Rinse and repeat

US proposes duties on Brazilian aircraft and sugar; effective tariff rate may rise by 0.7 pp, to 18.1%

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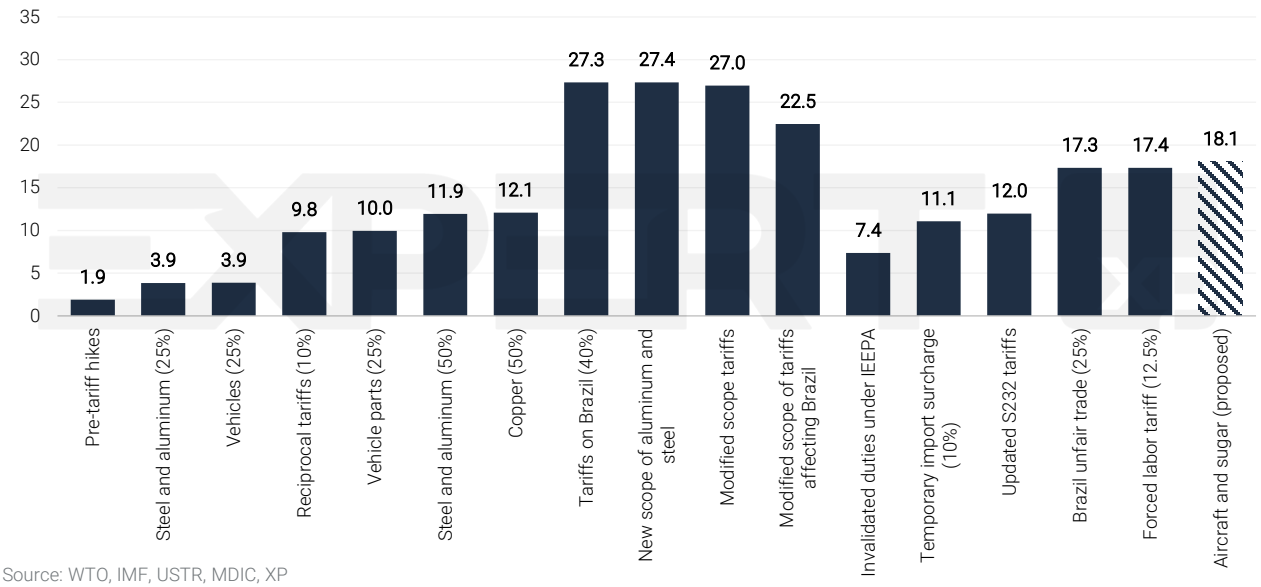
The US Trade Representative has proposed a new round of duties on Brazilian goods. Four months after imposing a 25% tariff under Section 301, the USTR stated that Brazil has made insufficient progress in eliminating the practices under investigation. The proposal has two parts. First, it terminates the exemption for finished aircraft and applies a 10% duty. Aircraft parts, engines and components are not mentioned and remain exempt. Second, it replaces the 25% duty on out-of-quota sugar with an additional specific tariff of USD 0.44 per kg for raw cane sugar and USD 0.60 per kg for refined sugar, applied to imports from all origins.

If implemented as written, the effective tariff rate on Brazilian exports to the US would rise from 17.4% to approximately 18.1%. The increase comes almost entirely from aircraft. Brazil exported USD 2.7 billion in finished aircraft to the US in 2025, which represents 7.2% of Brazil's total exports to the US. These goods are currently exempt from both Section 301 actions. The sector is highly dependent on the US market: 65% of Brazil's aircraft exports go to the US.

Brazil's trade-weighted tariff rate may increase to 18.1% with the new round of duties
US imports from Brazil. Trade-weighted average tariff rate (%)



Source: WTO, IMF, USTR, MDIC, XP

For sugar, the exposure is small. Sugar accounts for 0.6% of Brazil's exports to the US, and the US takes less than 2% of Brazil's sugar exports.

Nearly half of Brazil's exports to the US already face additional tariffs. 46% of Brazil's exports to the US (USD 17.4 billion) were subject to Section 232 or Section 301 duties, while 54% were exempt. With the aircraft proposal, the share subject to additional tariffs would rise to 53%.

Nearly half of Brazilian exports to the US face additional tariffs (2025)

Additional tariff	Group	Exports to the US (USD bn)	% of exports to the US	US share of Brazil's exports of these goods (%)	Under the new proposal
Exempt		17.60	46.7	10.9	Unchanged
Exempt	**Finished aircraft**	**2.73**	**7.2**	**64.7**	**10%**
12.5%	Forced labor (S301)	1.72	4.6	28.4	Unchanged
25%	Unfair trade (S301)	0.29	0.8	16.4	Unchanged
25% (in-quota)	Sugar	0.24	0.6	1.7	Out-of-quota: specific tariff
37.5%	Both S301 actions	5.56	14.8	5.0	Unchanged
10% to 50%	Section 232	9.54	25.3	24.8	Unchanged
Total		**37.7**	**100.0**	**10.8**	

Source: USTR, MDIC, XP.

Our view is unchanged. The aggregate macroeconomic impact on Brazil is likely to be limited. The US accounted for 10.8% of Brazil's total exports in 2025, and 9.9% in the first ten months of 2026. The effects are sector-specific, and this time concentrated in aircraft manufacturing.

The final scope remains open. Written comments close on December 30, and the public hearing is scheduled for January 14, 2027. The USTR is also seeking comments on whether duties should apply to other products not included in the proposal, which leaves room for both a broader and a narrower final measure.

Source: MDIC, XP

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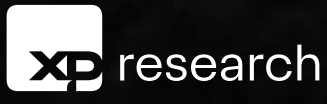

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