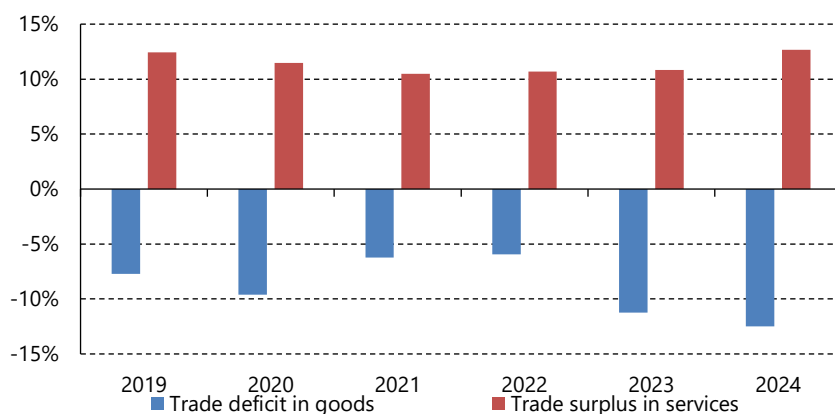


Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The U.S. goods trade deficit with LAC increased in 2024, rising to 12.5% from 11.2% in 2023, while the trade surplus in services also increased, reaching 12.6% compared with 10.8% in 2023—both exceeding their pre-pandemic levels in 2019 (Figure 15).

⁶ In this report, the region of Latin America and the Caribbean includes Mexico, South America, Central America, and the Dominican Republic, as in the geographic area definitions used by the BEA, unless otherwise explicitly mentioned.

Figure 15
United States trade balance in goods and services with Latin America and the Caribbean
as a share of the United States' total trade balance in goods and services
(Percentages)



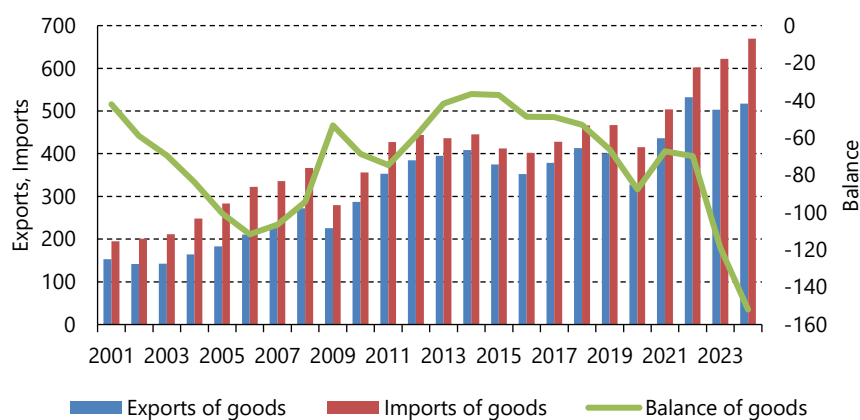
Source: ECLAC based on the Bureau of Economic Analysis (BEA).

1. Trade in goods

The region remains significant for the U.S. in terms of its economic relations, accounting for nearly 23.2% of total U.S. trade in goods. With a total trade of US\$ 850 billion in 2024, Mexico is the U.S.'s top trading partner worldwide, accounting for about 16% of total U.S. trade. The second-largest trading partner in the region is Brazil, accounting for less than 2% of total U.S. trade.

The trade deficit in goods with the region has widened over the past decade. Despite the improvement seen in 2021, the trade deficit in goods with LAC continued to deteriorate in 2024 (Figure 16).

Figure 16
United States trade in goods with Latin America and the Caribbean
(In U.S. billions of dollars, balance in right axis)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

Although the U.S. has a goods surplus with most of the region's trading partners, the deterioration in the bilateral goods trade balance with Mexico has driven the overall widening of the goods trade deficit (Table 8). In fact, the deficit with Mexico has been widening since 2022, reaching US\$ 181 billion in 2024.

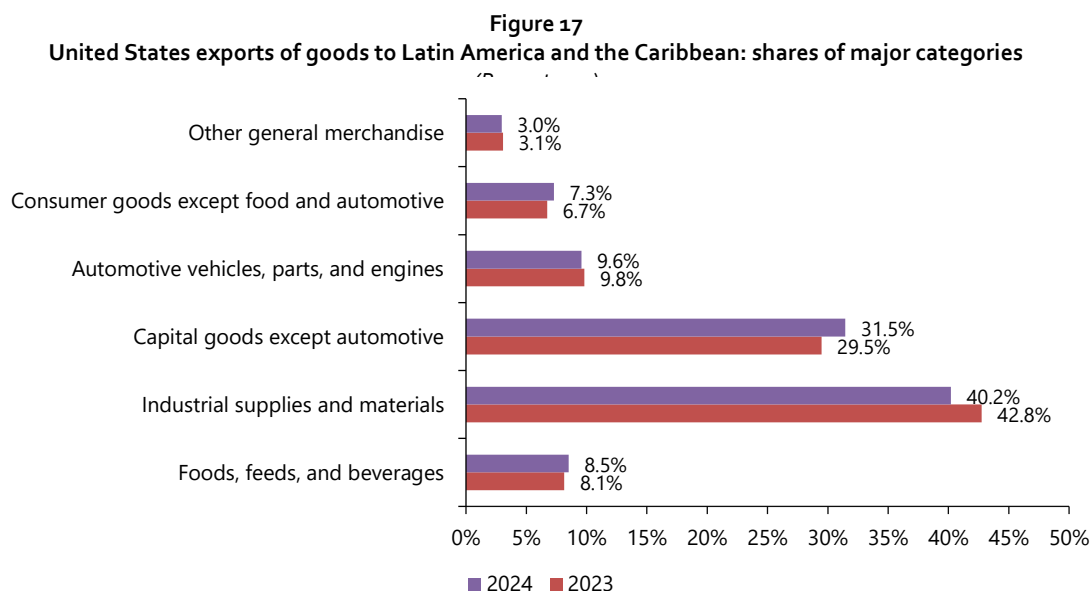
Table 8
United States trade in goods with Latin America and the Caribbean: top 14 partners by total trade in goods^a
(In U.S. millions of dollars)

Rank	Country	Balance of goods		Exports		Imports		Total trade of goods		Percentage of total trade	
		2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	Mexico	- 158 149.00	- 181 151.00	324 036.00	334 436.00	482 185.00	515 587.00	806 221.00	850 023.00	15.6%	15.8%
2	Brazil	5 188.00	6 241.00	44 271.00	48 772.00	39 083.00	42 531.00	83 354.00	91 303.00	1.6%	1.7%
3	Colombia	1 423.00	740.00	17 734.00	18 831.00	16 311.00	18 091.00	34 045.00	36 922.00	0.7%	0.7%
4	Chile	3 730.00	2 079.00	19 392.00	18 583.00	15 662.00	16 504.00	35 054.00	35 087.00	0.7%	0.7%
5	Costa Rica	- 1 518.00	- 2 120.00	9 027.00	9 633.00	10 545.00	11 753.00	19 572.00	21 386.00	0.4%	0.4%
6	Dominican Republic	5 784.00	5 372.00	12 975.00	13 013.00	7 191.00	7 641.00	20 166.00	20 654.00	0.4%	0.4%
7	Peru	2 982.00	1 734.00	11 752.00	11 137.00	8 770.00	9 403.00	20 522.00	20 540.00	0.4%	0.4%
8	Argentina	5 020.00	1 861.00	11 581.00	9 087.00	6 561.00	7 226.00	18 142.00	16 313.00	0.4%	0.3%
9	Guatemala	4 838.00	4 645.00	9 713.00	9 708.00	4 875.00	5 063.00	14 588.00	14 771.00	0.3%	0.3%
10	Panama	8 489.00	7 613.00	11 000.00	10 433.00	2 511.00	2 820.00	13 511.00	13 253.00	0.3%	0.2%
11	Honduras	1 187.00	1 535.00	6 781.00	7 106.00	5 594.00	5 571.00	12 375.00	12 677.00	0.2%	0.2%
12	Venezuela (Bolivarian Republic of)	- 1 149.00	- 1 877.00	2 492.00	4 199.00	3 641.00	6 076.00	6 133.00	10 275.00	0.1%	0.2%
13	Nicaragua	- 2 341.00	- 1 894.00	2 370.00	2 748.00	4 711.00	4 642.00	7 081.00	7 390.00	0.1%	0.1%
14	El Salvador	1 812.00	2 207.00	4 298.00	4 547.00	2 486.00	2 340.00	6 784.00	6 887.00	0.1%	0.1%
	Total LA	- 112 380.00	- 144 364.00	502 744.00	517 183.00	615 124.00	661 547.00	1 117 868.00	1 178 730.00	21.1%	23.2%
	Total all countries	-1 195 673.00	-1 071 101.00	2 048 474.00	2 006 057.00	3 244 147.00	3 077 158.00	5 292 621.00	5 083 215.00	100.0%	100.0%

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^a The countries are ranked according to the value of total trade in 2024.

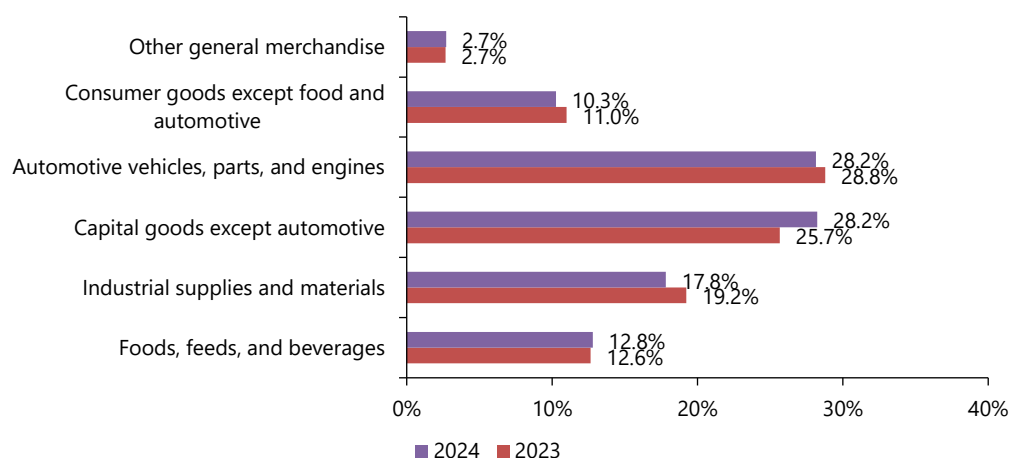
U.S. exports of goods to LAC increased 2.9% in 2024, from US\$ 503 billion in 2023 to US\$ 517 billion. Industrial supplies, materials, and capital goods are the two main categories of U.S. exports to the region, accounting for more than 70% of total exports (Figure 17 and Table 9). However, industrial supplies and materials contracted by 3.3% in 2024, while the capital goods sector expanded by 9.8%. A noticeable improvement was also seen in the consumer goods sector, which grew 11.4%.



