US-CHINA TRADE WAR: CURRENT TARIFFS STILL FAVOR BRAZIL IN AGRIBUSINESS

Cross-retaliation since April 2 has led to sky-high tariffs that led to a "truce" on May 12. But China still imposes high tariffs on U.S. agribusiness products that benefit Brazil

Marcos S. Jank[1]
Leandro Gilio[2]
Victor M. Cardoso[3]

Summary

- On April 2, the U.S. announced additional tariffs of 34% on Chinese goods, widening the trade dispute between the two countries. The measure started a tariff escalation, with the US applying tariffs of up to 145% and China responding with tariffs of up to 125% on American products;
- On May 12, a 90-day "truce" was signed, with a reduction of 115 percentage points over those of April, which should result in final additional tariffs of 30% (USA) and 10% (China). Even so, tariffs charged for U.S. agribusiness products remain high;
- We understand that this will serve as a "bargaining chip" for China to negotiate further reductions in the U.S. tariff. The Chinese market accounted for 14% of U.S. agribusiness exports to China in 2024, generating a trade surplus of $18 billion;
- In this context, the competitiveness of Brazilian agribusiness against the US increases in China. In the products that Brazil and the US together represent a high share of Chinese imports - such as soybeans, corn, cotton and beef, pork and poultry - the tariff differences continue to benefit Brazil, even after the truce;
- Although the above scenario seems to bring great gains for Brazil, caution is needed in this prediction, since the high levels of US-China bilateral tariffs encourage the two countries to enter into an agreement to reduce them, to the detriment of Brazil. If this happens, there is a risk that Brazilian agribusiness will be harmed.

On April 2, the U.S. announced additional tariffs of 34 percent on Chinese goods, as part of Donald Trump's strategy to reduce the trade deficit. The measure started a tariff escalation, with successive increases: the US reached 145% and China 125%.[4] However, on May 12, a 90-day "truce" was signed, reducing the tariffs raised in April by 115%, which were supposed to result in final additional tariffs of 30% (US) and 10% (China).

Despite the pause, the announced tariff reduction refers only to the high tariffs in April. This means that the Chinese retaliatory tariffs imposed in March on American agribusiness products, such as soybeans, corn, cotton, sorghum, wheat, meat, fruits, vegetables, among others, remain in force. In addition, China has used an unprecedented “retaliatory toolkit” against the US, such as export controls in specific sectors, protections focused on agricultural products, exclusivity for Chinese companies to carry out trade, and the opening of investigations against companies.

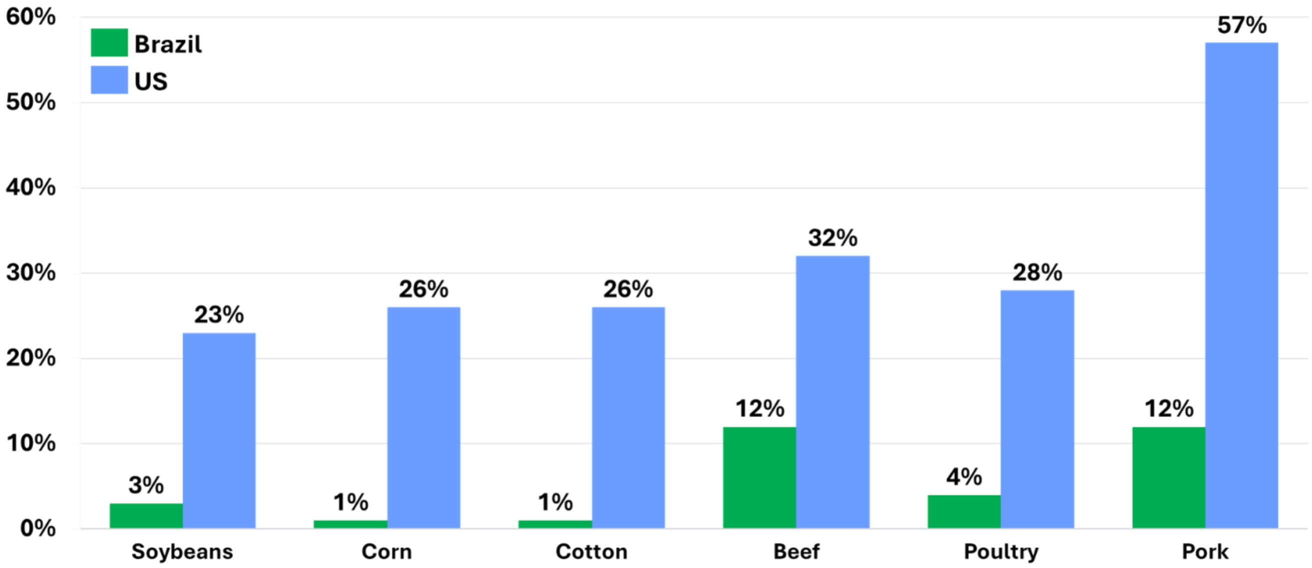
We understand that China wants to use these measures as a bargaining tool in trade negotiations. The goal is to pressure the U.S. to reduce the 30% tariff that the Americans want to apply against Chinese products. The U.S. is interested in broader access for agricultural products to the Chinese market, which accounts for 14% of the total value of U.S. agricultural exports.

