Fact Sheet

Brazil–United States of America

USTR Section 301 and the New U.S. Tariff Package

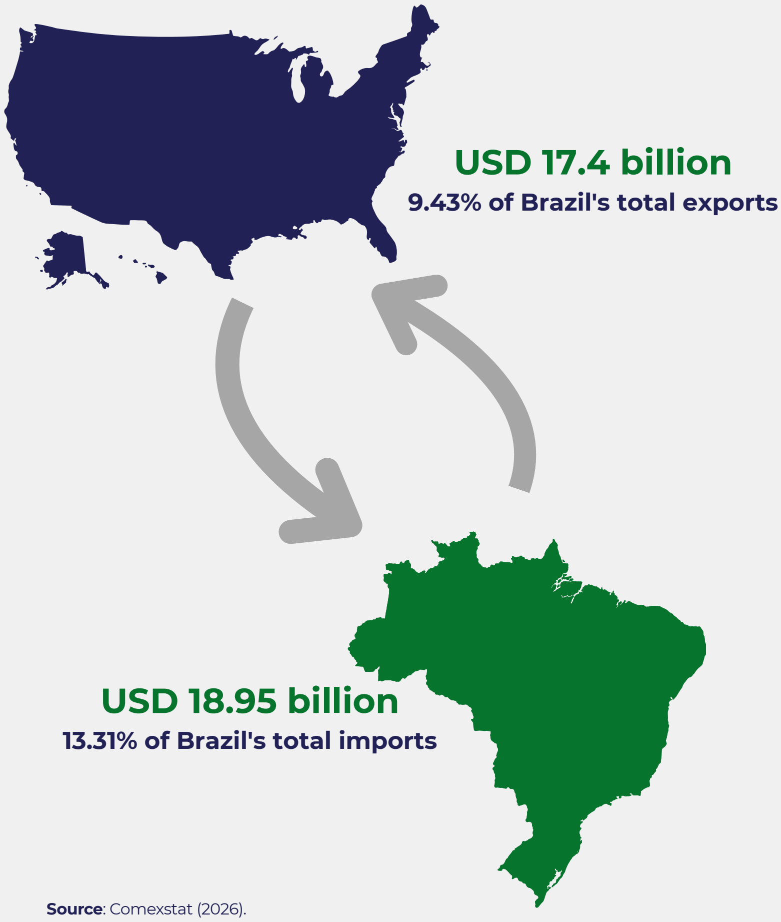
Brazil–US Trade in Goods

- Although **Brazilian exports grew 11.5%** in the first half of 2026, **the United States' share of Brazil's total exports declined from 12.08% (2025.1) to 9.43% (2026.1).**

- **Total bilateral trade also fell by 12.76%** compared to the first half of the previous year.

