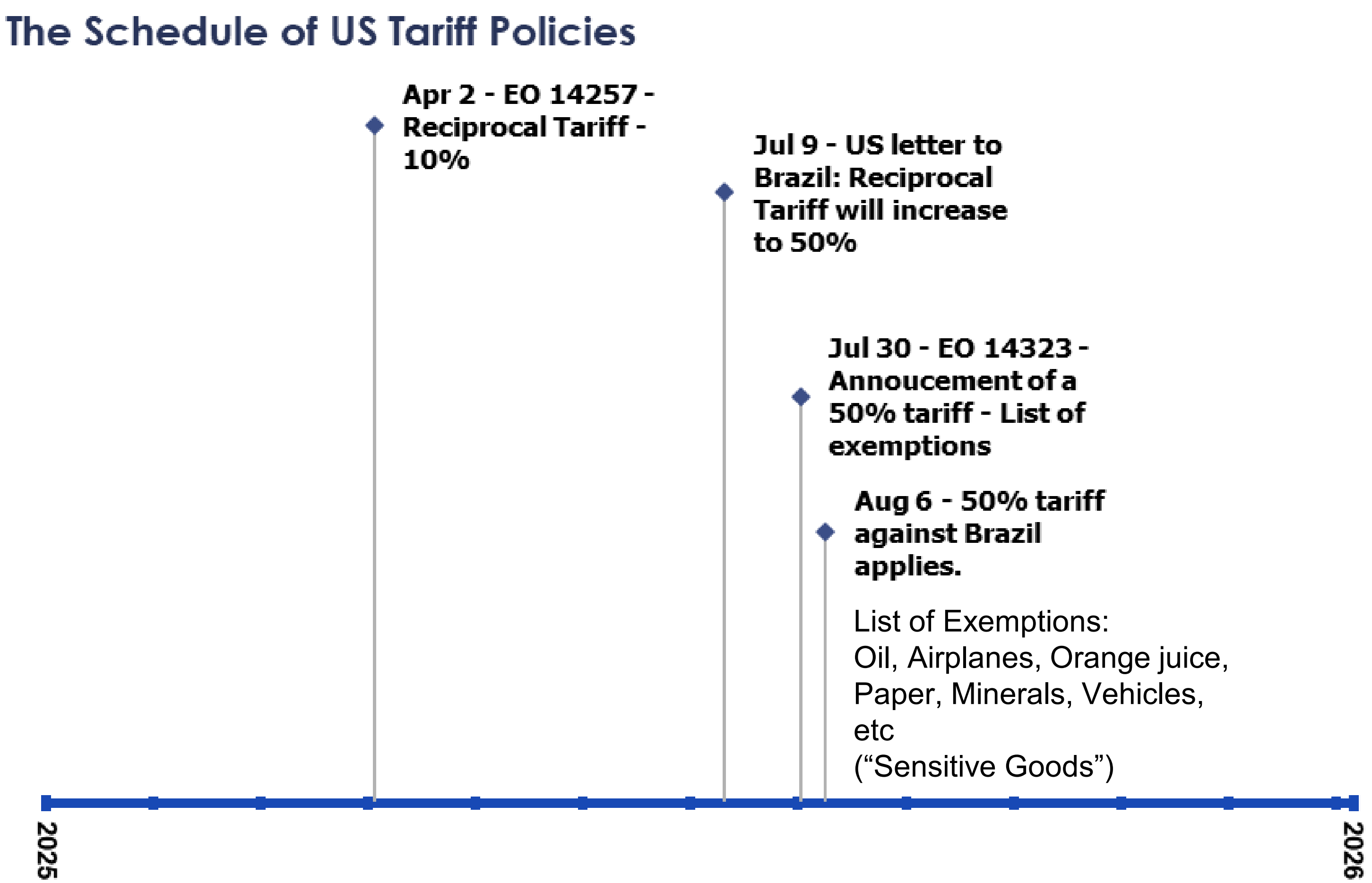
Assessing the impact of US Tariff Policies on US-Brazil Bilateral Trade Early Results