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

U.S. imports of goods from the region increased by 7.5% in 2024, from US\$ 615 billion to US\$ 662 billion. The composition of U.S. imports of goods is not as concentrated as that of U.S. exports of goods. For instance, both automotive vehicles, parts, and engines, as well as capital goods, separately represent more than a quarter of U.S. imports of goods. Additionally, nearly 20% of imports are related to the industrial supplies and materials sector (Figure 18 and Table 9). Compared with the previous year, almost all sectors experienced growth. The capital goods sector experienced the most significant growth, at 18.3%. The only exception was the industrial supplies and materials sector, which shrank by 0.3%.

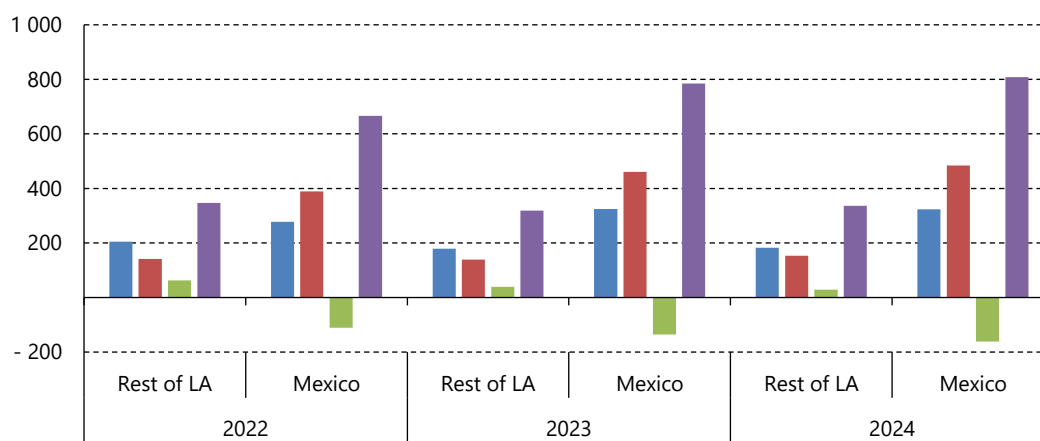
Figure 18
United States imports of goods from Latin America and the Caribbean: shares of major categories
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

As explained previously, Mexico is the United States’ main trading partner in goods, both within the region and overall. Total U.S. trade in goods with Mexico is more than double the amount traded with the rest of LAC combined (Figure 19). Moreover, Mexico is the country with which the U.S. records its largest bilateral goods trade deficit in the region.

Figure 19
United States trade in goods with Mexico and Latin America
(In U.S. billions of dollars)



Source: Exports of goods (blue), Imports of goods (red), Balance of goods (green), Total trade of goods (purple)

The U.S. is a net importer from LAC across all end-use goods categories, except industrial supplies and materials. The U.S. goods trade deficit with the region reached US\$ 144 billion in 2024 (Table 9), widening from US\$ 112 billion in 2023, driven primarily by large deteriorations in the trade balance in the capital goods (US\$ 14 billion) and automotive vehicles, parts, and engines (US\$ 9 billion) categories.

Table 9
United States trade in goods with Latin America and the Caribbean by principal end-use category
(In U.S. millions of dollars)

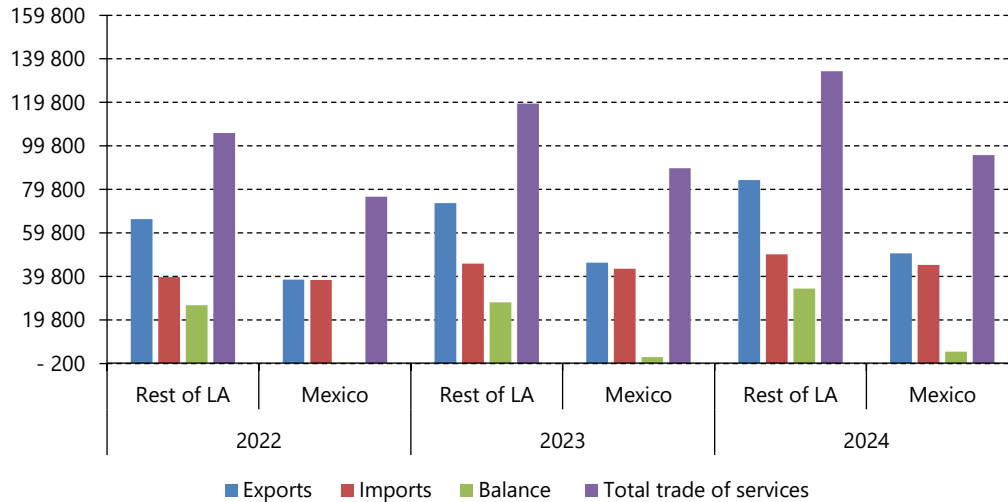
	Balance of goods		Exports		Imports		Total trade in goods	
	2023	2024	2023	2024	2023	2024	2023	2024
Foods, feeds, and beverages	- 36 836.00	- 40 600.00	40 971.00	44 017.00	77 807.00	84 617.00	118 778.00	128 634.00
Industrial supplies and materials	96 687.00	89 992.00	214 999.00	207 946.00	118 312.00	117 954.00	333 311.00	325 900.00
Capital goods except automotive	- 9 705.00	- 24 138.00	148 167.00	162 681.00	157 872.00	186 819.00	306 039.00	349 500.00
Automotive vehicles, parts, and engines	- 127 777.00	- 136 800.00	49 333.00	49 461.00	177 110.00	186 261.00	226 443.00	235 722.00
Consumer goods except food and automotive	- 33 769.00	- 30 249.00	33 838.00	37 708.00	67 607.00	67 957.00	101 445.00	105 665.00
Other general merchandise	- 980.00	- 2 569.00	15 436.00	15 370.00	16 416.00	17 939.00	31 852.00	33 309.00
Total LA	- 112 380.00	- 144 364.00	502 744.00	517 183.00	615 124.00	661 547.00	1 117 868.00	1 178 730.00
Total all countries	-1 195 673.00	-1 071 101.00	2 048 474.00	2 006 057.00	3 244 147.00	3 077 158.00	5 292 621.00	5 083 215.00
Share of LA relative to all countries	9.4%	13.5%	24.5%	25.8%	19.0%	21.5%	21.1%	23.2%

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

2. Trade in services

Compared to trade in goods, the U.S. total trade in services with the region accounts for a smaller share of the U.S. total trade in services, at only 11.5% in 2024. Mexico remains the region's major trading partner in services, accounting for 4.8% of total U.S. trade in services, followed by Brazil, which accounts for less than 2%. (Figure 20).

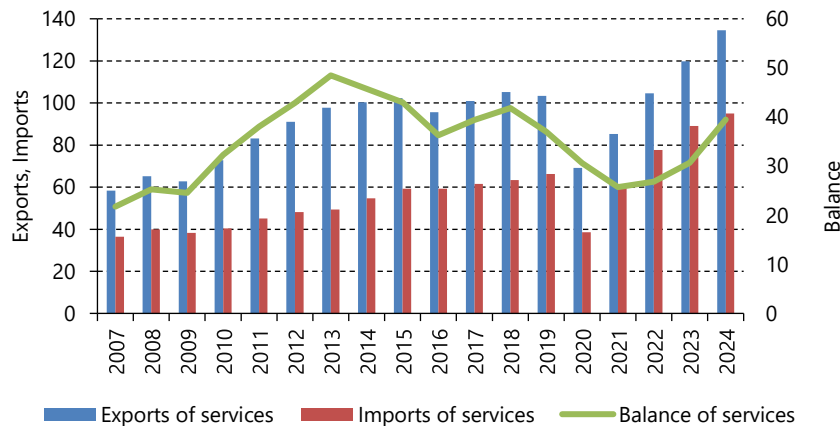
Figure 20
United States trade in services with Mexico and Latin America
(In U.S. billions of dollars)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The U.S. trade surplus in services with the region progressively deteriorated before the COVID-19 pandemic. After shrinking due to the COVID-19 pandemic, the U.S. trade surplus in services with LAC has been improving since 2022, reaching pre-pandemic levels in 2024 at US\$39.5 billion (Figure 21).

Figure 21
United States trade in services with Latin America and the Caribbean
(In U.S. billions of dollars, balance in right axis)

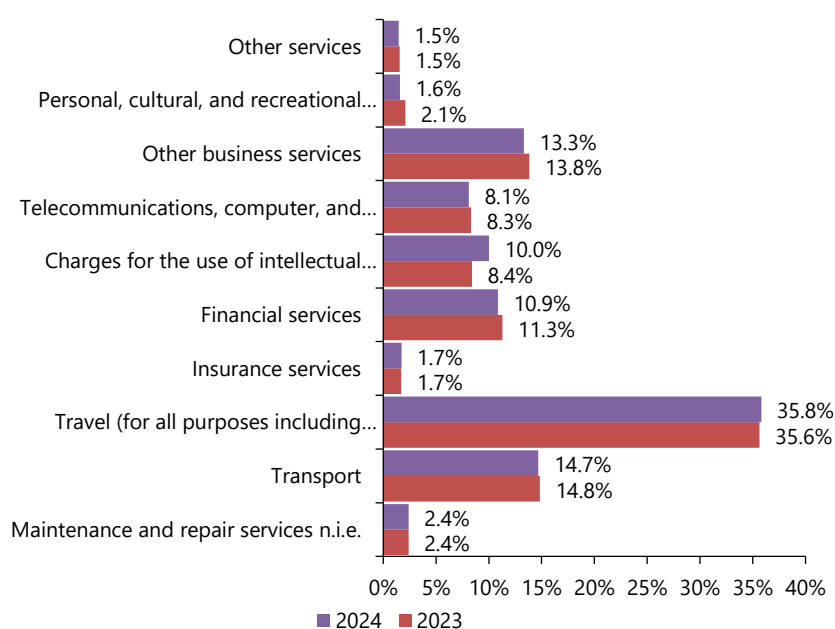


Source: ECLAC based on the Bureau of Economic Analysis (BEA).

The U.S. has a services trade surplus with LAC (Table 10), primarily driven by the U.S. trade surplus with Brazil, which reached US\$ 23 billion in 2024. On the contrary, the U.S. has run trade deficits in services with the Dominican Republic (US\$ 5.5 billion) and Costa Rica (US\$ 3.1 billion).

U.S. exports of services to the region increased by 12.3% in 2024, from US\$ 120 billion to US\$ 135 billion. In terms of the composition of U.S. exports of services to LAC, more than a third correspond to the travel sector. Furthermore, transport and other business services account for a significant share of U.S. service exports, representing nearly 30% of total U.S. service exports (Figure 22). The overall growth in U.S. services exports is explained by double-digit growth in sectors such as travel, transportation, insurance, telecommunications, and charges for the use of intellectual property (Table 10).

Figure 22
United States exports of services to Latin America and the Caribbean: shares of major categories^a
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^a The category "Other services" sums the categories "Construction" and "Government goods and services n.i.e." Data on these two categories contains transactions between zero and +/- US\$500,000 and transactions censored due to privacy issues.