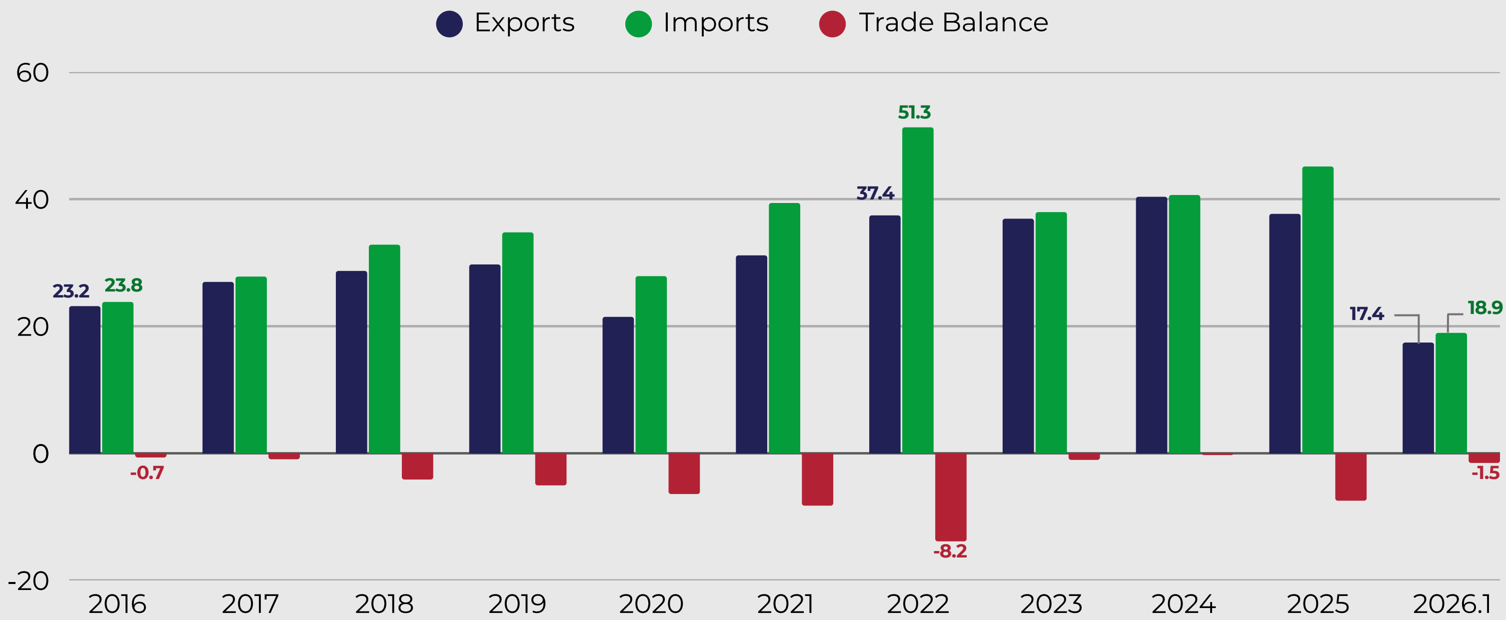
- Brazil also imported less from the United States. **The US share of Brazil's imports declined from 15.98% to 13.31%.**

- Despite this decline, the United States remains Brazil's third-largest trading partner. **Bilateral trade totaled US$36.38 billion** in the first half of 2026, accounting for **11.1% of Brazil's total trade with the world.**



Source: Comexstat (2026).
*Figures refer to the period from January to June 2026.

Brazil–U.S. Trade Balance (2016–2026.1) (US$ billions)



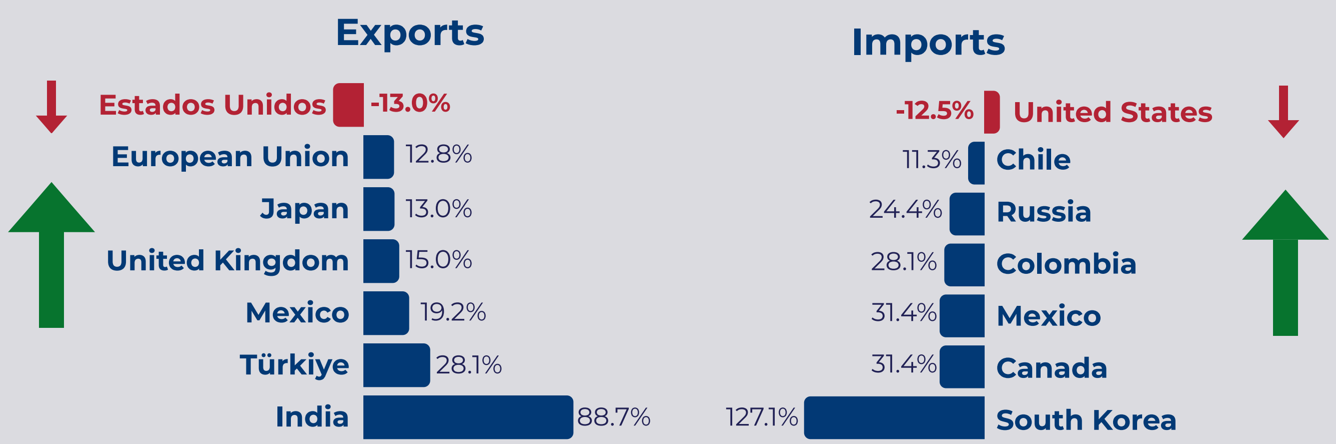
Source: Comexstat, 2026.

Note: This *fact sheet* is based exclusively on merchandise trade (trade in goods) and does not include trade in services.