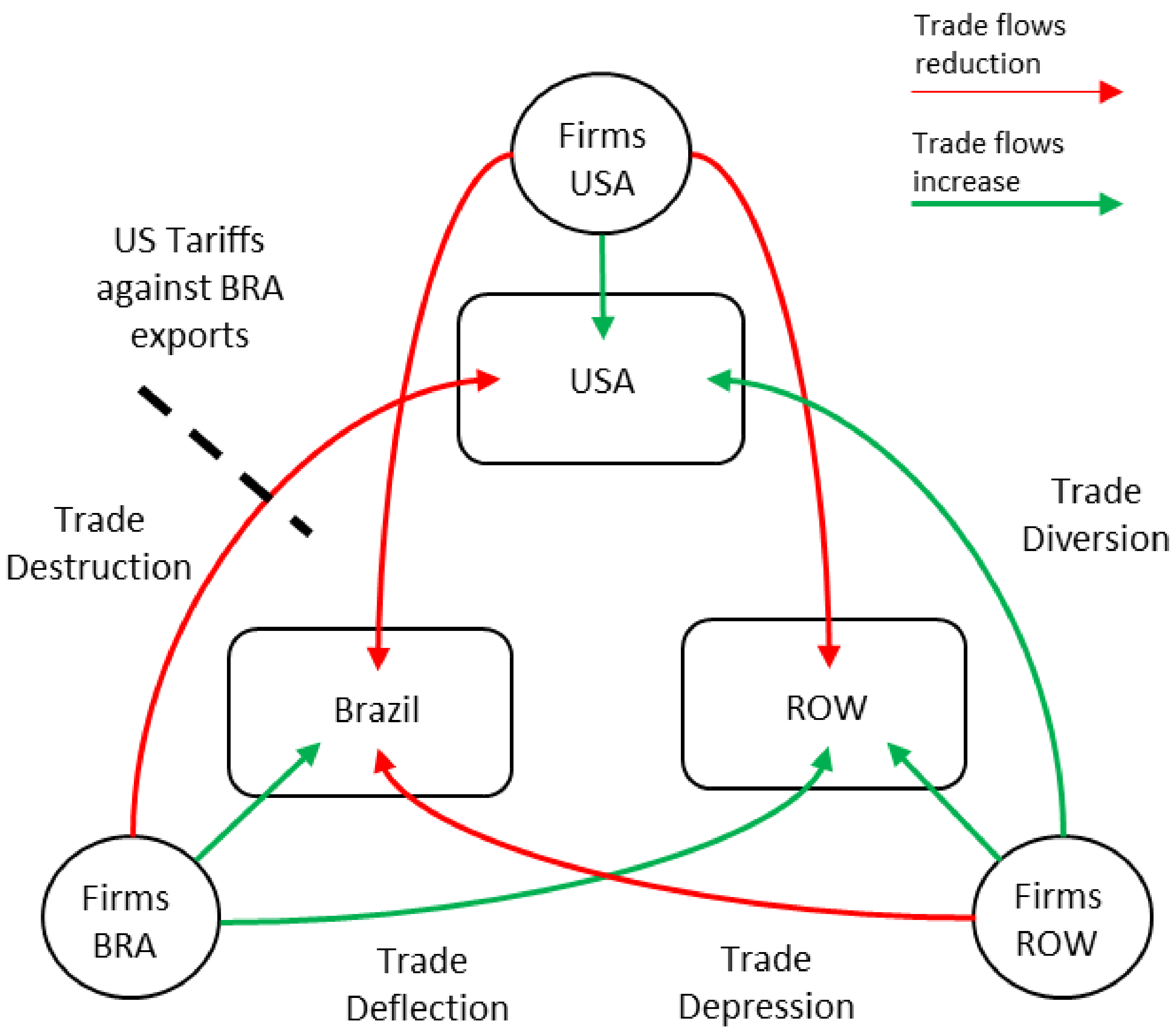
ABCI

October 6, 2025

The Schedule of US Tariff Policies



A Framework of Analysis I



Source: adapted from Bown and Crowley (2007)

Trade Destruction I ?

- USITC data, Jan-Jul 2024 / Jan-Jul 2025 (accumulated)
  - Subset "Tariffs": Increased by 14.1%
  - Subset "Exempted": Increased by 1.5%
- Anticipation effect on "non-sensitive" goods

Table 1: Trade destruction I: Jan-Jul 2025 compared to the same period in 2024 (US$000s)

	2024 (A)	2024 Jan-Jul (B)	2025 Jan-Jul (C)	Var% 2025/2024 (C)/(B)-1
BRA EXPORTS TO THE US ("TARIFFS")	23,948,673	13,721,306	15,653,899	14.1%
BRA EXPORTS TO THE US ("EXEMPTED")	18,399,738	10,240,360	10,389,599	1.5%
BRA EXPORTS TO THE US (TOTAL)	42,348,411	23,961,667	26,043,497	8.7%
EXEMPTED / TOTAL (%)	43.4%	42.7%	39.9%	

Source: based on USITC Dataweb.

Trade Destruction II ?