Table 10
United States trade in services with Latin America and the Caribbean: top 14 partners by total trade in services^a
(In U.S. millions of dollars)

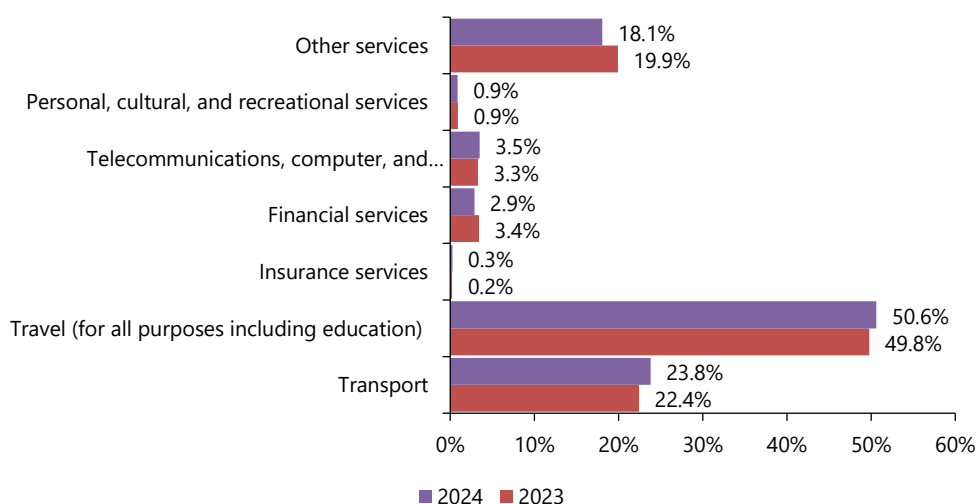
Rank	Country	Balance of services		Exports		Imports		Total trade in services		Percentage of total trade	
		2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	Mexico	2 769.00	5 279.00	46 181.00	50 415.00	43 412.00	45 136.00	89 593.00	95 551.00	5.0%	4.8%
2	Brazil	17 513.00	23 102.00	23 787.00	29 584.00	6 274.00	6 482.00	30 061.00	36 066.00	1.7%	1.8%
3	Colombia	1 161.00	2 520.00	8 327.00	9 615.00	7 166.00	7 095.00	15 493.00	16 710.00	0.9%	0.8%
4	Chile	2 740.00	3 177.00	7 261.00	8 059.00	4 521.00	4 882.00	11 782.00	12 941.00	0.7%	0.6%
5	Dominican Republic	- 4 976.00	- 5 501.00	3 159.00	3 707.00	8 135.00	9 208.00	11 294.00	12 915.00	0.6%	0.6%
6	Argentina	4 639.00	4 782.00	6 881.00	7 376.00	2 242.00	2 594.00	9 123.00	9 970.00	0.5%	0.5%
7	Costa Rica	- 2 463.00	- 3 060.00	2 329.00	2 551.00	4 792.00	5 611.00	7 121.00	8 162.00	0.4%	0.4%
8	Peru	1 737.00	1 419.00	3 783.00	3 815.00	2 046.00	2 396.00	5 829.00	6 211.00	0.3%	0.3%
9	Panama	440.00	618.00	2 951.00	3 438.00	2 511.00	2 820.00	5 462.00	6 258.00	0.3%	0.3%
10	Guatemala	1 046.00	1 076.00	2 295.00	2 544.00	1 249.00	1 468.00	3 544.00	4 012.00	0.2%	0.2%
11	El Salvador	198.00	484.00	1 911.00	2 152.00	1 713.00	1 668.00	3 624.00	3 820.00	0.2%	0.2%
12	Honduras	785.00	873.00	1 765.00	2 012.00	980.00	1 139.00	2 745.00	3 151.00	0.2%	0.2%
13	Venezuela (Bolivarian Republic of)	1 724.00	1 375.00	1 851.00	1 508.00	127.00	133.00	1 978.00	1 641.00	0.1%	0.1%
14	Nicaragua	75.00	173.00	591.00	728.00	516.00	555.00	1 107.00	1 283.00	0.1%	0.1%
	Total LA	30 706.00	39 491.00	119 781.00	134 567.00	89 075.00	95 076.00	208 856.00	229 643.00	11.6%	11.5%
	Total all countries	283 290.00	311 870.00	1 045 079.00	1 152 747.00	761 789.00	840 877.00	1 806 868.00	1 993 624.00	100.0%	100.0%

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^a The countries are ranked according to the value of total trade in 2024.

U.S. imports of services increased 6.7% in 2024 to US\$ 96 billion from US\$ 90 billion in 2023. Similar to the composition of U.S. exports, imports of services from the region were clearly dominated by the travel sector, which accounted for half of U.S. imports, and the transport sector, which accounted for more than 20% (Figure 23). Most categories showed growth, particularly the transport and telecommunications sectors, which grew by 13.2% each. In contrast, financial services shrank by 10.6%.

Figure 23
United States imports of services from Latin America and the Caribbean: shares of major categories^a
(Percentages)



Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^a The category "Other services" sums the categories "Maintenance and repair services n.i.e.", "Construction", "Charges for the use of intellectual property n.i.e.", "Other business services", and "Government goods and services n.i.e.". Data on these five categories contains transaction censored due to privacy issues.

Overall, the U.S. services trade surplus with the region has continued to increase in recent years, reaching US\$ 39.5 billion in 2024. While the U.S. is a net exporter of services in most sectors, it continues to record a widening deficit in transport services, which reached US\$ 2.9 billion. In contrast, the U.S. travel trade balance improved significantly in 2024, reversing the previous deficit and resulting in a surplus of US\$ 66 million (Table 11).

United States trade in services with Latin America and the Caribbean by major categories^a
(In U.S. millions of dollars)

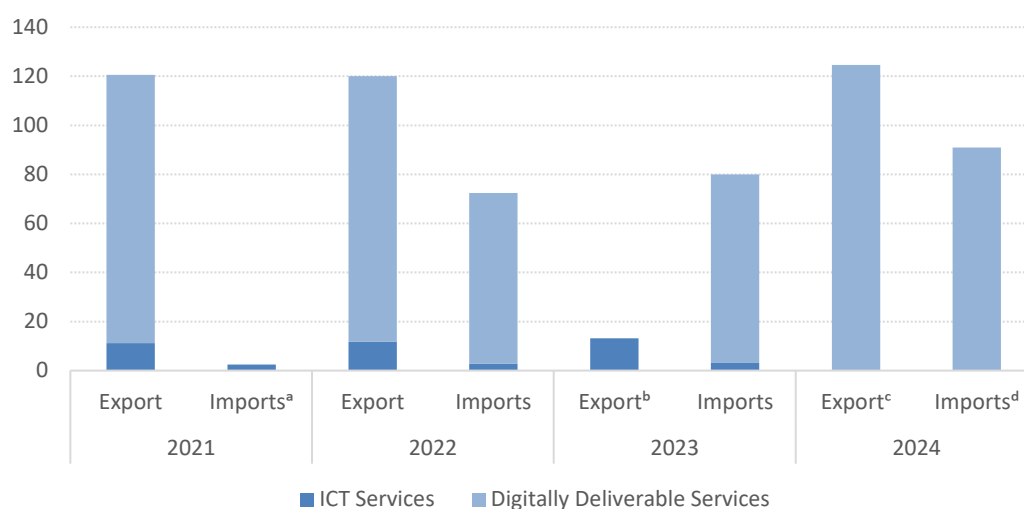
	Balance of services		Exports		Imports		Total trade in services	
	2023	2024	2023	2024	2023	2024	2023	2024
Transport	- 2 211.00	- 2 854.00	17 770.00	19 777.00	19 981.00	22 631.00	37 751.00	42 408.00
Travel (for all purposes including education)	- 1 649.00	66.00	42 682.00	48 196.00	44 331.00	48 130.00	87 013.00	96 326.00
Insurance services	1 835.00	2 073.00	2 050.00	2 314.00	215.00	241.00	2 265.00	2 555.00
Financial services	10 442.00	11 876.00	13 501.00	14 609.00	3 059.00	2 733.00	16 560.00	17 342.00
Telecommunications, computer, and information services	7 015.00	7 586.00	9 950.00	10 909.00	2 935.00	3 323.00	12 885.00	14 232.00
Other services	15 274.00	20 744.00	33 828.00	38 762.00	18 554.00	18 018.00	52 382.00	56 780.00
Total LA	30 706.00	39 491.00	119 781.00	134 567.00	89 075.00	95 076.00	208 856.00	229 643.00
Total all countries	283 290.00	311 870.00	1 045 079.00	1 152 747.00	761 789.00	840 877.00	1 806 868.00	1 993 624.00
Share of LA in all countries	10.8%	12.7%	11.5%	11.7%	11.7%	11.3%	11.6%	11.5%

Source: ECLAC based on the Bureau of Economic Analysis (BEA).

^aData on "Other services" sums the categories "Maintenance and repair services n.i.e.", "Construction", "Charges for the use of intellectual property n.i.e.", "Other business services", "Personal cultural, and recreational services", and "Government goods and services n.i.e.". BEA did not disclose data on these categories due to privacy issues.

The U.S. exported US\$ 125 billion in Digitally Deliverable Services (DDS) to Latin America and Other Western Hemisphere (LAOWH), while U.S. imports of DDS from the region totaled US\$ 91 billion.⁷ As a result, the United States recorded a US\$34 billion surplus in DDS trade with LAOWH, consistent with the overall positive balance observed in its global DDS trade. (Figure 24).

Figure 24
ICT and Digitally Deliverable Services trade with Latin America and Other Western Hemisphere
(In U.S. billions of dollars)



Source: ECLAC based on data from BEA's International Trade in Services.

^a Due to disclosure concerns, the BEA has suppressed Digitally Deliverable Services data for imports in 2021.

^b Due to disclosure concerns, the BEA has suppressed Digitally Deliverable Services data for exports in 2023.

^c Due to disclosure concerns, the BEA has suppressed ICT Services data for exports in 2024. Because of this, its value cannot be separated from the total of Digitally Deliverable Services.

^d Due to disclosure concerns, the BEA has suppressed ICT Services data for imports in 2024. Because of this, its value cannot be separated from the total of Digitally Deliverable Services.

⁷ Due to the BEA's data disclosure and suppression rules, the most complete set of information, though still with some missing data, corresponds to *Latin America and Other Western Hemisphere*. This category includes the following economies: Anguilla, Antigua and Barbuda, Argentina, Aruba, the Bahamas, Barbados, Belize, Bermuda, Bolivia, Bonaire, Brazil, the British Virgin Islands, the Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Curaçao, Dominica, the Dominican Republic, Ecuador, El Salvador, French Guiana, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Nicaragua, Other South and Central America (n.i.e.), Other Western Hemisphere (n.i.e.), Panama, Paraguay, Peru, Saba, Sint Eustatius, Sint Maarten, South Georgia and the South Sandwich Islands, St. Barthelemy, St. Kitts and Nevis, St. Lucia, St. Martin, St. Pierre and Miquelon, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, the Turks and Caicos Islands, Uruguay, and Venezuela.

