Brazil

US adds 40% tariff on Brazil and places sanctions on judge trying Bolsonaro

Move by Washington takes levies on country to 50% for alleged unfair trade practices and trial of former president



The action taken by the US against judge Alexandre de Moraes marks a significant escalation in Donald Trump's campaign against Brazil's democratically elected leftwing government © AFP/Getty Images

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The US has imposed steep tariffs on Brazil and sweeping financial sanctions on the nation's supreme court judge trying former president and Donald Trump ally Jair Bolsonaro on charges of plotting a coup.

The action against justice Alexandre De Moraes under the Magnitsky Act, which is reserved for serious human rights offenders, marks a significant escalation in the US president's campaign against Brazil's democratically elected leftwing government and the nation's top court.

Trump also signed an executive order on Wednesday confirming a 50 per cent tariff on Brazilian imports, a measure he had threatened earlier in the month after demanding a halt to Bolsonaro's trial, which he described as a "Witch Hunt".

The order indicated the tariffs would come into effect in seven days but exempted several hundred Brazilian products which experts say are more difficult to substitute in large quantities quickly, such as orange juice, iron ore and aircraft. Other exports such as coffee and meat will be hit.

The White House said the additional 40 per cent tariff on top of the baseline 10 per cent was imposed "to deal with recent policies, practices and actions by the Government of Brazil that constitute an unusual and extraordinary threat to the national security, foreign policy and economy of the United States".

Alberto Ramos, chief Latin America economist at Goldman Sachs, estimated that the measures could have a net negative impact on Brazil's GDP of 0.25 per cent.

Trump has previously complained about Brazilian supreme court actions against US social media companies and alleged unfair trade practices from South America's most populous nation.

Brazil's President Luiz Inácio Lula da Silva responded to the US measures with a statement saying that "the interference of the North American government in Brazilian justice is unacceptable". He expressed solidarity with de Moraes, but stopped short of taking any retaliatory action.

"Brazil continues to be ready to negotiate commercial aspects of the relationship with the United States but will not relinquish the instruments to defend our country which are provided for in our legislation," Lula said.

Brazil's government has said it is readying a package of support for companies affected by the measure but has not yet given details.

The US Treasury's Office of Foreign Assets Control said de Moraes had been added to Ofac's specially designated nationals list. It freezes any US assets he may hold and bans US nationals or institutions from doing business with him.

"The United States is sanctioning Brazilian Supreme Court Justice <u>Alexandre de Moraes</u> for serious human rights abuses, including arbitrary detention involving flagrant denials of fair trial guarantees and infringing on the freedom of expression," US secretary of state Marco Rubio said in a statement.

Others who have featured on the Magnitsky sanctions list include Russian intelligence officers accused of poisoning Alexei Navalny, the critic of President Vladimir Putin who later died in prison, and Dan Gertler, an Israeli billionaire sanctioned in 2017 for alleged corruption over mining deals in the Democratic Republic of Congo.

Earlier this month Rubio imposed a visa ban on eight Brazilian supreme court judges including de Moraes over their role in the Bolsonaro trial and other moves the court has made against US social media networks.

Brazil's court has been among the most aggressive globally in making <u>tech companies legally liable</u> for removing content it deems hate speech or anti-democratic, prompting accusations by Trump of "secret and unlawful censorship orders to US social media platforms".

Bolsonaro's congressman son Eduardo moved to the US earlier this year to lobby the Trump administration to impose sanctions on Brazil to help his father. "Mission accomplished," he posted on Instagram after the measures were announced.

Jair Bolsonaro has offered to travel to the US to help negotiate over the tariffs and sanctions on Brazil if the authorities return his passport, which was confiscated after he was deemed a flight risk.

De Moraes ordered Bolsonaro on July 19 to wear an ankle monitor, to observe a curfew and not to give interviews, amid fears he might abscond. Brazil's supreme court is expected to give its verdict in August or September.

Bolsonaro faces decades in jail if the top court finds him guilty on charges of plotting a coup to stay in power with the help of the military after losing the 2022 election.

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