

Trump's 50% Tariffs on Brazilian Goods Could Spike U.S. Breakfast Prices

July 12, 2025

— Categories: Economics



President Donald Trump has announced sweeping 50% tariffs on key Brazilian imports, namely coffee, orange juice, beef, and aerospace products, framing the move as both an economic strategy and a political gesture of support for former Brazilian President Jair Bolsonaro. The tariffs, expected to take effect on August 1, could drive up prices on

everyday consumer items and strain trade relations between the two countries.

Brazil plays a key role in supplying vital goods to the United States, providing around 30% of its coffee imports and close to 60% of its orange juice. As climate-related challenges are already pushing prices higher, the introduction of new tariffs is expected to further drive up the cost of basic groceries for American households. Marcos Matos, executive director of Brazil's coffee exporters council, warned that both producers and U.S. consumers will "end up paying more" as a result.

In addition to food products, the tariffs also target Brazilian aerospace exports, including aircraft from manufacturer Embraer. Brazilian President Luiz Inácio Lula da Silva has stated that while he prefers diplomacy, his government is preparing appropriate retaliatory measures. Brazil's finance ministry has attempted to downplay the potential impact by highlighting the country's pivot toward Asia, especially China, which now represents 28% of Brazilian exports compared to just 12% for the U.S.

From a centre-right perspective, the move underscores a firm commitment to economic nationalism and protecting domestic industries. While the use of tariffs as leverage is not without precedent, the challenge lies in balancing political motivations with economic consequences. Tariffs may serve immediate strategic aims, but they often come at a cost to consumers, as businesses pass on higher import costs.

Market analysts have already flagged potential disruptions. Starbucks, for instance, could see a near 1% decline in adjusted earnings due to costlier coffee supplies, while orange juice prices are expected to climb

noticeably at the retail level. This places additional pressure on working families already grappling with inflation.

Brazilian agricultural leaders voiced concern over job losses and falling export revenues. The country's powerful agribusiness bloc in Congress criticised the tariffs, noting their impact on employment and food prices in both nations.

Financial markets reacted with caution. Brazil's currency, the real, weakened against the dollar, and the São Paulo stock index dipped following the announcement. Commodity futures for orange juice and coffee surged before stabilising slightly.

In essence, while the tariffs project strength and signal political alignment, they also risk triggering economic blowback. Their long-term success will depend on whether the administration can manage the fallout while still achieving broader policy goals.