# Trump's Trade War and Its Mixed Impact on Brazil

29 APRIL 2025

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It started with a bang out of Washington, a tariff shockwave that few saw coming and even fewer were ready for. When Donald Trump, back for a second term, unleashed a sweeping 10 percent "base tariff" on all U.S. imports this April, global trade lines buckled. China, the primary target, was hit even harder. Tariffs on Chinese goods spiraled from 34 percent to 104 percent, then surged to a staggering 125 percent in just a few days, lifting China's effective rate to about 145 percent.

In the middle of this economic upheaval, Brazil found itself in an enviable position. It was not a target but a favored alternative.

The first signs of Brazil's sudden windfall came fast. On the day after Trump's initial announcement, port premiums for Brazilian soybeans surged past one dollar per bushel above Chicago futures, a surreal premium considering that Brazilian soy had been cheaper just months earlier. Chinese crushers quickly locked in massive volumes of Brazil's second-crop supplies, while Beijing's freeze on U.S. sorghum imports cleared even more space for Brazilian grains.

Brazil's new momentum in global agriculture is undeniable. As China pivots away from American suppliers, Brazil finds itself at the center of one of the most significant global food supply shifts in decades.

Yet beneath this agricultural boom, trouble brews for Brazil's industrial exporters.

Industrial producers tell quite a different story. As the third-largest supplier of steel to the U.S., Brazil now faces not only the 10 percent base tariff but also an additional 25 percent levy on metals. Steel and iron products make up Brazil's second-largest export category to the U.S., worth 2.8 billion dollars in 2024. New estimates suggest these measures could slash Brazil's steel exports by up to 1.5 billion dollars in 2025. The automotive sector is feeling the heat too, with a new 25 percent tariff hammering Brazilian auto parts exports and causing widespread disruption across manufacturing supply chains.

Other industrial giants face tough choices. Embraer, Brazil's aerospace champion, was not spared. The 10 percent tariff is a blow to the company, which counts the U.S. as a crucial market for both executive and commercial aviation. However, the impact is milder compared to the heavier penalties aimed at European rivals like Airbus and Dassault.

Complicating the entire picture, Brazil's infrastructure is starting to show dangerous cracks. Even before Trump's tariffs hit, ports and highways were stretched to their limits. In early April, Indigenous protesters blocked a critical five-kilometer stretch of the Trans-Amazonian Highway, a key river hub for grain exports. An estimated 70,000 tons of soy and corn were stranded each day during the two-week blockade.

Chronic bottlenecks, shallow ports, and limited rail connections are already forcing costly workarounds. The Port of Santos, South America's busiest, announced plans to deepen its main channel to sixteen meters by 2027 and to seventeen meters in the next decade, aiming to oversee larger, China-bound vessels more efficiently.

Meanwhile, concerns are mounting among Brazil's key customers. European buyers are already questioning whether Brazil can meet simultaneous spikes in Chinese and EU demand without triggering price surges or logistical bottlenecks. These doubts feed into a broader question: can Brazil turn this fleeting moment of advantage into something lasting?

For now, Brazil stands as the improbable winner of a trade war it did not start. Trump's tariffs battered Brazilian industry but propelled its vast agricultural heartland into the spotlight. Yet policymakers know the risks.

The forces lifting agriculture today, including booming inflows of foreign currency, also threaten to appreciate the Real and erode the competitiveness of Brazilian manufactured goods.

The real danger is not that the agricultural boom collapses overnight. It is that Brazil slips into a familiar trap, thriving as a raw commodities supplier while its industrial ambitions fade.

If Brasília seizes this rare opportunity, investing in better ports, faster railroads, and policies that nurture value-added manufacturing, the country could turn a trade war born thousands of miles away into a lasting foundation for economic strength. Without such bold action, Brazil risks waking up to a bittersweet future, where farms thrive but factories fall silent.

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