



DONALD TRUMP REELECTED AS PRESIDENT OF THE US: IMPLICATIONS FOR INVESTORS AND SOUTH AMERICA

Key Points

- **Shifting Dynamics in U.S.-South America Relations:** Changes in U.S. policies on trade, environmental standards, and foreign aid are expected to influence South American economies, presenting both challenges and opportunities.
- **Economic Diversification and Resilience:** South American countries can strengthen their economies by fostering intra-regional trade, engaging with non-U.S. markets, and investing in key sectors like agriculture, technology, and renewable energy.
- **Opportunities in Digital Transformation and Green Investments:** Enhanced digital infrastructure and sustainable practices can attract international investment, support economic growth, and help South America reduce its dependency on single markets.

INTRODUCTION

South America's economies are deeply connected to the U.S. through trade, investment, and migration. However, evolving U.S. policies in trade, environmental standards, and immigration necessitate strategic adjustments. By focusing on economic diversification, intra-regional partnerships, and sustainable development, South America has an opportunity to build resilience and capitalize on new global investment trends. This report examines the potential impacts of U.S. policies on South America and explores pathways to strengthen economic stability.

KEY U.S. POLICIES AND POTENTIAL IMPACTS ON SOUTH AMERICA

1. Trade Policies and Market Access Challenges:

As the U.S. is expected to increasingly emphasize protectionism, South American exports of agricultural products, metals, and manufactured goods may encounter new barriers. Higher tariffs and stricter import standards could strain South American exporters. To mitigate these risks, South American nations can prioritize diversification through trade agreements within the region (e.g., MERCOSUR) and expand relationships with the European Union, China, and other non-U.S. markets. Regional trade initiatives can foster closer economic ties and reduce reliance on the U.S. market.

2. Environmental Standards and Sustainable Practices:

South American countries are major exporters of products like beef, soy, and minerals. New environmental standards imposed by the U.S. and the EU could affect these exports if they are

linked to deforestation or emissions-intensive practices. By adopting sustainable land management practices and reducing environmental impact, South American nations can maintain access to global markets and attract environmentally conscious investors. Brazil's efforts to reduce deforestation in the Amazon and Chile's renewable energy initiatives are examples of how the region can align with global sustainability goals.

3. Immigration Policies and Remittance Flows:

South American economies, especially those of countries like Ecuador, Peru, and Colombia, rely significantly on remittances sent by citizens working abroad, particularly in the U.S. Tighter U.S. immigration policies could reduce these remittance flows, impacting local consumption and small businesses. In response, South American governments can focus on creating job opportunities in emerging sectors like digital services, tourism, and renewable energy. By strengthening domestic employment, countries can reduce economic dependence on remittances.

4. Foreign Aid and Economic Assistance:

U.S. foreign aid supports critical areas like healthcare, education, and infrastructure in parts of South America. A shift towards reduced foreign aid could impact public spending and economic stability in aid-reliant countries. To counteract this, South American governments can pursue partnerships with international organizations, private investors, and regional banks, including the Inter-American Development Bank (IDB) and the Development Bank of Latin America (CAF). Additionally, attracting foreign direct investment (FDI) from regions like the EU and Asia could supplement reduced U.S. assistance.

5. Digital Transformation and Technology Access:

With a young population eager for digital opportunities, South America is well-positioned for digital transformation. However, limitations in internet access and infrastructure remain barriers. Investments in broadband, digital literacy programs, and affordable technology can drive productivity and innovation across the region. Initiatives to expand e-commerce, mobile banking, and digital public services can boost financial inclusion, stimulate small business growth, and position South America as a competitive market for digital investment.

6. Shifts in Global Supply Chains and Nearshoring Opportunities:

With companies increasingly looking to diversify supply chains and reduce dependence on Asian manufacturing, South America has an opportunity to attract nearshoring investments. Countries like Mexico have already seen an increase in nearshoring interest, and South American nations could similarly position themselves as alternatives for U.S.-based companies. Investments in logistics infrastructure, regulatory simplifications, and competitive labor markets will be essential to capture these nearshoring opportunities.

Disclaimer:

This report is an independent analysis prepared by the International Trade Council and does not necessarily represent the official views of its members or Board of Directors. It is intended for informational purposes, and readers are advised to consult professional advisors for tailored guidance.