II. USMCA’s Rapid Response Mechanism (RRM)

Mexico is the United States’ principal trading partner in LAC, making the United States–Mexico–Canada Trade Agreement (USMCA) a key channel through which U.S. trade policy and regulatory changes translate into regional outcomes. In this context, the USMCA’s Rapid Response Mechanism (RRM) is an innovative trade agreement tool designed to protect workers’ rights in all three North American countries parties to the agreement. Established under the USMCA, it is the first enforcement tool to authorize facility-specific trade sanctions for companies that violate labor rights (Rethink Trade, 2025). The RRM is reciprocal in its commitments; however, most cases take place under the U.S.-Mexico RRM (Bown & Claussen, 2024).

The RRM allows governments to act against a worksite in another country if they believe that workers are being denied their right to organize and bargain collectively, for example, through unions. The RRM is activated once an individual or a government files a petition, which an agency then reviews; in the U.S., the Interagency Labor Committee for Monitoring and Enforcement reviews it. If the agency finds sufficient evidence of a rights violation, the U.S. can ask the Mexican government to review the matter. Once both countries have agreed that there is a denial of rights, they can pursue a course of remediation. This is an agreement with the facility to rectify the rights through various actions. If the remediation process is not completed or is unsuccessful, the U.S. can take punitive actions. If both countries disagree on certain aspects, a panel of labor experts can review the matter and make a factual determination about any denial of rights.

Since the implementation of the USMCA RRM, a total of 39 cases have been presented through the mechanism, with 38 filed by the U.S. and only one by Canada. The USMCA RRM has been widely used in the automotive industry; however, in recent years, it has been applied to the mining, textile, and agricultural sectors (Tables 12 and 13). In this sense, the RRM has become an important enforcement instrument within the USMCA.

Table 12
Labor disputes by sector

Sector	Number of cases
Automotive	24
Mining	2
Services	3
Garments	1
Food manufacturing	2
Steel components manufacturing	2
Arms ammunition	1
Components manufacturing	4
Total	39

Source: ECLAC based on Chapter 31 Annex A USMCA, Bureau of International Labor Affairs of the U.S. Department of Labor, and Government of Canada.

Table 13
United States - Mexico - Canada (USMCA) labor cases between January 2024 and September 2025^a

Goodyear SLP facility in San Luis Potosi, San Luis Potosi, Mexico	
February 5, 2024	The U.S. announced the successful resolution of the eighth USMCA facility-specific RRM petition regarding the Goodyear SLP facility in San Luis Potosi, where workers were previously denied their freedom of association and collective bargaining rights. As a result, workers at the facility were paid over 4.2 million U.S. dollars in backpay, have independent union representation, and will receive the benefits of the sector-wide agreement for their industry.
Draxton facility in Irapuato, Guanajuato, Mexico	
April 9, 2024	The U.S. announced the successful resolution of the second self-initiated request under the USMCA RRM, regarding the Draxton facility in Irapuato, Guanajuato.
Industrias del Interior (INISA) facility in Aguascalientes, Mexico	
May 13, 2024	The panel found the mine is a covered facility for the RRM. However, the panel went on to find that the alleged denials of rights were not brought under Mexican labor law necessary to fulfill Mexico's labor-related obligations within the meaning of the USMCA, because, as a matter of Mexican law, the events at issue would likely be subject to labor laws that predate Mexico's labor reform. Therefore, the panel found that it lacked jurisdiction to determine whether a denial of rights occurred at the facility. The panel's determination was final.
Teklas Automotive facility in Aguascalientes, Mexico	
April 9, 2024	The U.S. announced the successful resolution of a USMCA facility-specific RRM matter at the Teklas Automotive facility in Aguascalientes. Actions taken by the facility and the Government of Mexico to address the matter included: Reinstatement of the workers terminated due to union activities and a commitment to ensuring that there will be no discrimination, harassment, intimidation, coercion, threats, reprisal, or violence against the workers moving forward. Compensation of the terminated workers' full back pay and benefits, from the date of termination until the date of reinstatement. Adopting and implementing neutrality statements and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations, and training all company personnel on the guidelines and neutrality commitments. Organizing and overseeing a series of dialogue meetings to settle agreements between Teklas and the independent union, on union access to the facility and the terms for both the free and fair vote held in January to determine union ownership of the CBA, and an upcoming CBA revision.
Asiaway Automotive Components Mexico facility in San Luis Potosi, Mexico	
February 16, 2024	The U.S. and Mexico announced the successful resolution of a USMCA RRM matter at Asiaway Automotive Components Mexico in San Luis Potosi. Actions taken by the facility and the Government of Mexico to address the matter included: Asiaway reinstating and providing back pay to a worker who had been dismissed in retaliation for their union activity. Asiaway is adopting and posting a neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations. The Government of Mexico is providing training on freedom of association and collective bargaining rights to all personnel at the facility.
Autoliv Steering Wheels facility in Querétaro, Mexico	

January 22, 2024	<p>The U.S. and Mexico announced the successful resolution of the USMCA RRM matter at the Autoliv Steering Wheels Mexico facility in El Marqués, Querétaro, Mexico. Some of the actions taken by the facility and the Government of Mexico to address the matter included:</p> <p>Autoliv reinstated and provided full backpay and benefits to three workers it had unjustly dismissed, but chose not to return to the facility.</p> <p>Autoliv is posting and disseminating a neutrality statement and related guidelines at the facility, affirming its commitment to safeguarding the right to freedom of association.</p> <p>The Government of Mexico is delivering training on freedom of association and collective bargaining rights at the facility for workers and company representatives.</p>
Fujikura Automotive Mexico facility in Piedras Negras, Coahuila, Mexico	
February 13, 2024	<p>The U.S. and Mexico announced the successful resolution of the RRM matter at the Fujikura Automotive facility in Piedras Negras, Coahuila. Some of the actions taken by the facility and the Government of Mexico to address the matter included:</p> <p>Fujikura is posting and disseminating a neutrality statement and related guidelines at the facility, affirming its commitment to safeguarding the right to freedom of association.</p> <p>Fujikura representatives are delivering training to all facility personnel on its neutrality statement and guidelines.</p> <p>The Government of Mexico is delivering training on freedom of association and collective bargaining rights at the facility for workers. These trainings were also delivered to Human Resources representatives from all of Fujikura’s facilities in Mexico.</p>
Atento Servicios, S.A. de C.V. facilities in Pachuca, Hidalgo, Mexico	
January 19, 2024	<p>The U.S. asked Mexico to review whether workers at the Atento Servicios, S.A. de C.V., facilities in the city of Pachuca, state of Hidalgo, are being denied the right to freedom of association and collective bargaining. Both Atento locations in Pachuca offer call center services to BBVA Mexico, a subsidiary of the BBVA Group. The request marks the nineteenth time the U.S. has formally invoked the RRM in the USMCA and the first time the U.S. has done so in the telecommunications sector.</p>
April 16, 2024	<p>The U.S. filed its second-ever request for a dispute settlement panel under the USMCA RRM over a labor dispute at a call center in Mexico. According to the Mexican government, the company had fully remediated worker rights violations. However, the U.S. disagreed, saying some workers wrongfully dismissed by the company "may not have received the full remediation owed to them under Mexican law", and alleging that Mexico, in its assessment of the case, failed to address the impact of "illegal activity" by the company on worker voters, as stated in the request.</p>
August 21, 2025	<p>A Rapid Response Labor Mechanism (RRM), established on demand by the U.S., found that a denial of rights occurred at the Atento call center. Furthermore, Mexico's actions were insufficient to remedy the Denial of Rights. It marks the first panel victory for the U.S. under RRM and the first successful labor case under the dispute mechanism of a trade agreement.</p>
RV Fresh Foods S.A. de C.V. facility in Uruapan, Michoacán, Mexico	
February 16, 2024	<p>The U.S. asked Mexico to review whether workers at the RV Fresh Foods S.A. de C.V. facility, which produces guacamole in Uruapan, Michoacán, are being denied the right to freedom of association and collective bargaining. The request marks the 20th time the U.S. has formally invoked the RRM in the USMCA, and the first time the U.S. has done so in the food manufacturing sector.</p>
April 22, 2024	<p>The U.S. and Mexico announced a remediation plan to address rights violations at the RV Fresh Foods facility, which produces guacamole in the state of Michoacán. It is the first time both the U.S. and Mexico have identified violations related to the conduct of the petitioning union. Under the course of remediation, the Government will ensure that RV Fresh:</p> <p>Implements its neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations, and commits to delivering annual training to all company personnel on these commitments.</p> <p>Implements the agreements it reached with the union through dialogue sessions led by the Government of Mexico</p> <p>Also, the Government of Mexico will ensure the union:</p> <p>Submits updated status for the relevant Mexican labor authorities' approval and provides the updated statutes to RV Fresh and workers.</p> <p>Refrains from committing acts of extortion or obtaining gifts from RV Fresh.</p>
July 15, 2024	<p>The U.S. and Mexico announced the successful resolution of the first USMCA facility-specific RRM matter in the food manufacturing sector, regarding the RV Fresh Foods facility in the state of Michoacán. In April 2024, the U.S. and Mexico agreed on a holistic plan to address labor violations at the facility. That plan has now been implemented, and workers' rights have been restored.</p>
Servicios Industriales González, S.A. de C.V. (SIG) in Nuevo León, México	
April 1, 2024	<p>The U.S. asked Mexico to review whether workers at the Servicios Industriales González, S.A. de C.V. facility, which specializes in fabricating steel components, are being denied the right to freedom of association and collective bargaining.</p>
May 30, 2024	<p>The U.S. announced the successful resolution of the RRM matter at the Servicios Industriales González, S.A. de C.V. (SIG) facility. Some of the actions taken by the facility and the Government of Mexico to address the matter included:</p> <p>SIG is paying nearly US\$20,000 in settlement to six dismissed workers.</p> <p>SIG provides equivalent access to the facility to two unions seeking to represent workers there.</p> <p>SIG is posting and disseminating a neutrality statement and related guidelines at the facility, affirming its commitment to safeguarding the rights to freedom of association and collective bargaining.</p> <p>The Government of Mexico is delivering training on freedom of association and collective bargaining rights to workers and company representatives at all SIG facilities in the state of Nuevo Leon.</p>
Minera Tizapa S.A. de C.V., in Zacazonapan, México	

