



Mexico has a 'contingency plan' if Trump wins

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If Donald Trump becomes president, Mexican officials are creating a contingency plan for Wednesday to weather what they've called a "hurricane" for Mexico's economy.

"If the adverse scenario manifests itself, it's possible that Mexican authorities will respond in some way," Mexico's central bank governor Agustin Carstens, told Milenio TV in Mexico. "It's a contingency plan that we're talking with the finance minister about."

No details of the contingency plan have been announced, but it's clear that Trump is seen as a major threat to Mexico.

He has threatened to slap a 35% tariff on goods made by U.S. companies in Mexico and sold in the United States. Exports make up one third of Mexico's economy and almost all of them go to America.

Trump claims he will tear up NAFTA, the free trade deal between Canada, Mexico and America if it isn't renegotiated. And he wants to build a wall on the U.S.-Mexico border that he claims Mexico will pay for. (Mexico's president says Mexico won't pay for it).

"It's a lose-lose proposition," Arturo Sarukhan, the former Mexican ambassador to the U.S., told CNN Friday. "The only losers will be the American and the Mexican peoples."

Trump's negative rhetoric is already hurting Mexico's currency, the peso. It's down 9% this year, partially due to Trump. Whenever Trump's poll numbers have improved this year, the peso has gone down.

A weakening currency is not all bad news: it makes Mexico's exports more affordable -- and attractive -- to foreign buyers, and when Mexicans send money home to loved ones, they're getting more and more pesos.

Still, Mexico's economy is slowing down for other reasons right now. Low oil prices and government spending cuts were major reasons why Mexico posted its

worst quarter of annual growth in two years on Monday.

And the peso's downturn is a sign that things would get much worse if Trump wins on Tuesday. Analysts predict that if Trump wins there would be a major sell-off in

the peso, which would deeply hurt the country's struggling economy.

Ending NAFTA or slapping tariffs on Ford cars wouldn't be good for America either, trade experts say. According to the U.S. Chamber of Commerce, 6 million U.S. jobs depend on trade with Mexico. Now Mexican officials endure the calm before a potential storm.