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U.S. Tariffs on Brazil: Potential Implications for Agricultural Trade and Consumers

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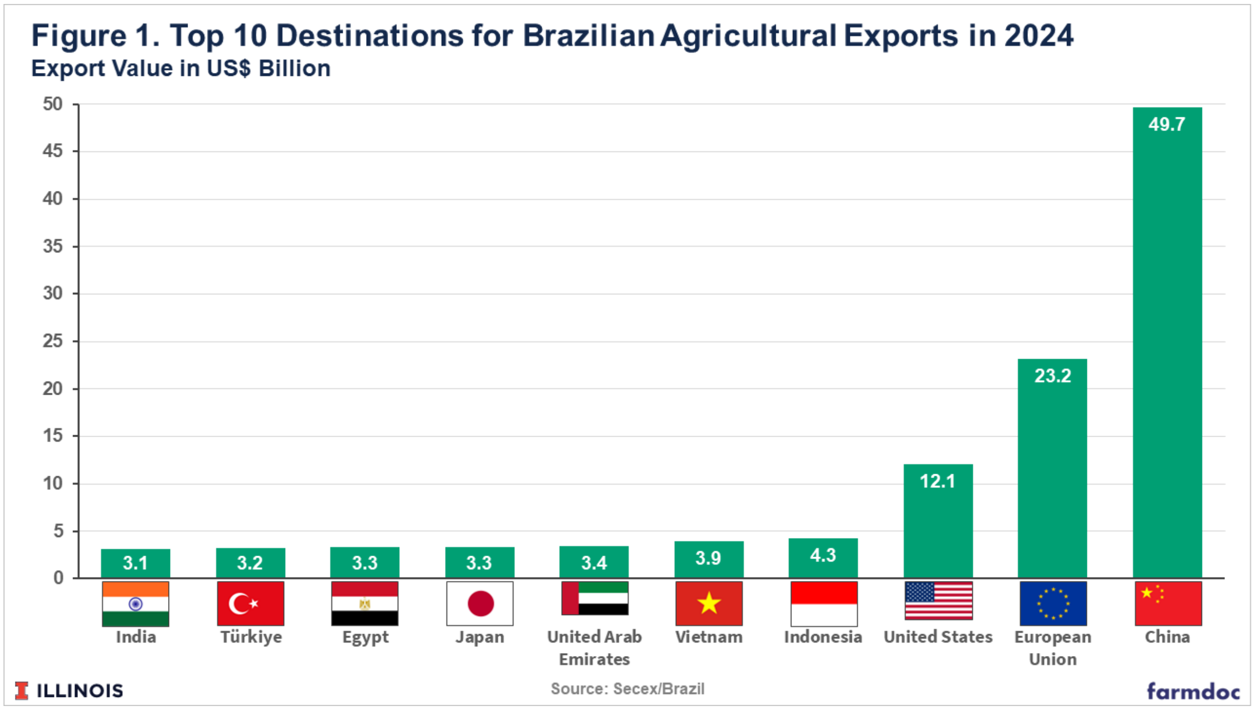
The 50 percent tariffs imposed by President Trump on Brazilian imports—effective August 6—are expected to bring some implications for agricultural trade between the two countries. While the measure was softened by hundreds of exemptions announced on July 31st, including for several of Brazil's key agricultural exports to the United States, the policy still affects a wide range of goods and is likely to shift commercial dynamics across multiple sectors. This article examines the scope of the tariffs, with a focus on the agricultural products impacted and the potential consequences for producers, exporters, and consumers in both countries.

The Role of the U.S. in Brazilian Agribusiness

Exports account for roughly a fifth of Brazil's gross domestic product (GDP), with agricultural products playing a particularly important role—especially soybeans, meat, coffee, sugar, cotton, fruits, fibers, and tobacco. In 2024, Brazilian agricultural exports totaled US$164 billion, with China as the main buyer, accounting for 30% of that total export value, followed by the European Union with 14%, and the United States with 7%, according to the Foreign Trade Secretariat (Secex) of Brazil's Ministry of Development, Industry, and Trade (see Figure 1).