IMPLICATIONS FOR SOUTH AMERICAN POLICYMAKERS AND BUSINESSES

1. Enhance Regional Economic Integration and Intra-Regional Trade:

Strengthening economic integration through frameworks like MERCOSUR and the Pacific Alliance can boost South America's economic resilience. By harmonizing trade regulations, reducing tariffs, and improving infrastructure connectivity, South American countries can create a unified market that appeals to foreign investors. Intra-regional trade can also reduce dependency on external markets, particularly the U.S., providing a buffer against external economic shocks.

2. Promote Sustainable Agriculture and Environmental Conservation:

South America's agriculture and natural resources are vital to its economy, yet these sectors are vulnerable to climate change and environmental standards. Investing in sustainable agriculture, such as carbon-neutral soy production or certified sustainable beef, can open access to premium markets and align with environmental commitments. Additionally, conservation programs in areas like the Amazon rainforest can attract green financing and support biodiversity protection while generating jobs in conservation and eco-tourism.

3. Advance Renewable Energy Initiatives:

South America has abundant natural resources for renewable energy, including hydroelectric, solar, and wind. Countries like Brazil, Chile, and Uruguay are already leaders in renewable energy, and further investments could reduce dependency on fossil fuels and lower energy costs. Renewable energy projects not only support sustainable growth but also create local jobs and attract environmentally focused investors.

4. Strengthen Financial Markets and Access to Capital for SMEs:

South American economies can benefit from developing transparent and accessible financial markets that support small and medium-sized enterprises (SMEs). Simplifying business regulations, expanding access to microfinancing, and offering tax incentives for start-ups can drive entrepreneurship. Moreover, innovative financing models, like green bonds and impact investing, can attract international investors focused on sustainability and social impact.

5. Foster Sustainable Tourism and Promote Cultural Heritage:

South America's rich cultural heritage and natural beauty offer immense potential for sustainable tourism, which can create jobs and stimulate local economies. Developing eco-friendly tourism infrastructure, such as sustainable hotels and guided cultural experiences, can draw visitors while preserving the environment. Initiatives like Peru's preservation of Inca sites and Argentina's focus on Patagonia's eco-tourism showcase the region's potential in this sector.

6. Invest in Workforce Development and Digital Education:

A young and dynamic workforce positions South America for future growth, particularly in tech-driven sectors. Governments can prioritize vocational training in high-demand fields like information technology, renewable energy, and healthcare to build a skilled workforce. Public-private partnerships with technology firms can support digital education and bridge skill gaps, prepar-

ing workers for global job opportunities and attracting foreign companies looking for skilled talent.

7. Strengthen Public Safety and Economic Stability to Attract Investors:

South America faces challenges with crime and political instability in certain areas, which can deter investment. Policies focused on improving public safety, reducing corruption, and ensuring a stable regulatory environment can enhance the region's attractiveness to investors. Cooperation with international organizations to strengthen governance and public institutions can further improve the investment climate.

CONCLUSION

South America stands at a pivotal moment as it navigates changing U.S. policies and global economic trends. By focusing on regional integration, sustainable development, and human capital investment, the region can build resilience and reduce dependency on external economic influences. South America's natural resources, strategic location, and young workforce are unique assets that can drive long-term growth and attract international investment.

For investors, South America offers promising opportunities in renewable energy, sustainable agriculture, digital transformation, and eco-tourism. By fostering innovation, strengthening trade partnerships, and building resilient economies, South American countries can adapt to evolving global demands while creating sustainable growth. These strategies will help the region remain competitive and prepared for future economic shifts.

Disclaimer:

This report is an independent analysis prepared by the International Trade Council and does not necessarily represent the official views of its members or Board of Directors. It is intended for informational purposes, and readers are advised to consult professional advisors for tailored guidance.

ITC Website: www.tradecouncil.org

Supply Chain News: www.supplychainreport.org

Business Confidence Survey: www.businessconfidence.org

ADAMftd Global Trade Data: www.adamftd.com

info@tradecouncil.org ✉

The International Trade Council 

[TheInternationalTradeCouncil](https://www.linkedin.com/company/theinternationaltradeCouncil) 

[@inttradecouncil](https://www.facebook.com/inttradecouncil) 



An international, peak-body, chamber of commerce