Highlights of Brazil's Trade Performance (2026.1)

- **The U.S. share fell below 10%:** The United States' share of Brazilian exports declined from 11.98% to 9.43%.
- **The European Union gains ground:** Exports to the EU increased 12.78%, reinforcing its position as Brazil's second-largest trading partner.
- **Mexico and Canada expand:** Exports to Mexico grew 19.24%, while trade with Canada recorded strong growth, particularly imports (+31.39%). although total trade volumes remain relatively modest.
- **South Korea leads growth in Asia:** Imports from South Korea surged 127.07%, highlighting the strengthening of Brazil's economic ties with Asian economies.
- **ASEAN moves closer to Mercosur:** Total trade between ASEAN and Mercosur reached US$18.27 billion, narrowing the gap with the South American bloc.
- **Export concentration remains high:** Five products accounted for more than 90% of the growth in Brazilian exports during the first half of the year: oil and petroleum products, soybeans, beef, copper ore, and gold.

Changes in Brazil's Trade Relations (2025–2026, %)



Source: ComexStat (2026).

Diversifying Partners through Trade Agreements

Canada

Negotiations between Mercosur and Canada, resumed in 2025, have gained momentum amid trade tensions with the United States. Canada has high expectations for the agreement, particularly given access to Mercosur's US$4.5 trillion market. The negotiations aim to cover all sectors of the economy, with particular emphasis on agriculture.

Vietnam

Bilateral trade between Brazil and Vietnam reached US$4.22 billion, representing a 16.8% increase over the previous year and highlighting significant growth potential. More recently, Mercosur and Vietnam announced the launch of negotiations for a Preferential Trade Agreement (PTA), which could further expand trade and investment between South America and Southeast Asia.

Japan

Mercosur and Japan have launched negotiations toward an Economic Partnership Agreement (EPA) that could establish a free trade area with a combined GDP of approximately US$7 trillion and a market of around 400 million consumers. As the world's fourth-largest economy, Japan is already among Mercosur's ten largest trading partners, with US$13.7 billion in bilateral trade in 2025.

EFTA

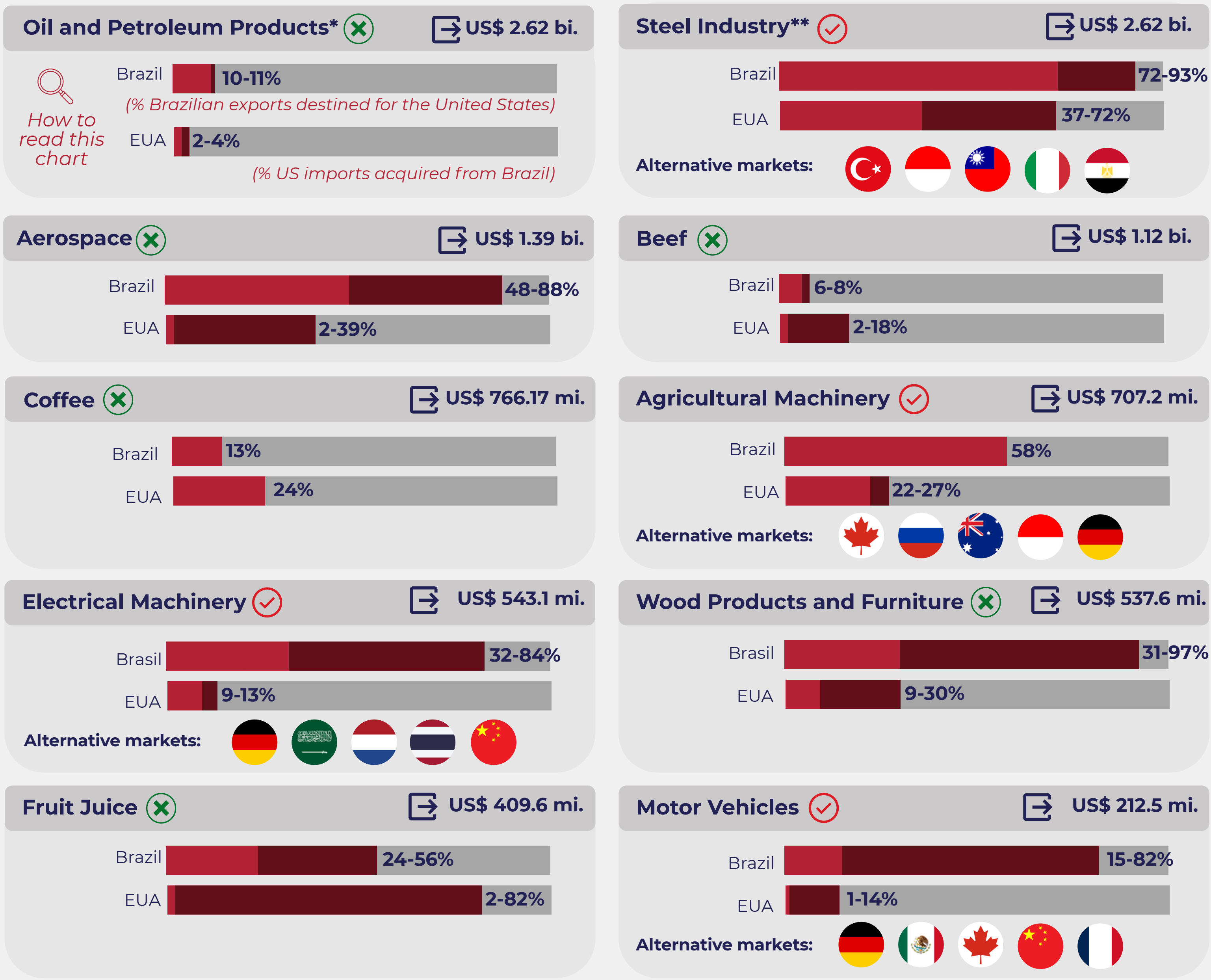
The Mercosur–EFTA Agreement, expected to enter into force by December, will liberalize approximately 97% of trade between the two blocs. EFTA will immediately eliminate tariffs on industrial and fisheries products, benefiting 99% of Brazilian exports to the bloc, while Mercosur will gradually reduce its tariffs over a period of 4 to 15 years. The agreement is expected to attract approximately R$660 million in new investments to Brazil.