- USITC data, Jun 2025 / Jul 2025 (monthly)
  - Subset “Tariffs”: Increased by 12.7%
  - Subset “Exempted”: Increased by 15.6%
- Last minute anticipation effect on “sensitive” goods

Table 2: Trade Destruction II: July 2025 compared to June 2025 and July 2024 (US$000s)

	2025 Jul (A)	2025 Jun (B)	Var% Jul/Jun (A)/(B)-1	2024 Jul (D)	Var% 2025/2024 (A)/(D)-1
BRA EXPORTS TO THE US ("TARIFFS")	2,236,210	2,169,525	3.1%	1,984,413	12,7%
BRA EXPORTS TO THE US ("EXEMPTED")	1.795.947	1.420.223	26,5%	1.553.357	15,6%
BRA EXPORTS TO THE US (TOTAL)	4.032.157	3.589.748	12,3%	3.537.769	14,0%
EXEMPTED / TOTAL (%)	44,5%	39,6%		43,9%	

Source: based on USITC Dataweb.

Trade Diversion?

- USITC data, Jun 2025 / Jul 2025 (monthly)
  - US imports from BRA: Increased by 3.1%
  - US imports from ROW: Increased by 5.3%
- Last minute anticipation effect on US imports from both origins

Table 3: Trade diversion, June-July 2025 (US$000s)

	2025 July	2025 June	Var%
US IMPORT FROM BRA ("TARIFF")	2.238.210	2.169.525	3,1%
US IMPORT FROM ROW ("TARIFF")	199.731.332	189.740.909	5,3%

Source: based on USITC Dataweb.

Trade Deflection?

- ComexStat data, Jul 2025 / Aug 2025
  - BRA exports to US: Decreased by -27.7%
  - BRA exports to ROW: Decreased by -4.3%

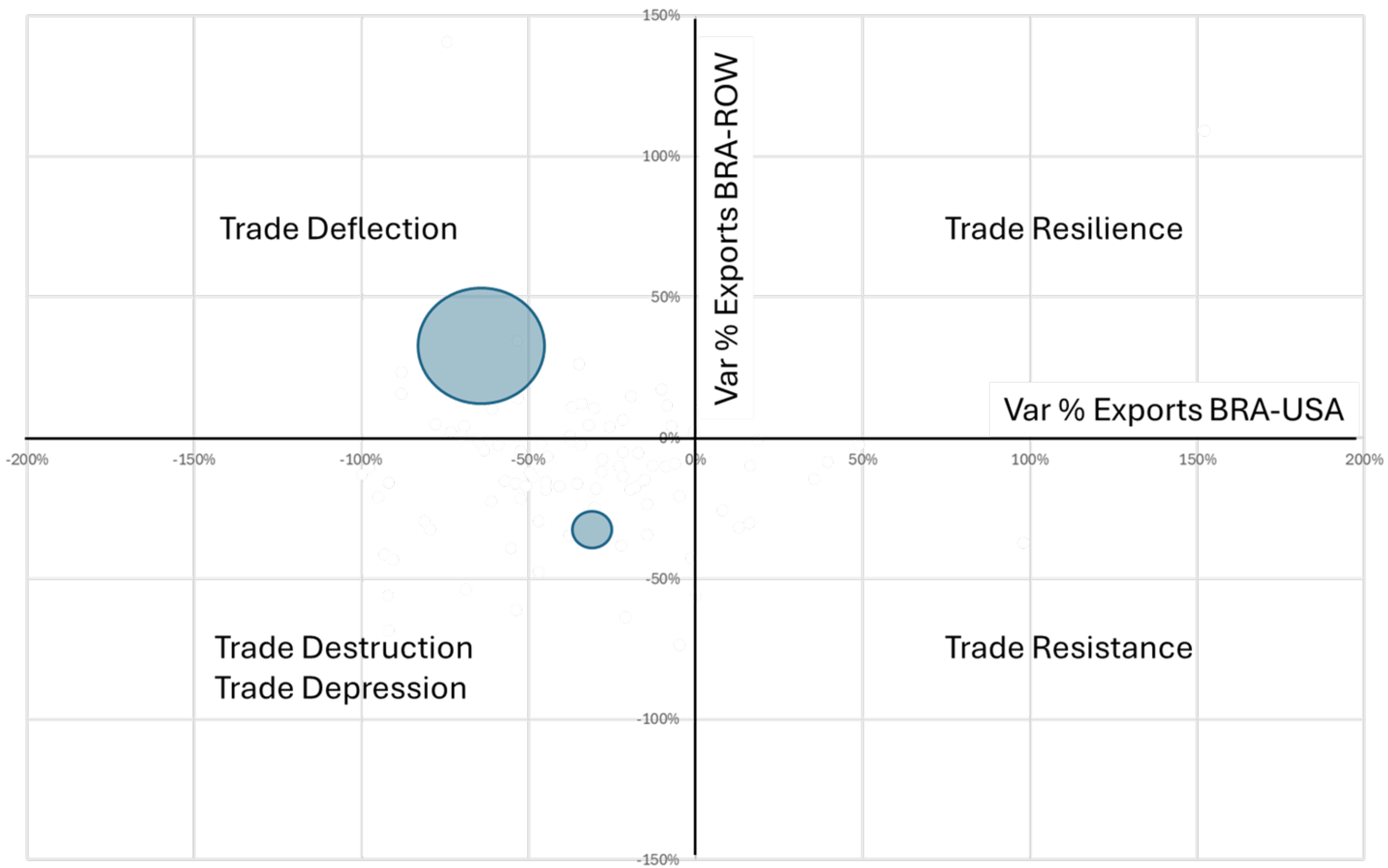
- Trade destruction and Trade Depression
  - Post anticipation effect?