April 3, 2024	The U.S. asked Mexico to review whether workers at Minera Tizapa, S.A. de C.V., a subsidiary of Industrias Peñoles, S.A.B. de C.V., are being denied the right to freedom of association and collective bargaining.
May 30, 2024	The U.S. announced the successful resolution of the second USMCA facility-specific RRM matter in the mining sector, regarding Minera Tizapa de C.V. Some of the actions taken by the facility to address the matter included: Reinstating and providing back pay to eight workers who had been dismissed in retaliation for their union activity. Rehiring three workers dismissed in retaliation for their union activity, and who previously signed agreements with Mexican tribunals and accepted severance packages. Paying an "operational continuity" bonus, which was initially paid in a discriminatory manner solely to workers affiliated with the incumbent union, to 249 workers who had not received it. Adopting, disseminating, and implementing a neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations, and training all company personnel on the guidelines and neutrality commitments. Also, some of the actions taken by the Government of Mexico to address the matter included: Delivering in-person training for all company personnel on freedom of association and collective bargaining. Offering an email address for workers to anonymously report any intimidation, coercion, or threats with respect to their selection of a union, union activities, non-neutrality, or interference in internal union affairs.
<u>Volkswagen de México, S.A. de C.V. facility in Cuautlancingo, Puebla, Mexico</u>	
May 28, 2024	The U.S. asked Mexico to review whether workers at the Volkswagen de México, S.A. de C.V. facility in Cuautlancingo, Puebla, are being denied their rights to freedom of association and collective bargaining. The facility is the largest automobile manufacturing plant in Mexico and among Volkswagen Group's largest plants globally.
July 30, 2024	The U.S. and Mexico announced a remediation plan for the Volkswagen de México, S.A. de C.V. facility in Cuautlancingo, Puebla. Under the course of remediation, the Government of Mexico will ensure that Volkswagen de México: Reinstates and provides full backpay and benefits to eight workers, and pays complete severance to one worker who elected severance over reinstatement. Implements its neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations. Also, under the course of remediation, the Government of Mexico will: Monitor the facility regarding the obligations under this remediation course and compliance with Mexican laws on freedom of association and collective bargaining. Maintain a direct email address and telephone line for workers to report anonymously any potential acts of unlawful interference or other violations of their freedom of association and collective bargaining rights.
August 26, 2024	The U.S. announced the successful resolution of the USMCA RRM matter regarding the Volkswagen de México facility in the state of Puebla. Some of the actions taken by the facility to address the matter include: Reinstating and providing full backpay and benefits to eight workers and paying complete severance to one worker who elected severance over reinstatement. Posting, disseminating, and implementing its neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations. Additionally, some of the actions taken by the Government of Mexico include: Conducting in-person workers' rights training for company personnel and posting and distributing informational material at the facility regarding freedom of association and collective bargaining. Maintaining a direct email address and telephone line for workers to anonymously report any potential acts of unlawful interference or other violations of workers' freedom of association and collective bargaining rights.
<u>Ammunition Manufacturer Industrias Tecnos, S.A. de C.V. facility, in Cuernavaca, Morelos, Mexico</u>	
June 24, 2024	The U.S. asked Mexico to review whether workers at Industrias Tecnos, S.A. de C.V., facility in Cuernavaca, Morelos, are being denied the right to freedom of association and collective bargaining.
<u>Impro Industries Mexico, S. de R.L. de C.V. facility in Villa de Reyes, San Luis Potosí, Mexico</u>	
July 25, 2024	The U.S. asked Mexico to review whether workers at the Impro Industries Mexico, S. de R.L. de C.V., facility in the city of Villa de Reyes, State of San Luis Potosí, Mexico, are being denied the right to freedom of association and collective bargaining.
September 17, 2024	The U.S. and Mexico have announced the successful resolution of an RRM petition alleging that workers' rights were denied. The Mexican government facilitated a resolution with Impro Industries to address workers' claims by posting neutrality statements, creating company guidelines on freedom of association and collective bargaining, and collaborating with Mexico's Secretaría del Trabajo y Previsión Social to provide workers with training. The agreement also included reinstatement of a fired union delegate with back pay to the date of dismissal.
<u>Pirelli Neumáticos S.A. de C.V. facility in Silao de la Victoria, Guanajuato, Mexico</u>	
August 23, 2024	The U.S. asked Mexico to review whether workers at the Pirelli Neumaticos, S.A. de C.V. facility in Silao de la Victoria, Guanajuato, Mexico, are being denied the right to freedom of association and collective bargaining. The Pirelli facility specializes in converting rubber into car tires.
<u>Bader de México S. en C. por A. de C.V. en León, Guanajuato, México</u>	
September 16, 2024	The U.S. requested that Mexico review whether workers at the Bader facility in León, Guanajuato, Mexico, are being denied the right to freedom of association and collective bargaining. The company focuses on the manufacturing of car interiors.

Odisa Concrete Equipment, S.A. de C.V. (Odisa) in Hidalgo, Mexico	
October 23, 2024	The U.S. asked Mexico to review whether workers at the Odisa Equipment Services facility in Hidalgo, Mexico, are being denied the right to freedom of association and collective bargaining. The facility focuses on the manufacturing of cement plant machinery.
December 20, 2024	The U.S. and Mexico have announced the successful resolution of an RRM petition alleging that workers' rights were denied at Odisa Concrete Equipment. To remediate workers' claims, Mexico facilitated a resolution with Odisa. Actions include posting a neutrality statement, creating guidelines on freedom of association and collective bargaining, reinstating a fired worker, and providing labor rights training to workers.
Vidrio Decorativo Occidental, S.A. de C.V. (VDO) in Tamaulipas, México	
November 8, 2024	The U.S. asked Mexico to review whether workers at the Vidrio Decorativo Occidental facility in Matamoros, Mexico, were denied the right to freedom of association and collective bargaining. The company focuses on the manufacturing of decorative door glass.
January 10, 2025	The U.S. and Mexico announced the successful resolution of an RRM petition alleging that workers' rights were denied at Vidrio Decorativo Occidental. To remediate workers' claims, Mexico facilitated a resolution with the company. Actions include a neutrality statement, guidelines on freedom of association and collective bargaining, reinstatement and payment to affected workers, and labor rights training for workers.
Akwel Juárez México, S.A. de C.V. (Akwel) in Ciudad Juárez, Chihuahua, México	
November 22, 2024	The U.S. asked Mexico to review whether workers at the Akwel facility in Ciudad Juárez, State of Chihuahua, Mexico, were denied the right to freedom of association and collective bargaining. The company focuses on the manufacturing of automotive components.
Compañía Hulera Tornel in Mexico City and Estado de México, México	
January 8, 2025	The U.S. requested that Mexico review whether workers at the Hulera Tornel S.A. de C.V. facilities in Mexico City and Tultitlán were denied their rights. The allegations include a breach of a rubber sector-wide agreement. The company allegedly negotiated individual agreements that provide lower contractual benefits to workers, including hours and days worked, vacation premium pay, and contributions to the workers' social welfare fund. The company manufactures tires.
Aludyne Automotive Mexico City in Mexico City, Mexico	
April 3, 2025	The U.S. requested that Mexico review whether workers at the Aludyne Automotive Mexico City, S.A. de C.V., facility in Iztapalapa, Mexico City, Mexico, are being denied the right to freedom of association and collective bargaining. The U.S. has suspended the liquidation of tariffs on goods from the Aludyne facility. The company manufactures auto parts.
June 2, 2025	The U.S. announced the successful resolution of an RRM matter alleging the denial of workers' rights at the Aludyne Automotive Mexico City, S.A. de C.V. facility. The U.S. has resumed the liquidation of tariffs on goods from the Aludyne facility. The facility agreed to take the following actions: issue a neutrality statement, reinstate and provide backpay to one affected worker, provide labor rights training to workers, and negotiate with the union to adopt policies regarding paid representational time during the workday.
Modern Metal Alloys in Querétaro, Mexico	
April 16, 2025	The U.S. requested Mexico to review whether workers at the Modern Metal Alloys, S.A. de C.V. facility in Querétaro, Mexico, are being denied the right to freedom of association and collective bargaining. The U.S. has suspended the liquidation of tariffs on goods from the facility. The company manufactures aluminum for the production of auto parts.
July 21, 2025	The U.S. and Mexico announced the successful resolution of an RRM matter alleging the denial of workers' rights at Modern Metal Alloys, S.A. de C.V. The U.S. has resumed the liquidation of tariffs on goods from the facility. To remediate workers' claims, Mexico facilitated a resolution with the company. Actions include a neutrality statement, providing a complaint mechanism for workers, labor rights training to workers by the Mexican government, and negotiating a new collective bargaining agreement with the union.
Amphenol Optimize Mexico in Sonora, Mexico	
May 9, 2025	The U.S. asked Mexico to review whether workers at the Amphenol Optimize México, S.A. de C.V. facilities in Nogales and Hermosillo in Sonora, Mexico, are being denied the right to freedom of association and collective bargaining. The U.S. has suspended liquidation of unliquidated entries of goods from the Amphenol facility. The company manufactures connectors, antennas, and other products for various end markets.
Superior Industries de Mexico in Chihuahua, Mexico	
June 4, 2025	The U.S. requested that Mexico investigate whether workers at the Superior Industries Inc. facility in Chihuahua, Mexico, are being denied the right to freedom of association and collective bargaining. The U.S. has suspended liquidation of unliquidated entries of goods from the Superior Industries facility. The company produces aluminum automobile wheels.
August 5, 2025	The U.S. and Mexico announced the successful resolution of an RRM matter alleging the denial of workers' rights at the Superior Industries de Mexico, S. de R.L. de C.V. facility. The U.S. has resumed the liquidation of tariffs on goods. The agreement includes actions such as a neutrality statement, the provision of complete severance packages to affected workers, labor training for workers, and the Mexican government's monitoring of the facility.
TAMSA in Veracruz, Mexico	
June 13, 2025	The U.S. requested that Mexico investigate whether workers at the Tubos de Acero de Mexico S.A. facility in Veracruz, Mexico, are being denied the right to freedom of association and collective bargaining. The U.S. has suspended the liquidation of tariffs on goods from the TAMSA facility. The company produces seamless steel tubes.
Liber Gennesys Group in Tijuana, Baja California, Mexico	

July 14, 2025	The U.S. requested that Mexico investigate whether workers at the Liber Gennesys Group, S. de R.L. de C.V., facility and its affiliated and/or successor companies in Tijuana, Baja California, Mexico, are being denied the right to freedom of association and collective bargaining. The company provides cross-border transportation services.
	Alimentos Grole in Ciudad Obregón, Sonora, México
August 28, 2025	The U.S. requested Mexico to investigate whether workers at the Alimentos Grole, S.A. de C.V. facility in Obregón, Sonora, Mexico, are being denied the right to freedom of association and collective bargaining. The U.S. has suspended liquidation of unliquidated entries of goods from the facility. The company processes pork and chicken products.

Source: ECLAC based on Chapter 31 Annex A USMCA, Bureau of International Labor Affairs of the U.S. Department of Labor, and Government of Canada.

^a For data on labor cases in prior years, please refer to previous editions of the U.S.-LAC Trade Developments report.

III. Trade in the circular economy and strategic opportunities for LAC

Beyond enforcement and dispute settlement tools such as the USMCA's Rapid Response Mechanism, North America is also advancing cooperation agendas that support longer-term productive transformation — including the transition toward a circular economy.

The circular economy (C.E.) ensures that products, components, and materials always maintain their maximum utility and value. It plays a significant role in promoting green/low-carbon growth, technological change and innovation, job creation, easing external constraints, and reducing the environmental footprint. International trade can also significantly contribute to C.E. development, including for Latin America and the Caribbean (LAC), given the region's strong endowment base, role as a supplier of strategic inputs, and growing participation in regional value chains.

