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Alert | International Trade/Tariff Task Force

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USTR Announces Section 301 Tariffs on Brazil: New 25% Duties to Take Effect July 22

On July 15, 2026, the Office of the U.S. Trade Representative (USTR) announced the results of its investigation into Brazil, pursuant to Section 301 of the Trade Act of 1974, and imposed a 25% additional tariff on certain Brazilian merchandise. The new duties will take effect July 22, 2026. The action marks the first major country-specific Section 301 tariff measure issued following the invalidation of the administration's IEEPA-based tariffs in February 2026.

While the new duties will cover numerous products, USTR allowed exemptions covering agricultural, aerospace, pharmaceutical, energy, and industrial products and listed in Annex I to the USTR notice. The final measure also expressly excludes products already subject to existing Section 232 tariffs, which may suggest that the administration is increasing its reliance on both sections 232 and 301 for trade policy objectives.

Background

The new tariffs on Brazilian products follow USTR's investigation into a range of Brazilian policies and practices, including digital trade restrictions, electronic payment services, intellectual property protection, anti-corruption enforcement, ethanol market access, and deforestation-related concerns. Administration officials indicated that negotiations with Brazil had been ongoing for more than a year but had failed to resolve the issues identified during the investigation. USTR stated that the tariffs are intended to remain in place until Brazil addresses the practices identified in the investigation.

Scope of the New Tariffs

Covered products will be subject to a 25% additional duty under new HTSUS subheading 9903.05.01. The new duty applies on top of any general customs duties. A separate USTR probe into forced labor may result in a further 12.5% tariff on some Brazilian products. Accordingly, the additional duties on many products imported from Brazil may be up to 37.5%.

The final measure excludes products already subject to Section 232 actions, including steel, aluminum, copper, automobiles, medium- and heavy-duty trucks, semiconductors, certain wood products, and future pharmaceutical products covered by Section 232 measures.

Notably, the final action includes a broad package of product exclusions: oranges and orange juice, beef, coffee and certain coffee products, civil aircraft, jet engines and aerospace parts, certain energy products, various pharmaceutical products and pharmaceutical ingredients, humanitarian supplies, and informational materials.

In response to public comments, USTR expanded the exemption list to include additional products, such as pig iron, organic honey, certain seafood products, precious-metal-bearing materials, selected wood products, antiques, art and collectibles, used clothing, iron and steel scrap, aluminum hydroxide, certain animal hides, furskins and leather, and unflavored instant coffee. However, USTR also removed certain products from the proposed exemption list, including high-purity dissolving pulp and non-pharmaceutical applications of cellulose and phosphoaminolipids.

Goods-in-Transit Exception

USTR included a limited “goods on the water” exception for merchandise moving toward the United States before the effective date. To qualify, merchandise must have been loaded and in transit prior to July 22 and must enter the United States within the specified transition period. Importers with shipments currently en route may wish to review eligibility, as the exception may provide meaningful relief for near-term imports.

Key Takeaways

Companies importing Brazilian products into the United States may wish to conduct product-specific reviews to determine whether imports are covered by the new tariffs or available exemptions; assess any eligibility for in-transit relief; evaluate the interaction between the Brazil measures and existing Section 232 tariffs; and consider the impact of the new duties on sourcing strategies and the potential for using duty deductions and other mitigation methods. Importers should monitor forthcoming USTR announcements, as additional Section 301 actions may materially expand tariff exposure during the second half of 2026.

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