Table 4: Brazilian exports, July-August 2025 (US$000s)

2025 (US$ mi)	July	August	Var %
USA	3,822	2,762	-27.7%
ROW	28,303	27,099	-4.3%
Total	**32,125**	**29,861**	**-7.0%**

Source: based on MDIC/ComexStat data

A Framework of Analysis II



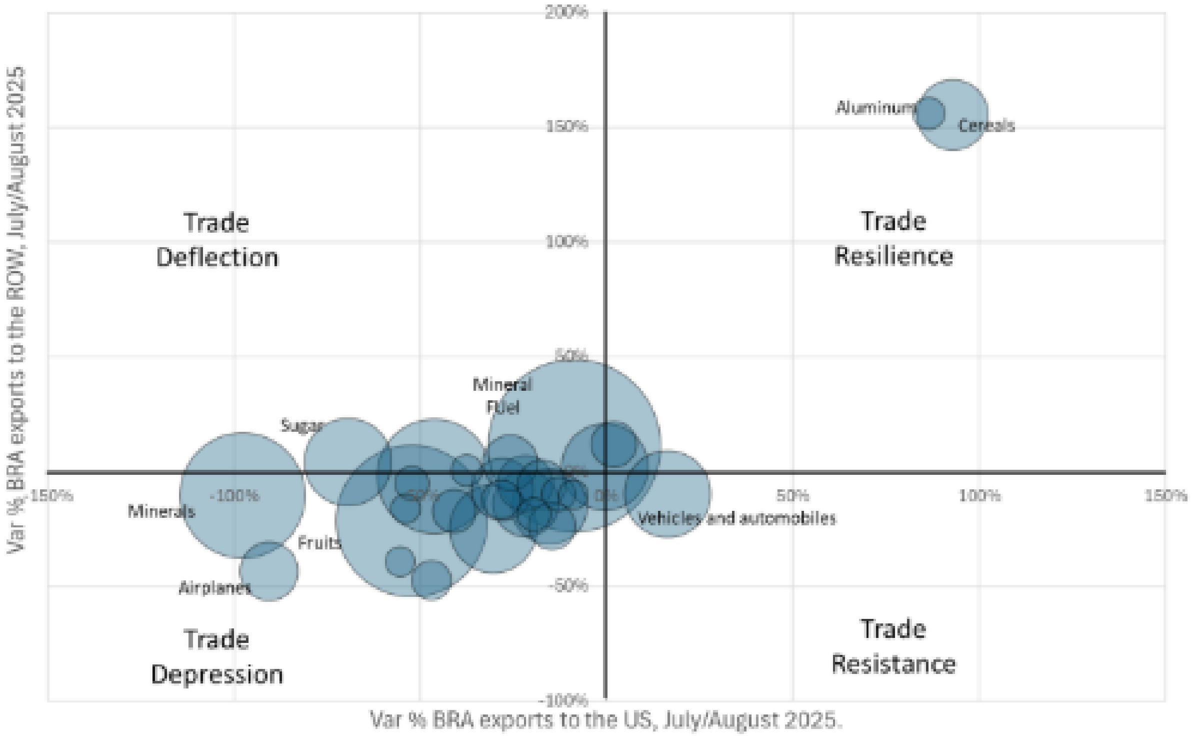
Source: Author's elaboration

Trade Deflection, Depression, Resilience, Resistance

- ComexStat data, Jul 2025 / Aug 2025
  - 30 main HS-2 chapters

  - Trade Deflection:
    - Mineral Fuel and Sugar
  - Trade Depression:
    - Airplanes, Fruits, Minerals
  - Trade Resistance
    - Vehicles and automobiles
  - Trade Resilience
    - Aluminum and Cereals

Graph 2: Variation % of the Brazilian exports to the US and to the ROW, July-August 2025.



Source: based on MDIC/ComexStat data

Mechanisms for Reaction

- REGULATORY FRAMEWORK FOR RETALIATION
  - Law No. 15,122/2025
  - Criteria for suspending trade concessions, investments, and obligations relating to intellectual property rights.
- SUPPORTING MEASURES FOR EXPORTERS
  - Law No. 216 of July 28, 2025
  - The Acredita Exportação Program
- COMPLAINT BEFORE THE WTO DISPUTE SETTLEMENT SYSTEM

Thank you

ABCI Board