The Impact of the USTR Section 301 Investigation

- On July 15, the United States announced **a new tariff package targeting Brazilian products** as a result of the Office of the United States Trade Representative (USTR) **Section 301** investigation. **62% percent of Brazilian exports to the U.S. (2,126 products) were exempted** from the additional 25% tariff. Despite these exemptions, a **broad range of products remains subject to the new tariff.**

- In addition, another USTR investigation remains underway and could impose an additional 12.5% tariff on Brazil and 59 other economies over allegations related to the use of goods produced with forced labor (Section 301b). In some cases, **these measures may overlap, resulting in combined tariffs of up to 37.5%,** which would make Brazil the second most heavily tariffed country by the United States, behind only China.

Dependency Analysis of Brazil's Main Exports to the United States



Predominantly exempt under Section 301

Predominantly subject to Section 301 tariffs

Exports in 2026.1

Dependency level in %

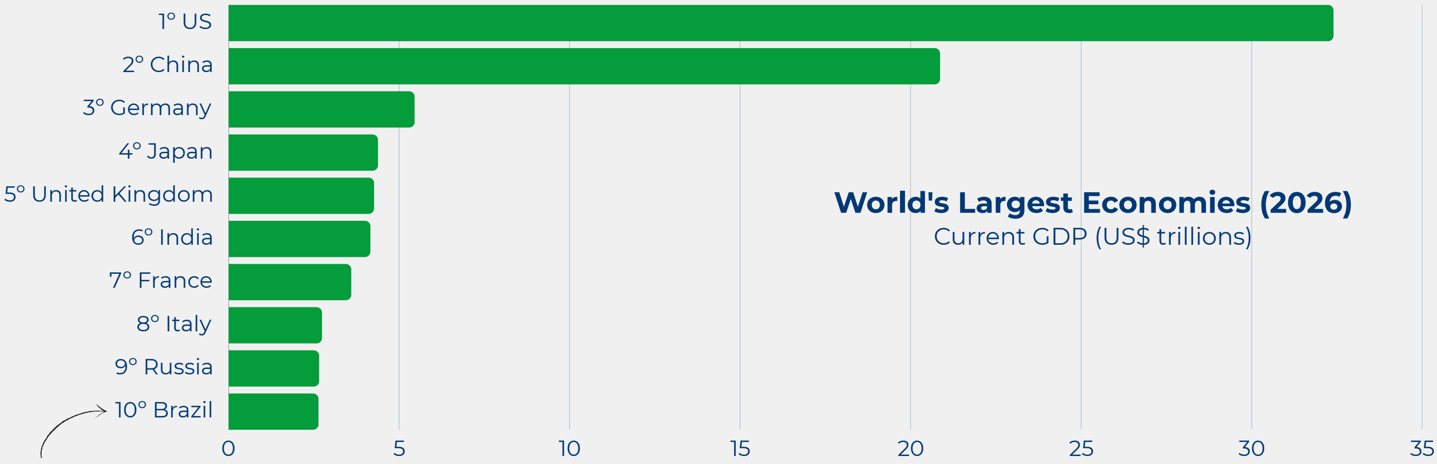
Variation in dependency across sub-products, where applicable.

