US-Brazil Trade Clash Escalates at the WTO Over Section 301 Tariffs

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On 24 November, Brazil submitted a first panel request to the World Trade Organization Dispute Settlement Body regarding additional US duties imposed on Brazilian products in July 2026. The new tariffs follow the US Supreme Court decision to annul global tariffs imposed by President Trump last year and use Section 301 of the US Trade Act of 1974 as a legal basis. Additional ad valorem duties of 25% and 12.5% on products originating in Brazil were applied.

This panel request follows unsuccessful consultations between the two countries. Indeed, under the WTO's Dispute Settlement Understanding, trade disputes must first go through a consultation phase, giving the parties 60 days to reach an agreement. If it is not reached, the complaining party may request the establishment of a panel of neutral experts. The panel will

then have to issue a final report, which is to be adopted within 60 days, unless a party appeals.

The United States of America has objected to Brazil's request and responded to it by proposing a new 10% tariff on Brazil's aircraft sector, showing a firm and uncompromising stance on the matter.

This move leaves Brazil in a difficult position, with officials in Brasilia calling it an attempt to pressure Brazil into changing its domestic regulatory measures.

Strained relationships between the two countries, however, are not a surprise: Trump openly supported Bolsonaro in his run for president and pressed for charges to be dropped against former President Jair Bolsonaro. In addition, Lula has consistently championed multilateralism and strengthened ties with the Global South, most notably through Brazil's active role in the BRICS bloc.

Further developments are awaited, with possible outcomes being a second panel request by Brazil in December, which, at the second attempt, cannot be blocked by the United States, an escalation of retaliatory tariffs by Brazil, or a negotiated settlement.

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