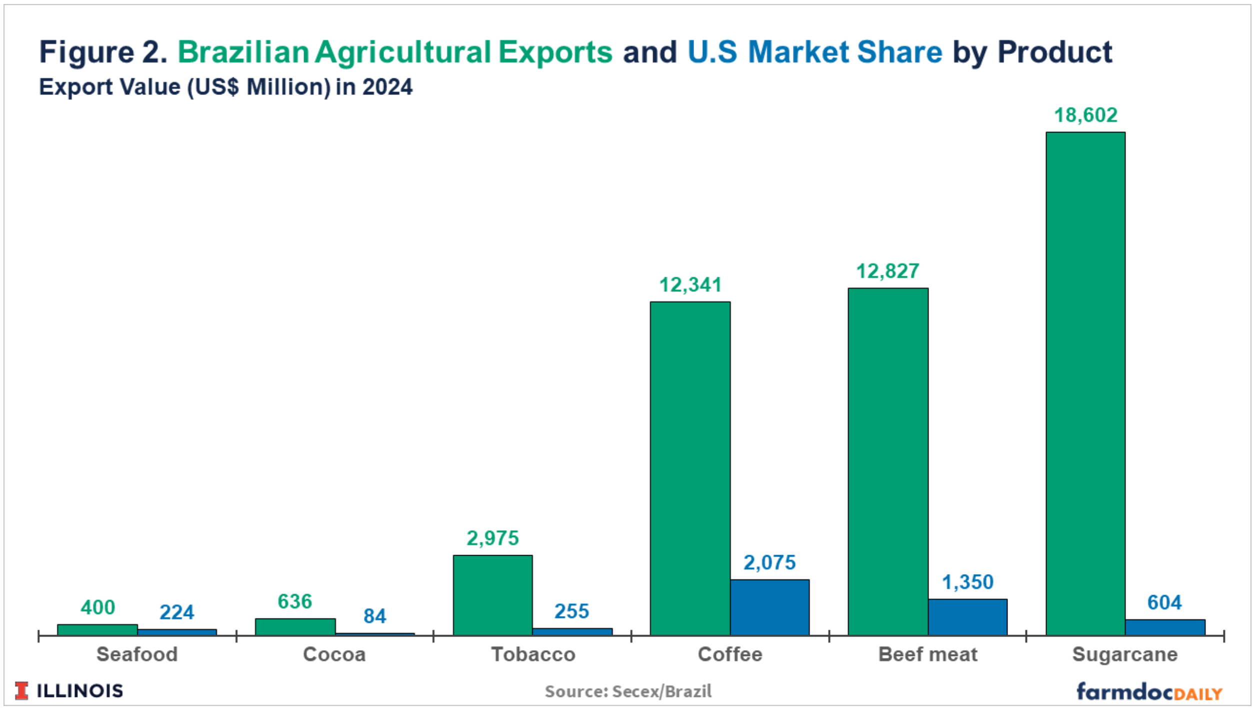


Before the new tariffs were even announced by the Trump Administration, Brazil had already started deepening its engagement and trade partnerships with the BRICS nations – a group of five major emerging economies: Brazil, Russia, India, China, and South Africa. In the last 15 years, China became Brazil's largest agricultural trading partner. China is currently the leading importer of several major Brazilian agricultural and forestry products, accounting for 73% of Brazil's soybean exports, 49% of cellulose (pulp), 46% of beef, 33% of cotton, 29% of sugar, 19% of pork, and 11% of poultry in 2024 (see *farmdoc daily*, May 7, 2025).

Several Exports Exempt, Others Still Hit by 50% Tariffs

Almost 700 exemptions included in President Trump's July 31 executive order spared several key sectors of Brazil's economy—offering relief to producers, companies, and investors. Agricultural products such as orange juice, orange pulp, nuts, cellulose (pulp), and NPK (nitrogen, phosphorus, and potassium) or blended fertilizers were excluded from the tariff hike and will continue to face a 10% rate (see *Farm Policy News*, August 1, 2025). According to data from the Brazil-U.S. Chamber of Commerce, the exemptions cover 42% of the total volume of Brazil's exports to the U.S. market, including other major sectors such as vehicles, civilian aircraft, and certain types of metals and wood.

However, other agricultural items—including coffee, beef, tropical fruits (mango, papaya, pineapple), seafood, cocoa, and sugar cane — remain subject to the 50% tariff. Although less affected than other industrial sectors, Brazil's agricultural sector is still expected to feel the impact of the tariffs—particularly in products with a stronger presence in the U.S. market, such as coffee (17% of export value), beef (10%), tobacco (9%), seafood (56%), cocoa (13%), and sugarcane (3%), (see Figure 2).