To promote the great productive transformation that the region's countries need to move towards a more productive, inclusive, and sustainable future, ECLAC has identified a portfolio of 15 strategic sectors (ECLAC, 2024). These sectors were selected for their potential to dynamize growth and enhance productivity, create quality jobs, and improve environmental sustainability. Among these, the circular economy stands out as a key driver of this vision.

This section briefly describes the recent evolution of initiatives (public and private) to promote the development of the C.E. in the U.S. and Canada. The initiatives are organized into five main areas: plastic pollution, food loss and waste, textiles and clothing, metals and minerals, and energy production and storage. Each area reflects ongoing efforts to promote more sustainable trade and production patterns, while addressing key environmental and economic challenges. While the focus is on North American initiatives, many of these regulatory and market developments are directly relevant for LAC economies through trade flows, standards diffusion, and cooperation channels.

A final subsection reflects on the participation of women in the C.E., recognizing that gender inclusion shapes the distributional and developmental outcomes of circular transitions, a dimension that is central to productive transformation strategies in both North America and LAC.

A. Plastic pollution

The U.S. has one of the largest plastic footprints in the world, both as a producer and a consumer. The American Chemistry Council estimates that, as of August 2024, U.S. plastic resin production during the first eight months of the year totaled about 67.7 billion pounds, a 5.7% increase compared to the same period in 2023 (based on American Chemistry Council data, as cited in Congressional Research Service, 2025). Plastics are predominantly produced for the construction, transportation, and packaging industries. Without intervention, the OECD estimates that global plastic use and waste will almost triple by 2060 (OECD, 2022). The pollution caused by the production and consumption of plastic poses significant risks to the environment, human health, and the economy.

The Pew Charitable Trusts reported that plastic pollution could be reduced by about 80% if circular solutions were implemented (Pew Charitable Trusts, 2020). These include solutions to reduce consumption, substitute materials, and properly dispose of plastic products. However, several obstacles to circular solutions remain, including a lack of coordination among public and private actors and limited orchestration between local and global levels of governance (Stoett et al., 2024). For example, local recycling problems commonly include contamination, low collection rates, and limited curbside pickup (OECD, 2023).

1. National strategy to prevent plastic pollution

In this context, in November 2024, the Environmental Protection Agency (EPA) released a new “*National Strategy to Prevent Plastic Pollution*” (EPA, 2024a). This strategy is part of a series of strategies set out in the 2020 Save Our Seas 2.0 Act, which includes the “*National Recycling Strategy*” (EPA, 2021) and the “*National Strategy for Reducing Food Loss and Waste and Recycling Organics*” (EPA, 2024b). It presents voluntary and regulatory actions for various stakeholders, including businesses, academia, industry, nongovernmental organizations, local governments, and consumers. The proposed actions include a range of solutions to address plastic pollution. On the policy side, the strategy advises providing stronger support for state, local, and tribal governments, updating regulations, and reviewing standards and certifications. It also suggests reducing the production of single-use plastic, which increased again during the COVID-19 pandemic, and demands expanding the capacity to reuse. In this context, education and research are pivotal to identifying alternative materials and encouraging public participation. In total, the actions follow six main objectives: reduce pollution from plastic production, innovate in material and product design, decrease waste generation, improve waste management, improve capture and removal of plastic pollution, and minimize loading and impacts on waterways and the ocean. Therefore, the strategy aims to address plastic pollution at all stages of the plastic life cycle, from oil extraction and product manufacturing to consumption and disposal.

Aiming to address issues of pollution at the disposal site and in local recycling, an example aligned with the strategy’s goals is the “*Multilingual Recycling Ambassador Program and AI Cameras*”. By using artificial intelligence video technology, the City of Tacoma wants to provide customers with individualized feedback on contamination of their residential recycling bins. This can reduce contamination and simultaneously increase composting and recycling.

2. End plastic pollution collaborative

In 2023, under U.S. leadership, the *End Plastic Pollution International Collaborative* was launched. Hosted by the International Union for Conservation of Nature, the Aspen Institute, the Ocean Foundation, and Serious Business, this international public-private partnership was established to drive collective action to reduce plastic pollution. With a multi-stakeholder approach, the collaborative includes governments, micro, small, medium, and large enterprises, and civil society. By informing policy and

fostering circular solutions through commitments from the public and private sectors, the collaborative aims to intervene at the upstream and midstream stages of the plastic life cycle. Whilst it started with a budget of US\$14.5 million, the U.S. State Department helped increase it to US\$28 million in 2024. The program includes grant allocations for plastic pollution solutions. In 2024, EPPIC issued grants for programs in Costa Rica, Ghana, Kenya, Senegal, South Africa, and Guatemala. A recent initiative in Guatemala is the Atitlan Recicla Women’s Cooperative. This cooperative strengthens management processes of recyclable solid residuals and supports entrepreneurial models for women who recycle in the Lake Atitlan Basin.

Some private sector initiatives to prevent plastic pollution include:

- **Austin Materials Marketplace:** The City of Austin has implemented an online exchange platform where businesses can exchange waste and by-products with organizations that can reuse them.
- **Apeel:** This American company developed a layer of edible plant-based coating that can be applied to fresh products, eliminating the need for single-use shrink-wrap plastic packaging for fresh fruit and vegetables.
- **DeliverZero:** The company deploys a reusable packaging system for restaurants, in which the customers can receive their food in a reusable container and return it afterwards.
- **Circular Plastics Microfactory:** This facility, created by Arizona State University, the city of Phoenix, Goodwill of Central and Northern Arizona, and Hustle PHX, takes sorted plastic waste, processes it into pellets, and uses the pellets to create new products such as skateboards and flat-pack furniture.

B. Food loss and waste (FLW)

Approximately 30% of global food production is lost or wasted (FLW) each year, amounting to over 1 billion tons per year (World Bank 2019). Various consequences stem from food loss and waste. First, there are environmental impacts, as FLW is responsible for 8-10% of global greenhouse emissions (UNEP, 2024). It increases air pollutants, water scarcity, and biodiversity loss and degrades soil and water quality (EPA, 2024b). Secondly, FLW seriously affects food security and contributes to hunger and poverty (UNEP, 2024). Here follows some initiatives on this topic.

1. National strategy for reducing food loss and waste and recycling organics

In June 2024, the EPA, the Department of Agriculture, and the U.S. Food and Drug Administration published a new *“National Strategy for Reducing Food Loss and Waste and Recycling Organics”* (EPA, 2024b). This strategy aligns with the broader goals of the EPA and the Department of Agriculture: reduce FLW by 50% by 2030 and meet UN Sustainable Development Goal 12.3. Furthermore, it supports the Methane Emissions Reduction Plan from 2022, as food waste is responsible for 58% of landfill methane emissions (EPA, 2024b). The strategy offers voluntary actions to a variety of stakeholders across the public and private sectors and stresses collaboration among sectors. It lays out four main objectives: prevent food loss, prevent food waste, increase organic waste recycling, and support policies that incentivize and encourage the prevention of food loss and waste, as well as organic waste recycling. The actions are aimed at every stage of the food cycle. During production, the strategy advises optimizing the harvest and reducing food loss in manufacturing. Further actions include education campaigns, facilitating food donations, and increasing access to healthy food. Lastly, the strategy strongly emphasizes research, arguing for stronger participation in international forums and better data collection.

Along with the national strategies, the federal agencies also announced the continuation of the Recycling Education and Outreach program, which provides grants to initiatives that invest in the health and resilience of American communities, including local waste management infrastructure and recycling. The first round of grants took place from 2022 to 2023, and the second round was announced for 2024-2025. Various initiatives focus on FLW, such as the “Go Green Initiative” which partners with administrators, school stakeholders, and student leaders to improve the quality of air, water, and food at school.

2. Collaboration with the private sector

Aligning to address FLW along the entire food cycle and to include a variety of stakeholders in the process, EPA, FDA, and USDA renewed the interagency agreement with the Food Waste Reduction Alliance in June 2024. The Consumer Brands Association, The Food Industry Association, and the National Restaurant Association founded it. Together, the alliance represents crucial sectors of the food supply chain: manufacturing, retail, restaurant, and food service. The first memorandum of understanding (MoU) between the federal agencies and the Food Waste Reduction Alliance was signed in 2020. The main goal of the MoU is to foster collaboration and coordination between the entities to reduce FLW. The MoU sets out specific actions, such as fostering industry education and sharing best practices. Through this public-private alliance, all entities intend to reduce food waste, increase the amount of safe, nutritious food donated to those in need, and divert food waste from landfills. It therefore addresses both the environmental and social challenges of FLW.

3. Composting and food waste reduction cooperative agreements

The U.S. Department of Agriculture supports *Composting and Food Waste Reduction Cooperative Agreements* by investing US\$ 7.5 million in 26 agreements. The agreements assist local and municipal governments with projects to make local food systems more resilient by reducing and redirecting food waste from landfills to compost farms. These agreements are overseen by the USDA’s Office of Urban Agriculture and Innovative Production and the National Institute of Food and Agriculture. The funds are used to implement these projects and are targeted towards producers and consumers. For producers, the grants aim to increase access to compost, reduce the reliance on and limit fertilizer use, and improve soil quality. For consumers, the grants facilitate the implementation of projects that provide more waste-disposal options and increase access by creating new markets for waste management.

Some private sector initiatives to prevent food loss and waste include:

- **Boulder Food Rescue:** This American company picks up food by bike that would otherwise be discarded and redistributes it to organizations serving low-income residents.
- **Restaurant 2 Garden:** This company transforms food waste from local restaurants into fertilizer to grow food.
- **Regrained:** This San Francisco-based start-up uses spent grains to create grain powder that is rich in protein, dietary fiber, and prebiotics and can be reused to bake goods, snacks, and sauces.
- **Fridgely:** This app is a food expiration date tracker that alerts consumers when food is about to expire.
- **Mill:** The company developed a bin that functions as a food recycler. It recycles food waste and transforms it into grounds that can be used as fertilizer.
- **Replate:** The company created a platform for food donation, connecting organizations with surplus food with communities facing food insecurity.

C. Textiles and clothing

Over the past few decades, the global textile market has grown rapidly due to fast fashion and the popularity of e-commerce platforms (UNEP, 2023). However, the industry's impacts have not gone unnoticed. Most textiles are in landfills, incinerated, or shipped overseas (Boston Consulting Group 2025). Consequently, the textile industry has had a significant impact on the environment. It has led to waste generation, increased freshwater and chemical use, and biodiversity loss. The textile sector accounts for 2-8% of global greenhouse gas emissions and is responsible for 9% of ocean microplastic pollution (UNEP, 2023). Next to environmental pollution, the textile sector also has negative social implications. Precarious manufacturing conditions have increased the risk of exploitation, underpayment, forced labor, abuse, and posed serious health risks. As women constitute the majority of the textile industry workforce, they are particularly affected (UNEP, 2023).

Applying the circular economy concept to the textile industry remains challenging. Globally, only 12% of textiles are reused, and less than 1% are recycled into new textile fibers (Boston Consulting Group, 2025). In the U.S., 85% of textiles end up in landfills or incineration (Ellen MacArthur Foundation 2024).

