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Trump's tariff tsunami hits Brazil

Brazil is pursuing partners across the globe, turning pressure into opportunity. Could Europe play a pivotal role?

Since January 2025, Donald Trump's second presidency has been focused on securing the global supremacy of the United States. It justifies a package of international coercive and intimidatory measures, accompanied by an aggressive, arrogant rhetoric. Right at the outset, the new administration announced a veritable tsunami of tariffs and immediately implemented them as a sign of its new independence. This demonstrated Washington's willingness to turn access to the US market into a challenge fraught with uncertainty and protracted bilateral negotiations. This massive blow to the global trading system affects all of the United States' economic relations – including those with Brazil.

In addition to a general 10 per cent increase in all tariffs on US imports, a differential treatment policy for countries and regions was introduced based on varying and sometimes opaque criteria. The US President interprets the need to combat the American trade deficit as a national emergency that justifies the imposition of counter-tariffs. By August, 94 countries were already affected by this contentious policy. Some, including Vietnam, South Korea, the United Kingdom and the European Union, managed to reach tariff agreements, but only at the cost of various concessions and often significant losses.

An ideology-driven policy

In the first few months of Trump's term in office, Brazil kept a safe distance from Washington's coercive measures. The Lula government managed to continue its active and self-confident foreign policy. Brasília's claim to influence, whose voice is heard on issues of global governance, was bolstered by its role as host of high-level multilateral meetings held this year, including the G20 summit, the meeting of BRICS heads of state and government, and, before long, the COP30 world climate conference. Relations with China, Brazil's most important trading partner, accounting for 28 per cent of Brazilian foreign trade, also gained

new significance; both sides signed 36 agreements on a wide range of economic, technological and cultural issues.

While the Lula administration sought dialogue with the White House to address the consequences and potential damage of the new US tariff policy – as Brazil's second-largest trading partner, the United States accounts for 12 per cent of the country's exports – it was only a matter of time before the US administration's aggressive stance on trade and tariffs would have an impact on Brazil's economy. On 18 July, the American government informed President Lula da Silva in a letter that tariffs of 50 per cent would henceforth be levied on imports from Brazil, marking the start of a heated exchange with the Planalto, the seat of the president's government.

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The justification for increasing tariffs to offset the bilateral trade deficit proved unfounded, as the trade balance has consistently shown a surplus in favour of the United States for more than 15 years. Additionally, the American president's letter went beyond trade policy arguments and addressed political issues related to the court proceedings against former President Bolsonaro and the rulings of the Brazilian Supreme Federal Court (STF), which affect the interests of US digital platform companies.

Lula's government perceived the letter as 'unacceptable blackmail,' leading to growing tensions that were exacerbated by repeated public statements by the US president and his staff. Value judgements were made about Brazilian democracy and its institutions, and the priorities of Brazilian foreign policy were called into question, including the organisation of the BRICS, which Brazil currently chairs.

This was followed by an investigation by the Office of the United States Trade Representative (USTR) based on Section 301, which allows unilateral retaliatory measures to protect national interests. By executive order, Trump finally imposed an additional 40 per cent tariff on Brazilian imports, supplemented by a list of 700 exceptions. The Trump administration also began to question the competitive conditions for North American companies in Brazil, attacking the PIX instant payment system and criticising environmental policy, anti-corruption policy, the handling of digital platforms and the effects of preferential trade agreements with third countries.

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A further boost to this ideologically motivated campaign came from the close ties between individual actors and political organisations on the American and Brazilian far right, particularly between Trumpism and Bolsonarism. The influence of the United States in Latin America, especially in Brazil, is not a new phenomenon, but in this case it took on a new form: Digital media channels were mobilised in coordination with the ideological crusades of the local right against the institutions of the Brazilian republic — especially the judicial system. Creating fault lines between Brazil's political forces, exacerbated by the real economic costs that the tariff shock entailed for Brazilian industries. Right-wing circles seized the opportunity to blame Lula for the escalation with Washington.

The timing of Trump's tariff shock, coinciding with the court ruling against former President Jair Bolsonaro – for his responsibility in the attempted coup in 2023 – further fuelled the fire. The Magnitsky Act was instrumentalised to sanction STF judges and stylise Bolsonaro as a victim of human rights violations in the eyes of Trumpists. At the same time, Washington rejected the dispute settlement mechanisms of the World Trade Organisation, justifying this with security policy arguments that increasingly dominate Trump's narrative.

Trump's criticism of Brazil's international policy is also becoming increasingly vocal in this context. The political steadfastness and keen sense of economic opportunity that have characterised Lula's foreign policy to date will be powerless against the thorny and delicate prospects in the short to medium term. The country's right to determine its position in the world autonomously is being called into question. The Planalto's response to the repeated political coercion of Trump's tariffs is based on the inseparability of sovereignty, autonomy and the defence of democracy.

Alternative partnerships

The Brazilian government does not see this as a lonely crusade, but is increasingly seeking partners and allies in all directions. Opening the doors to Japan, Indonesia and Vietnam is intended to add further counterweights to the connection with China and better link the Brazilian economy with the dynamic Asian value chains. At the same

time, Brasília is focusing on dialogue with India – a key partner in the BRICS – on issues of global governance, investment, agribusiness and digital technologies. Within the region itself, the aim is to overcome the inertia that has long prevented greater progress in relations between Brazil and Mexico. The Trump nightmare is a strong incentive to overcome the mutual indifference that has stood in the way of sustainable cooperation between Latin America's two largest economies. As far as European countries are concerned, Brazil is keen to expand the agenda of common interests at the bilateral and multilateral levels.

The European Union is currently one of Brazil's most important trading partners, with a trade volume of over nine billion dollars. Of particular note is the Brazilian government's commitment to concluding the long-delayed EU-Mercosur agreement, driven by the need to expand common interests and opportunities in areas such as energy transition, technology and strengthening multilateralism.

Closer cooperation with the world's democracies is taking on new significance – as a safeguard for the rule of law in Brazil itself.

So far, the European Union has treated the BRICS and the Global South with palpable scepticism and has avoided acknowledging their contributions to negotiations on international policy issues. Instead of taking note of the neutral and pragmatic positions and initiatives of many states, the EU is dominated by the interpretation – shared by Trump – that these are anti-Western groups.

It would be a mistake not to develop a dialogue with the emerging powers of the South to address issues such as the genocide in Gaza, an understanding with Iran or a just peace between Russia and Ukraine. Even if this does not reduce the costly strategic dependence on the US in the short term, these steps would enable European governments to engage in inclusive and constructive projects on the changing world stage.

Undoubtedly, the Lula government would be the first to support moving the political game in this direction. Closer cooperation with the world's democracies thus takes on new significance – as a safeguard for the rule of law in Brazil itself.



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