Before the U.S. imposed steep tariffs on Brazil, the country had emerged as a winner of the global trade war (see *farmdoc daily*, May 15, 2025). Beef and coffee exports to the U.S. surged in the first five months of the year, as President Trump's tariff threats against other major exporters—such as China and Vietnam—boosted demand for Brazilian goods (Ionova, 2025). Now, that dynamic is likely to shift significantly for coffee, beef, and other products—unless additional exemptions are introduced, as we explore in the next two sections.

Tariffs Threaten Coffee Trade as Brazil Eyes China

Brazil is the world's largest exporter of coffee and a major supplier to the U.S. market, accounting for 34% of total U.S. coffee consumption, according to the Brazilian Association of the Coffee Industry. The United States is the world's top consumer of coffee, importing 99% of its consumption. The U.S. coffee industry is estimated to support 2.2 million jobs and contribute $343 billion to the national economy, according to the National Coffee Association (NCA). Pressure to remove coffee from the tariff list is being led by domestic U.S. industries, including restaurants, which remain hopeful the product could be excluded. Exporters and importers have warned that the new tariffs could increase the cost for consumers and add to domestic inflation.

Meanwhile, Brazil has begun efforts to redirect some of its exports traditionally sent to the U.S. market — which is not an easy task in practice due to quality requirements, product specifications, and phytosanitary regulations. Brazilian coffee shipments are expected to increase to China, driven by growing trade ties between the two countries—both members of the BRICS group. On July 30, China approved 183 new Brazilian coffee companies to begin exporting to its market. In 2024, Brazil exported 472 million kilograms of coffee to the U.S.—eight times more than the nearly 56 million kilograms shipped to China, according to Secex/Brazil data. Coffee consumption is rising rapidly in China, as young professionals increasingly replace tea with higher-caffeine options.

U.S.–Brazil Beef Trade Faces Uncertainty Under New Tariffs

In the beef sector, the outlook is also challenging for both the United States and Brazil, two major players in the global beef market. Brazil is the third largest supplier of beef to the United States, behind Australia and Canada. Meanwhile, the U.S. ranks as the second-largest destination for Brazilian beef exports, receiving around 8% of total shipments in 2024—second only to China, which accounted for about 46%, according to the Secex/Brazil data.

The U.S. officially reopened its market to Brazilian beef in August 2016, after 15 years of restrictions over sanitary concerns, mainly related to foot-and-mouth disease. Since then, Brazilian beef—especially the cuts used for hamburgers—has gained ground in the American market. In 2024, Brazil's beef exports to the United States grew by 65% in volume and 59% in value compared to 2023. However, in just the first six months of 2025, the impact of the 10% tariff imposed in April was already noted. Data from Secex/Brazil show that nearly 48,000 tons of beef were shipped to the U.S. in April. By June, that volume had dropped to 18,000 tons—a 62% decline.

Under the 50% tariff policy, Brazilian meatpackers expect to lose at least US$1 billion in the second half of the year, according to the Brazilian Association of Meat Exporting Industries, which represents major beef producers such as JBS and Marfrig. Industry representatives have emphasized that no other market can immediately replace the United States, given both the large volume demanded by U.S. importers and the premium prices they pay.

Meanwhile, although the United States could turn to alternative suppliers—such as Argentina and Australia—to offset some of the shortfall, the price of certain products, like ground beef, could rise sharply, further fueling inflation. Moreover, this substitution wouldn't happen overnight, as beef production in other parts of the world is not increasing.

Final Considerations

While U.S. exemptions provided temporary relief to several key Brazilian sectors, the continued inclusion of agricultural products like coffee, beef, and seafood under the 50% tariff rate brings uncertainty for exporters and may disrupt established trade flows. For Brazil, the challenge lies in finding alternative markets capable of absorbing both the volume and value traditionally met by U.S. demand. For the United States, the risk of supply constraints and rising consumer prices—particularly for everyday staples like coffee and ground beef—could contribute to broader inflationary pressures.

The Brazilian government has submitted a request for consultations at the World Trade Organization regarding the tariffs the United States has imposed on Brazilian products. This dispute marks a significant shift in the trade relationship between the two countries, potentially signaling a broader strategic realignment in the Americas. Although trade policies are subject to change and may be reversed over time, measures of this scale can carry long-term consequences for the countries involved. This issue extends beyond partisan politics—and if not addressed with the seriousness it demands, it could result in lasting impacts that affect societies more deeply than governments.

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