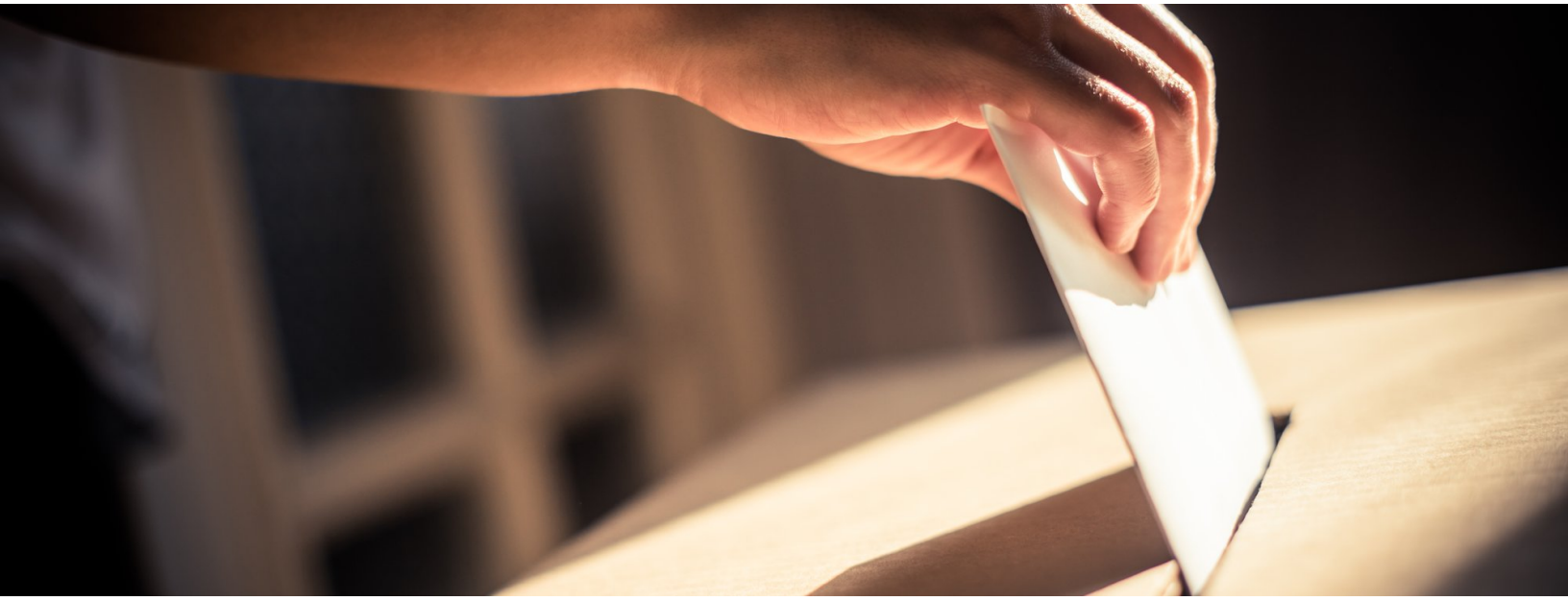

After Elections, Challenges Remain in US-Brazil Relations

Updated 29 October 2026

Action: Brazil concluded its elections for President and Congress. Relations with the US remain difficult, but the reelected Brazilian Administration will continue to seek better relations with the US, including a push for tariff reductions.

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- Brazil's elections produced a surprising result for President.[1] A Congress both shifting to the right and holding increasing control of the budget limits the President's freedom of action. Solving Brazil's financial problems, including the budget, will be difficult.

- In July, the US imposed a 25% tariff on Brazil under Section 301 of the Trade Act of 1974. However, certain important exports to the US (including coffee, beef, crude oil, and pig iron) which account for a majority of trade are exempt because of the impact of tariffs on US food and energy prices. The US also imposes a 25% tariff on steel and aluminum products under Section 232 of the Trade Expansion Act of 1962 and a 12.5% tariff because of concerns over the importation of goods with forced labor (the US imposes similar tariffs of 10% or 12.5% on virtually all major US trading partners, a replacement for the 10% global tariff that expired in July).

- The US and Brazil established a working group in September to discuss tariff and trade policies;[2] while the initial discussions suggested both sides wanted to move quickly to reach an agreement, the US may have been expecting the Brazilian opposition to win the Presidential election. There is therefore at least a possibility of delay in resuming the negotiations, with the current rates remaining in place. To ease the negotiations, Brazil has reportedly promised not to enforce its reciprocity law against the US during the negotiations, [3] meaning that Brazil will not retaliate against US tariffs at least for now.

- Other sources of tension in the relationship include Brazil's growing use of the real and yuan in bilateral Brazil-China trade,[4] bypassing the US dollar, and US concerns (which Brazil strongly rejects) on whether Brazil's Pix payments system discriminates against US financial institutions.[5]

- In addition, the defeated Presidential candidate fled Brazil rather than submit to a continued investigation of alleged money laundering; his presence in the US adds a complicating factor to the relationship.

- However, the US is seeking alternative sources of critical minerals to China. Brazil is a natural partner in this area, which could provide a reason for the parties to reach a broader trade deal.

- **What This Means for CEOs:**
  - US businesses depending on trade with Brazil should assume that current tariff rates will remain constant for now, with the possibility of some relief in a new trade agreement – but this will take time to negotiate, and concerns over affordability of food may ease in the US following the midterms.
  - Businesses depending on critical minerals imports may wish to explore opportunities involving Brazil.
  - Businesses should also be aware that tensions remain in the relationship which could lead towards heightened tensions and even new tariffs.

1. https://apnews.com/article/b68d2e2e315644e62de8f6839e8ddcff
2. https://www.reuters.com/world/americas/brazil-us-set-up-working-group-discuss-potential-trade-agreement-2026-09-30/
3. https://www.reuters.com/world/americas/brazil-withhold-reciprocity-against-us-while-trade-talks-continue-lula-says-2026-09-21/
4. https://bricsbrasil.com.br/en/brazil-china-local-currency-trade/
5. https://www.reuters.com/business/finance/brazil-us-clash-over-future-payments-popular-pix-system-stirs-global-interest-2026-07-21/

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