1. Extended Producer Responsibility (EPR) in the textile sector

One major challenge in creating a circular economy in the textile sector is the weak waste infrastructure and difficulty sorting textiles (Boston Consulting Group 2025). The sorting processes rely heavily on manual labor and are optimized for resale rather than recycling. This is closely connected to the issue that today's fabrics are blends of different fibers, making existing industrial recycling solutions difficult. Therefore, most textiles are incinerated and landfilled. One approach that addresses waste management and the burden on consumers is the *Extended Producer Responsibility (EPR)*. According to the OECD, the EPR is an "environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle" (OECD, 2024a). In short, this approach places the responsibility on producers to collect, sort, and recirculate products when consumers discard them. There are two ways in which EPR can fulfil the responsibilities: individually or collectively (Ellen MacArthur Foundation 2024). When the company fulfils its responsibility individually, it is entirely responsible for collecting, sorting, and recirculating products. In contrast, when companies collectively fulfill their responsibility, they delegate it to so-called Producer Responsibility Organizations (PROs). The PROs are funded by fees that the producers pay.

So far, EPR has been applied across multiple sectors, including electronics, pharmaceuticals, and plastic packaging. The textile sector has largely been overlooked, even though EPR has significant untapped potential for the industry. By changing the incentives for producers, consumers, and waste management, EPR could improve collection and sorting rates (Brown & Börkey, 2024). This, in turn, could benefit the textile industry's environmental impact. Discussions about applying EPR in the textile sector have intensified in recent years across various countries and regions, including the EU, Chile, Canada, and the US (Boston Consulting Group 2025).

Recently, there has been a legislative push to implement EPR in the U.S. textile sector. At the forefront of these legislative initiatives is the state of California, where the "Responsible Textile Recovery Act" was signed into law in October 2024. The law targets apparel, textile, and footwear producers whose annual revenues exceed US\$1 million and requires them to manage the recycling and reuse of their products. The producers need to form a PRO and join it. The law, therefore, opts for a collective approach to EPR. The state of New York put forward a similar proposal, the "Textile Reuse and Recycling Act", which requires producers to establish a collection program for textile-covered products. Contrary to California law, this proposal leaves producers to decide whether to organize individually or collectively through PROs.

Some private sector initiatives for textiles include:

- Nike Grind: Nike Grind is Nike’s collection of recycled materials. The brand recycles athletic shoes into materials for entirely new products, such as AstroTurn playing fields and Future Foam’s carpet padding.
- The North Face: The American outdoor brand introduced its “The North Face Renewed” program, in which it collects used jackets, outerwear, and apparel and restores them to Like-New condition at a lower price.
- Aquafil: This company developed a system that regenerates Nylon 6 waste into new Nylon 6 without sacrificing quality.

D. Metals and minerals

Critical minerals and materials have become a substantial part of the global economy. Critical materials, according to the U.S. Energy Act of 2020, are any non-fuel mineral, element, substance, or material that has a high risk of supply chain disruption and serves an essential function in one or more technologies that produce, transmit, store, and conserve energy (Department of Energy 2020). They are at the cornerstone of the sustainable energy transition, as they are found in many green technologies, such as EV batteries, wind turbines, and solar panels. Consequently, the global demand for critical materials has sharply increased and continues to grow. Critical materials also have some distinct features. Despite their utility for the energy transition and technological advancement, critical materials have severe environmental impacts. Their extraction and processing lead to habitat destruction, water pollution, and greenhouse gas emissions (Mukherjee et al., 2025). Furthermore, the market for critical materials is characterized by volatility and disruptions. It shows a high concentration of reserves, production, and refining in countries such as China and the DRC (Mukherjee et al., 2025).

1. Efficiency and renewable energy strategy for increasing product and material circularity

The U.S. Department of Energy’s Office for Energy Efficiency and Renewable Energy (EERE) has requested stakeholder input to develop a strategic framework for circularity of secure and sustainable products and materials (USDE, 2024). A draft of the framework was published in October 2024 and focuses on materials needed for clean energy technologies, including critical minerals and materials with a large energy and emissions footprint, such as steel and aluminum. The draft sets out three steps to achieve circularity: first, the potential impacts of increasing circularity for a product or material should be assessed to prioritize those with the most significant potential impact; second, the pathway and barriers to deployment should be identified; and third, a concrete timeline for deploying the strategy and scaling should be considered. Further efforts within the framework include developing additional technologies, providing technical assistance, and improving data collection. The goal of this strategic framework for circularity is to achieve decarbonization, secure U.S. supplies of products and materials, and create jobs. The EERE intends to collaborate with the Advanced Research Projects Agency and the National Science Foundation. So far, no final document has been published.

2. Extracting critical materials from waste

Although the demand for critical materials is high, the recycling and reuse rates are relatively low, at around 7.2% (Mukherjee et al., 2025). The standard argument is that recycling cannot be viable in many cases due to economic factors, such as high energy costs. However, due to challenges (disruptions and volatility) and declining ore quality, many countries consider recycling and recovery a viable solution to meet demand for critical minerals (International Energy Agency 2024). There are several types of waste from which critical materials can be extracted. These include old batteries and e-waste, including electronic appliances such as phones, computers, and televisions. Another important source of recycling

and recovering critical materials is mineral waste. Each year, mines generate 100 billion tons of waste (International Energy Agency 2024).

The recovery or recycling of critical materials depends on various factors, the most central being access to technology. Various technologies exist to recover and recycle materials, depending on the source from which they are to be extracted. These technologies include hydrometallurgy, pyrometallurgy, bioleaching, and direct recycling (Mukherjee et al., 2025). For these technologies to work, a robust waste infrastructure must be established, supporting research into new recovery techniques and economic incentives.

If the recycling and recovery of critical materials from waste are successful, this approach offers multiple benefits for establishing a circular economy. First, recovering and recycling waste and scrap materials can increase the availability of critical materials. In short, the total supply of materials can be increased. UNDESA estimates that recycling from waste could meet 21% of the current demand for critical materials (Mukherjee et al., 2025).

Secondly, having a second supply source reduces reliance on primary sources. By recovering materials, the need for new mining diminishes. This positively affects the environment, as mining and unnecessary mineral extraction and processing demand electricity and emit greenhouse gases (Simas et al., 2022). Furthermore, the waste generated from mining and manufacturing could also be reduced. Therefore, recycling and recovery can help alleviate pollution. In addition to the environmental benefits, the recovery and recycling of critical materials can create new jobs in the waste management and recycling sector.

However, some problems remain. There are important economic considerations, as the critical materials market and investment uncertainties are volatile. It also demands high upfront costs (Mukherjee et al., 2025). Lastly, recycling and recovery are not free from environmental and social impacts.

Several countries are building upon recovery and recycling strategies to extract critical materials from waste. Countries such as Germany, South Korea, and the U.S. are at the forefront of these initiatives. In 2024, the U.S. Department of Energy Office of Advanced Research Projects Agency (ARPA-E) announced a \$36 million investment in the RECOVERY project (Department of Energy, 2024b). DOE ARPA-E spearheads the RECOVERY project to recover critical metals from wastewater. It uses domestic wastewater from agriculture, mining, and oil and gas production, which contains minerals and metals that can replace many U.S. exports. The project focuses explicitly on extracting ammonia, an important fertilizer and critical metals needed for energy technologies. The investments are targeted at developing processes and materials to make metal extraction more energy-efficient, selective, and durable.

3. Minerals security partnership

As demand for critical minerals grows due to modern technologies and the green transition, the importance of implementing circular strategies, such as recycling, has also increased (Mukherjee et al., 2025). Recycling critical minerals is also a core aspect of the “Minerals Security Partnership”. The partnership was founded in 2022 under U.S. leadership and includes 14 countries and the EU. The partnership aims to address four challenges faced by the countries regarding critical minerals. It wants to diversify and stabilize global supply chains, invest in supply chains, promote environmental, social, and governance (ESG) standards in the mining, processing, and recycling sectors, and recycle critical minerals. Current member states include Australia, Canada, Estonia, Finland, Germany, India, Italy, Japan, Norway, the Republic of Korea, Sweden, the UK, the U.S., and the EU. In 2024, the partnership launched the Finance Network, a consortium of financial institutions and export credit agencies. The network focuses on increasing project finance and on building stronger relationships with private-sector

institutions to boost investments in critical minerals. The projects that ought to be financed cover the entire cycle of critical minerals, including mining, extraction, secondary recovery, processing, refining, and recycling. All the projects must demonstrate high ESG standards and account for water resources, land use, air quality, greenhouse gas emissions, pollutants, waste, and biodiversity.

E. Energy generation and storage

The U.S. uses and produces various energy sources, including fossil fuels, nuclear energy, and renewables, and its production exceeds its consumption. The largest source of energy in the U.S. remains fossil fuels. Approximately 68% of global greenhouse emissions and 90% of carbon dioxide emissions stem from fossil fuels (United Nations, 2025). In the U.S., the statistic is even higher: 74% of greenhouse gas emissions come from fossil fuels (U.S. Energy Information Administration, 2025). Here follows some initiatives in this regard.

1. Waste generated by renewable energy

Renewable energy constitutes a core pillar of the circular economy. These renewable energy technologies include wind turbines, solar photovoltaic, hydrogen, biomass, and geothermal energy. Although these energy sources cleanly produce energy, they also generate waste. Over the next 10 years, waste generated by end-of-life energy infrastructure is expected to grow 30-fold (European Environment Agency, 2021). The waste tends to be rich in resources, including critical materials such as steel, copper, and glass. Consequently, the question arises regarding how to manage the waste appropriately while ensuring a circular economy approach.

a) Solar energy

Solar accounts for about 3.9% of U.S. electricity where Solar panels usually reach the end of their useful life after 25 years generation (U.S. Energy Information Administration 2025). Almost 95% of materials in solar panels could be recycled (European Environment Agency 2021). However, challenges with solar waste persist. One difficulty is separating silicon from the glass and the thin semiconductor film. Furthermore, solar panels contain hazardous substances, which can harm the environment and people's health. Several U.S. states have introduced measures to address waste generated by end-of-life solar energy infrastructure. In 2019, New Jersey established the "New Jersey Solar Panel Recycling Commission", tasked to investigate options for recycling and other end-of-life options for photovoltaic panels. In 2023, the Commission presented its recommendations in a report, which includes establishing Solar Panel Recycling Centers, using solar panels beyond their nominally determined lifespan, and reusing panels by shipping them to domestic areas with fewer financial resources and lower accessibility. Another initiative was the "Photovoltaic Module Stewardship and Takeback Program" in the state of Washington, which was already presented in the 2024 report. Next to public initiatives, some private actors address the issue of renewable energy waste. In Texas, the start-up Solarcycle partners with solar companies to recycle their solar systems. The company transports, sorts, and recycles solar panels at the end of life and uses valuable materials to make new ones.

b) Wind energy

Another key pillar of renewable energy is wind turbines. In the US, wind accounts for about 10.2% of electricity generation and is the largest source of renewable electricity. Whilst wind generates vast amounts of electricity, it also produces considerable waste. However, 90% of the mass of resources is potentially recyclable (European Environment Agency 2021). Additionally, the generation of energy through wind involves critical materials such as neodymium and boron, which could make the recycling of permanent magnet generators of wind turbines profitable. At the same time, challenges remain: the size of wind turbine blades increases transportation costs when recycling facilities are located far away.