[1] Senior Professor of Global Agribusiness and coordinator of Insper Agro Global
[2] Professor and researcher at Insper Agro Global
[3] Researcher at Insper Agro Global
[4] For more details, it is recommended to read "A escalada protecionista na nova era Trump: riscos e oportunidades para o agronegócio brasileiro", published on April 9, 2025.

The tariffs imposed by Beijing significantly reduce the competitiveness of US products against direct competitors, such as Brazil. At this stage of the trade war, it becomes pertinent to question what are, in fact, the tariff levels applied by China to US agricultural products, in relation to Brazilian products.

The agribusiness product categories selected in this study were those that represented, in 2024, the highest level of participation of the US and Brazil (combined) in Chinese imports. They were: soybeans (92% share), corn (66%), cotton (76%), beef (55%), pork (31%) and poultry (64%). 80% of China's imports from these six categories come from the U.S. or Brazil. At the same time, the six Agri export chains represent 44% of Brazil's total exports to China and 83% of agribusiness exports to that country.

Figure 1: Chinese average Ad Valorem Equivalent tariff charged to the U.S. and Brazil in 2025 by agribusiness product category (% AVE)



Source: prepared by Insper Agro Global based on data from the Trade Data Monitor, WTO, and USDA (2025). **Note: (1)** trade data from 2024 were used for the calculation; **(2)** specific tariffs were converted into Ad Valorem Equivalent (AVE).

When we compare the MFN ("*Most Favoured Nation*")[5] tariffs levied by China on all its partners, including Brazil, with the tariffs currently applied to the US, we see that American agribusiness is at a competitive disadvantage in relation to Brazil. Chinese tariffs on American **soybeans** are 23% against only 3% for Brazil. For **corn and cotton (In quota)** the difference in the tariffs charged reaches 25%. For **beef**, China charges 12% from Brazil and 32% from the US. The extreme case of meat is pork, in which the USA suffers a rate of 57%, almost five times more than Brazil (Table 1).

These tariffs certainly impose on the US, at this moment, an important gap in the competition with Brazil in the Chinese market. However, the high tariff levels practiced by China and the US have created an environment conducive to bilateral bargaining, with the risk that an eventual agreement between the two countries could harm Brazil, which currently benefits from the dispute. It is worth remembering that the central objective of the US is to eliminate its trade deficit with China, which has fallen 21% since Donald Trump's first term, but still remains at the level of approximately US$ 300 billion.

[5] In a simplified way, the "Most Favoured Nation" (MFN) tariffs are those that a country applies equally to all its trading partners

Table 1. Total imports in 2024 and Chinese tariffs levied on agricultural products from Brazil and the US in 2025[1], in current billion dollars and as a percentage.

Category	Product	Brazil		USA	
		Imports (US$ billion)	Rates (%)	Imports (US$ billion)	Rates (%)
Soy	Soybeans (GMO)	36,5	3	12	23
Corn	Corn grains (In-Quota)	1,9	1	0,6	26
Cotton	Cotton, not carded (In-Quota)	2,2	1	1,9	26
Beef	Frozen boneless beef	6,2	12	1	32
Poultry	Frozen chicken feet	0,6	4,2	0,2	27,7
	Frozen chicken wing	0,7	3,3	-	28,5
Pork	Frozen pig offal	0,1	12	0,7	57
	Other frozen pork	0,5	12	-	57

Source: prepared by Insper Agro Global based on data from the Trade Data Monitor, WTO and USDA (2025). Note: **(1)** Average rates in force until May 28th, 2025; **(2)** The specific tariffs for poultry meat were converted to ad valorem. Frozen Chicken Feet: 1 RMB/Kg; Frozen chicken wing: 0.8 RMB/Kg.

It is important to highlight China's strong interest in maintaining the US as a strategic supplier of agribusiness products. This is due both to the complementarity with Brazilian imports — since, as they are in opposite hemispheres, the two countries deliver in different periods of the year— and to the need to diversify suppliers and reduce excessive dependence on Brazil in a context of geopolitical instability. Thus, it is necessary to consider the risk that this convergence of interests between China and the US may, in some way, harm Brazil.

Published: May 29th, 2025

Expedient
INSPER – Global Agribusiness Center

General Coordination
Marcos Sawaya Jank

Researchers
Gabriela Mota
Cinthia Cabral da Costa (Embrapa)
Victor Martins Cardoso
Leandro Gilio*
Luiz Arthur Chiodi

Institutional supporters

Contact
*leandrog3@insper.edu.br