*For certain less representative petroleum derivatives, Brazil's export dependency on the U.S. may range between 77% and 87%.

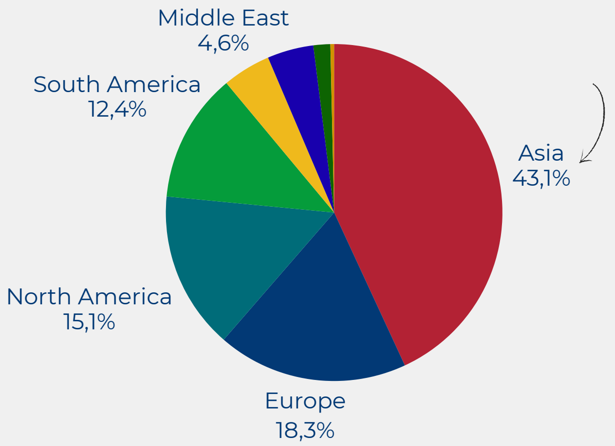
**Some key steel products, such as pig iron, were exempted from the Section 301 tariff measures.

Sources: ComexStat (2026); ApexBrasil (2026); CEDEPLAR/UFMG (2026).

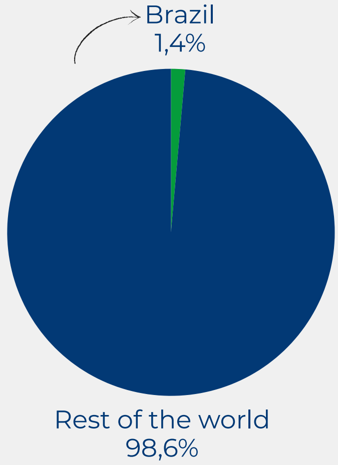
Brazil and International Trade:
Geopolitical Tensions and Geoeconomic Realignment



Brazilian Exports by Destination (2025)



Brazil's Share of Global Trade (2025)



For decades, the international economy was driven primarily by the efficiency of global value chains. Today, however, **economic security, supply chain resilience, institutional stability, and access to strategic technologies have become central drivers of trade and investment decisions.**

In this context, diversification is no longer simply a strategy to **expand exports;** it has become a tool for **reducing economic vulnerabilities.** Trade data from the first half of 2026 suggest that this shift is already becoming visible in Brazil's trade patterns.

Despite being the world's tenth-largest economy, Brazil accounts for only 1.4% of global trade. Moreover, **nearly half of Brazilian exports are destined for Asia, with China alone absorbing almost one-third of the country's total exports.**

The recent U.S. tariff package should serve as a catalyst for a broader Brazilian trade strategy. One that goes beyond **expanding export markets to include attracting new sources of investment, strengthening technological partnerships, diversifying suppliers, and enhancing the resilience of domestic supply chains.**

Comments from CEBRI Experts and Partners

Antônio de Souza e Silva

Member of CEBRI's Institutional and Government Relations Advisory Board

"Under the current circumstances, Brazil should uphold its diplomatic tradition by keeping channels of dialogue open, both at the technical and political levels. The bilateral relationship between Brazil and the United States is broad, diversified, and built on decades of cooperation in areas such as trade, science and technology, education, defense, and security. The depth of this agenda makes continued dialogue the most appropriate path for overcoming recent disagreements and pursuing mutually beneficial solutions. In keeping with its diplomatic tradition, Brazil should not close these channels, but rather continue engaging in dialogue to overcome this regrettable and unwarranted U.S. decision."