Furthermore, the recycling infrastructure is less developed, especially for turbine blades made of lightweight materials. The Department of Energy, in collaboration with various laboratories, also recognized the issue and published a report that assessed and offered recommendations for the recycling and reuse of wind energy equipment and materials (USDE, 2025). The report sees great potential in recycling towers, foundations, and steel-based subcomponents. One way to improve recyclability in the short term is to promote the use of recyclable thermoplastic resins for blade production. New chemical separation techniques will be crucial for long-term recycling of permanent magnets. The report also serves as the basis for further investment in wind turbine recycling.

2. Energy efficiency and circular economy

The core principles of the circular economy can be summarized in the “4 R’s”: reduce, reuse, recycle, and recover. In the context of energy, this also means reducing energy consumption. Increasing energy efficiency is one way to lower energy consumption (OECD, 2024b). This is particularly relevant for energy-intensive sectors, such as microelectronics, which include semiconductors. Semiconductors are essential for other circular economy solutions, such as smart grids, renewable energy storage, and electric vehicles. However, a recent Greenpeace report (2023) found that semiconductor manufacturing is expected to consume 237 terawatt hours of electricity globally by 2030, which is almost equivalent to Australia’s electricity consumption in 2021. More than 80% of semiconductor emissions are generated by electricity consumption (Boston Consulting Group 2023). Therefore, energy efficiency is a central challenge for the sector’s circularity. For this reason, the Department of Energy and stakeholders from academia and industry have launched the Energy Efficiency Scaling for Two Decades Initiative, which aims to double energy efficiency every two years. Within the framework of this initiative, in April 2024, 60 organizations committed to making semiconductor applications, including data centers, more energy efficient. Prominent signatories include Google, Intel, Microsoft, Micron, Synopsys, and AMD.

F. Women in the circular economy

The C.E. centers on resource efficiency, recycling, and regeneration (UNDP 2024; Palm et al. 2024). For a long time, this meant that the C.E. was primarily understood in technical, environmental, and business terms (UNDP, 2024). Nevertheless, the social dimension of the C.E. remains relatively underexplored, especially concerning gender perspectives. This represents a significant gap, as the effects of climate change disproportionately impact women. Climate change tends to exacerbate existing inequalities, leaving women poorer and more vulnerable (OECD, 2025).

Women are connected to the C.E. in three main capacities: as consumers, workers, and decision-makers. The following paragraphs discuss these dimensions.

The first linkage between women and the C.E. relates to consumption. Evidence suggests that women tend to express greater concern about environmental issues and climate change (Palm et al., 2024; UNDP, 2024). This heightened awareness is often reflected in more sustainable consumption patterns. Research further indicates that, compared with men, women are generally more willing to engage in environmentally responsible behaviors, such as recycling and choosing organic products (Bloodhart & Swim, 2020).

These consumption patterns are influenced by prevailing social roles and responsibilities (Bloodhart & Swim, 2020). Women perform about 3 times as much unpaid household and care work as men (UN Women, 2020) and often assume responsibility for purchasing household and short-use products (e.g., food and consumables), which means their consumption behaviors are pivotal to the transition to a C.E. (UNDP, 2024). This is a critical factor for the C.E., as household waste accounts for around 63% of total waste entering landfills in some regions (Syauqi, 2024). Considering how gender

dynamics shape consumption behaviors is therefore essential for developing inclusive and effective circular solutions.

Secondly, the C.E. both influences and is influenced by women in their capacity as workers. Women are disproportionately represented in low-value-added and informal segments of the C.E., such as recycling, reuse, and waste management (Pansera et al., 2024). While these sectors play a crucial role in advancing circularity, they also expose women to precarious employment conditions and occupational health risks.

In contrast, women remain underrepresented in higher-value-added and technology-intensive sectors, including industrial eco-design, the development of circular products, and the energy industry, which are predominantly male-dominated (UNIDO, 2022). This imbalance is also reflected in entrepreneurship and innovation. For instance, women-led climate technology companies secured only 58 funding deals globally in 2023 (OECD, 2025).

Limited access to financial and technical resources, combined with a concentration of women in informal activities, continues to hinder their full participation in the C.E. Underlying these patterns are structural gender disparities within education systems. As many higher-value-added roles require qualifications in science, technology, engineering, and mathematics (STEM), women's lower representation in these fields (linked to gendered socialization and labor division) further restricts their opportunities (UNDP, 2024). Addressing gender gaps in education and training is therefore essential to fostering a more inclusive and equitable circular workforce.

A third linkage between women and the C.E. concerns participation in decision-making processes. This encompasses leadership and governance roles across both the public and private sectors, where gender disparities continue to persist. Women remain underrepresented in leadership positions associated with the green transition, including ministerial and senior policy-making roles (OECD, 2025; Oppong & Mathibe, 2024).

This underrepresentation limits the diversity of perspectives informing policy and strategy. Evidence indicates that increased participation of women in decision-making positions is associated with a stronger emphasis on environmental legislation and sustainability-related priorities (OECD, 2025; Baraldi et al., 2024). Moreover, countries with greater female representation in policy-making tend to exhibit higher levels of environmental performance overall (OECD, 2024c).

A similar trend is observed in the private sector, where women remain underrepresented at all levels of leadership, particularly in energy-intensive and environmentally sensitive industries (OECD, 2025). Nevertheless, evidence suggests that organizations led by women or with women in key decision-making roles contribute positively to environmental governance and sustainability outcomes.

Companies with greater female representation in leadership positions are more likely to implement robust reporting and accountability practices, an essential component of the C.E. framework for identifying sustainability gaps and opportunities (Enciso-Alfaro & García-Sánchez, 2024b). Women in leadership are also more inclined to promote circular business models and reduce reliance on virgin resources (Enciso-Alfaro & García-Sánchez, 2024a).

Furthermore, firms with higher proportions of women in executive roles tend to adopt better circularity and transition practices (Enciso-Alfaro & García-Sánchez, 2024b). Overall, greater gender diversity in leadership correlates with improved environmental performance and the enhanced effectiveness of climate-related initiatives.

The positive outcomes associated with greater representation of women in decision-making roles can be attributed to the benefits of diversity in leadership. Diverse decision-making bodies foster broader

exchanges of information, perspectives, and expertise, thereby enhancing innovation, problem-solving capacity, and the identification of new opportunities (Enciso-Alfaro & García-Sánchez, 2024a).

Moreover, women in leadership positions tend to bring greater attention to gender-responsive priorities and to issues situated at the intersection of gender and the environment. Such perspectives are essential for advancing an inclusive and sustainable C.E. (OECD, 2024c).

An inclusive C.E. that integrates gender equality across all dimensions (consumption, employment, and decision-making) generates benefits for the entire system and extends beyond a narrow focus on business and environmental considerations. Such an approach has the potential to enhance purchasing power, strengthen food security, and reduce socioeconomic disparities (UNDP, 2024).

Promoting inclusivity within the C.E. not only addresses gender inequalities embedded in current circular systems but also contributes to correcting long-standing disparities inherited from the linear economy. Conversely, the absence of women's full participation in the C.E. risks reinforcing pre-existing inequalities and limiting the transformative potential of circular models.

A growing number of countries and private sector actors have acknowledged the importance of incorporating a gender perspective into the C.E. In November 2023, the U.S. announced the launch of the *Women in the Sustainable Economy (WISE) Initiative*. The initiative pursues a dual objective: first, to strengthen women's economic security by expanding access to employment, skills development, leadership opportunities, and financial resources in industries critical to the future; and second, to enhance climate action by promoting women's participation in clean energy, fisheries, recycling, forest management, and environmental conservation, key sectors within the C.E.

The WISE brings together a broad coalition of stakeholders, including governments from Australia, Canada, Ireland, Japan, Mexico, and Norway, alongside major private sector partners such as Amazon, LinkedIn, PepsiCo, and Unilever. The initiative is structured around three main pillars: promoting well-paid and high-quality employment opportunities for women; supporting women-owned and women-managed enterprises; and removing barriers to women's full economic participation. Collectively, participating stakeholders have committed approximately US\$ 900 million to advance these goals.

Overall, the evolution of circular economy strategies in North America — and the extent to which women can fully participate in them — will shape the direction of future trade flows, supply-chain development, and cooperation opportunities with LAC.

IV. Conclusions

Shifts in policy, technology, and macroeconomic conditions are increasingly shaping the structure and direction of U.S. trade. Changes in bilateral dynamics, the expanding role of services, and adjustments in tariff and regulatory frameworks are influencing both the composition and the geography of trade flows. These shifts underscore how the interaction between domestic policy and global market forces is redefining competitiveness and trade orientation.

U.S. trade with LAC strengthened notably, with imports from the region rising 7.4% in 2024 to about US\$ 655 billion. This trend highlights deeper commercial linkages and a gradual diversification of suppliers and production networks. The regional expansion, while uneven across sectors, suggests a steady broadening of U.S.-LAC integration supported by complementary production capacities and closer supply-chain connections.

New regulatory instruments (such as labor enforcement mechanisms and circular economy initiatives) are reinforcing the link between trade, sustainability, and productive transformation. Although still evolving, these instruments are reshaping incentives across sectors, influencing market access, and encouraging more sustainable business practices. They reflect a structural shift toward aligning trade policy with environmental and social objectives, as part of a broader reconfiguration of global value chains.

Looking ahead, global uncertainty, geopolitical realignments, and the ongoing energy and digital transitions will continue to shape the short-term outlook. Yet the underlying structural forces (policy adaptation, technological change, and the growing role of services) create a more complex yet opportunity-rich environment. Consolidating these advances will depend on deepening institutional coordination, improving trade facilitation, and aligning competitiveness with sustainability to strengthen U.S.-LAC trade relations in the years to come.

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In 2024, Latin America and the Caribbean accounted for 19.2% of total United States trade, similar to the level recorded in 2023. The region's share of total United States trade in goods, 23.2%, surpassed pre-pandemic levels. The region, driven by Mexico, remained a net exporter of goods to the United States: imports by that country from Latin America and the Caribbean rose by 7.4% to US\$ 661 billion, while exports increased by 2.9% to US\$ 517 billion, widening the United States goods trade deficit with the region to US\$ 144 billion.

Latin America and the Caribbean also accounted for 11.5% of total United States trade in services in 2024. The United States remained a net exporter of services to the region, with exports amounting to US\$ 135 billion and imports totalling US\$ 95 billion, resulting in a services surplus of US\$ 39.5 billion.

United States-Latin America and the Caribbean Trade Developments 2025 includes a review of these trends in goods and services trade amid broader global developments, such as the strategic competition between the United States and China, a defining feature of the global trade landscape. The report also presents an analysis of emerging opportunities linked to the circular economy, critical minerals and green technology value chains, which are redefining competitiveness and creating new avenues for productive integration across the region.

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