José Alfredo Graça Lima

Vice Chairman of CEBRI's Board of Trustees

"The additional tariffs scheduled to take effect on July 22 effectively constitute an alternative version of the measures announced a year ago, which were later ruled unlawful by the U.S. Supreme Court. Although legally grounded in Section 301 of the Trade Act of 1974, a provision that itself conflicts with multilateral dispute settlement rules, the measures bear no proportional relationship between the alleged restrictive or discriminatory practices and the value of the goods affected. At the same time, they preserve approximately 82% of bilateral trade, reflecting both commercial realities and the importance of avoiding inflationary pressures on food and essential goods. Trade disputes of this nature produce no winners; subsidies and retaliation only deepen the losses for society and for sectors unrelated to the dispute."

José Pimenta

Senior Researcher, CEBRI

"The new tariff package has two main implications. First, Brazilian industries may still present concrete arguments to have additional products included in the exemption list, as provided by the USTR's final report. Second, at the diplomatic level, resolving these trade frictions will require sustained high-level dialogue between the two governments. We estimate that at least 20% of Brazilian exports will be affected, leading to a significant decline in sales to the U.S. market. A 25% tariff is commercially prohibitive for many industries, making it virtually impossible for Brazilian products to compete against goods produced either domestically in the United States or imported from other countries. The loss of competitiveness is immediate."

José Pio Borges

Chairman of CEBRI's Board of Trustees

"The new U.S. tariff package represents a regrettable turning point in Brazil–U.S. economic relations. At the same time, it accelerates a process that was already underway: the reconfiguration of Brazil's international trade relations. While it is natural for Brazil to make use of the instruments available under its legislation, such as the Reciprocity Law, the country's priority should be to strengthen its strategy of diversifying markets, suppliers, and strategic partners. Data show that this movement is already taking place, with the declining share of the United States in Brazil's trade and the strengthening of ties with Europe, North America, and Asia. Escalating political rhetoric only makes negotiations more difficult. Brazil should pursue a strategy of political engagement with the U.S. Congress and with the sectors most affected by the tariffs. Encouraging domestic pressure within the United States is likely to be more effective, as President Trump tends to be more responsive to businesses than to diplomats."

Lia Valls

Senior Fellow, CEBRI

"The effects of the new tariffs are unlikely to be primarily macroeconomic or significantly alter Brazil's overall trade balance. Rather, the impacts will be concentrated at the microeconomic level, particularly in sectors directly affected by the measures, such as machinery, equipment, wood products, and related industries. The most effective response is to strike a balance between challenging the measures and continuing negotiations. Although the WTO is not functioning as effectively as it should, Brazil should formally contest this unilateral action while also building alliances with U.S. industries that will likewise be harmed by these tariffs. At the same time, it is important to distinguish the defense of national sovereignty from retaliation. Brazil should remain open to dialogue while firmly resisting non-negotiable demands, such as those involving Pix."

Sandra Rios

Senior Fellow, CEBRI

"The U.S. decision to impose additional tariffs on Brazilian products under Section 301 of the Trade Act of 1974 comes as no surprise, but it reinforces the perception that bilateral economic relations will increasingly be shaped by uncertainty and discretionary decisions on the U.S. side. In this environment, Brazil's best strategy is to continue diversifying its export markets—a process that is already underway, as demonstrated in this CEBRI Fact Sheet. Promoting exports, negotiating preferential trade agreements with relevant markets, and aligning domestic regulations more closely with international standards are far more effective responses than retaliatory measures. Invoking Brazil's Reciprocity Law could ultimately prove counterproductive and is unlikely to reverse the tariffs imposed by the Trump administration."

Victor do Prado

Member of CEBRI's International Advisory Board

"The tariffs are now a reality, and Brazil must respond accordingly. Some argue for stronger measures, including the use of the Reciprocity Law, while others advocate a more cautious approach centered on continued negotiations. In practice, these strategies are not mutually exclusive. Brazil should keep every available channel open and act on all possible fronts. This means pursuing action at the WTO while simultaneously engaging bilaterally not only with the U.S. federal government, but also with the U.S. Congress and private sector, including both U.S. importers of Brazilian products and exporters to Brazil. Above all, these efforts must be coordinated as part of a single, coherent national strategy."

Research, writing, and design: Laís Ramalho (CEBRI) and José Ricardo Araujo (CEBRI)