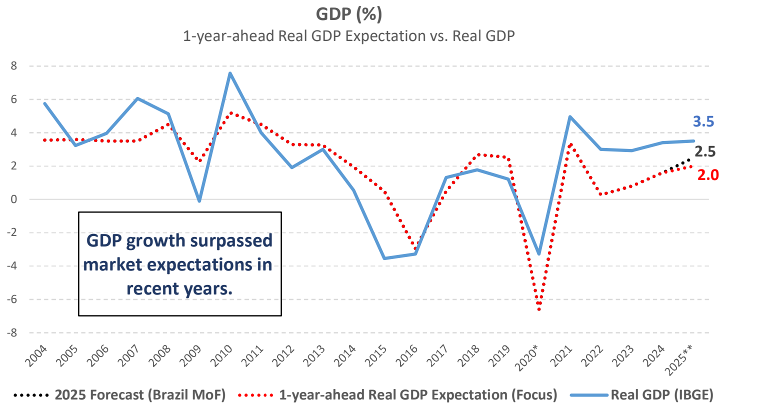
Ministry of Finance
Secretariat for International Affairs
Undersecretariat for Macroeconomic Monitoring and Trade Policies

BRAZIL: MACROECONOMIC MONITOR

August 14, 2025

Highlights

- Brazil Removed from UN Hunger Map After Social and Economic Progress: In July 2025, Brazil was officially removed from the UN Hunger Map after reducing undernourishment to less than 2.5% of the population—a milestone that reflects the impact of effective public policies implemented since 2023. Programs such as the revamped Bolsa Família, support for family farming, expanded school meal programs, and the Brazil Without Hunger Plan were key to reducing food insecurity, extreme poverty, and social inequality. Declining unemployment, rising incomes for the poorest segments, and the creation of formal jobs—especially among social registry beneficiaries—also contributed to this achievement, which has been internationally recognized as a historic milestone for the country.
- Brazil unemployment rate reaches record low for May. In the quarter ending May 2025, Brazil's unemployment rate fell to 6.2% — the lowest for this period since 2012 and just above the all-time low of 6.1% in late 2024 — with 6.8 million jobseekers, down by 955 thousand from a year earlier. The country now has 103.9 million people employed, showing a resilient labor market. Record levels of formal contracts, higher incomes, and fewer discouraged workers reflect a solid economy.

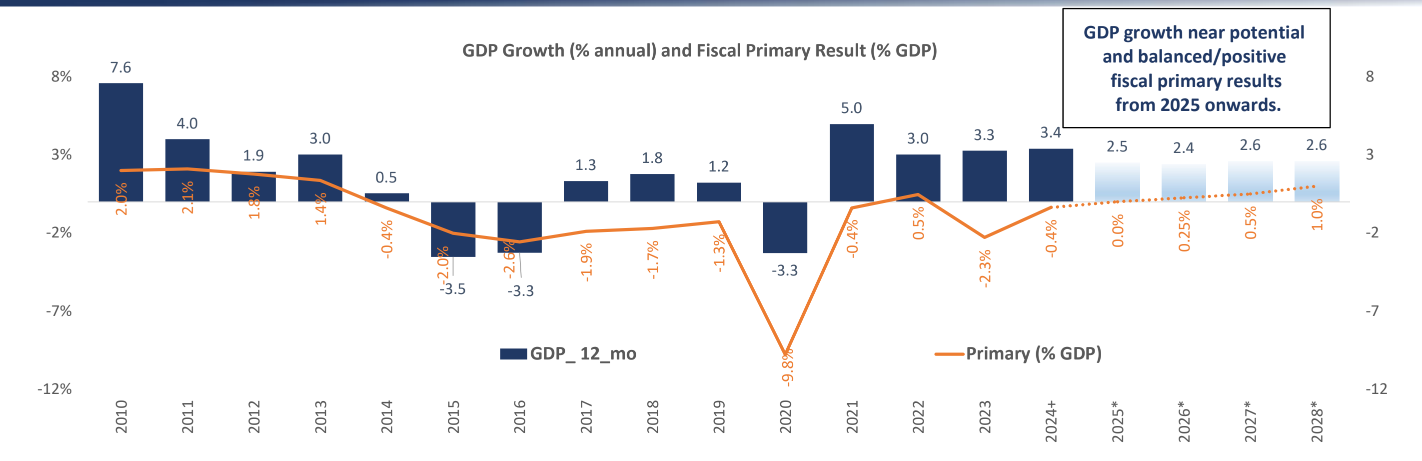


*2020: six-months-ahead GDP expectation **2025: Real GDP Q12025, accumulated in 4Q

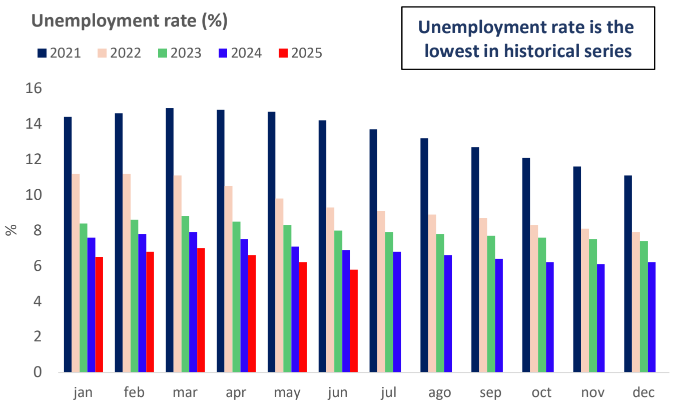
	2019	2020	2021	2022	2023	2024	2025
GDP (% YoY)	1.22	-3.28	4.76	3.02	3.24	3.40	*2.5 (*)*
Consumer Inflation IPCA (% YoY)	4.31	4.52	10.06	5.79	4.62	4.83	*4.9 (*)*
Current Account (USD bi)	-65.0	-24.9	-40.4	-42.2	-27.9	-57.9	*-56.0 (**)*
Foreign Investment in the Country (USD bi)	69.17	38.27	46.44	74.61	62.44	71.07	*70.0 (**)*
International Reserves (USD bi)	357	356	362	325	355	330	*349 (12 Aug)*
Unemployment rate (%)	11.1	14.2	11.1	7.9	7.4	6.2	*5.8 (***)*
General Government Gross Debt (% GDP)	74.4	86.9	77.3	71.7	73.8	76.5	*80.70 (**)*
Ibovespa Index (BRL, % chg.)	31.6	2.9	-11.9	4.7	22.3	-10.4	*13.6 (ytd)*
CDS 5 years (year average)	108	151	222	250	140	188	*171*
Interest rate (Selic Target) (%, eop)	4.50	2.00	9.25	13.75	11.75	12.25	*15 (**)*

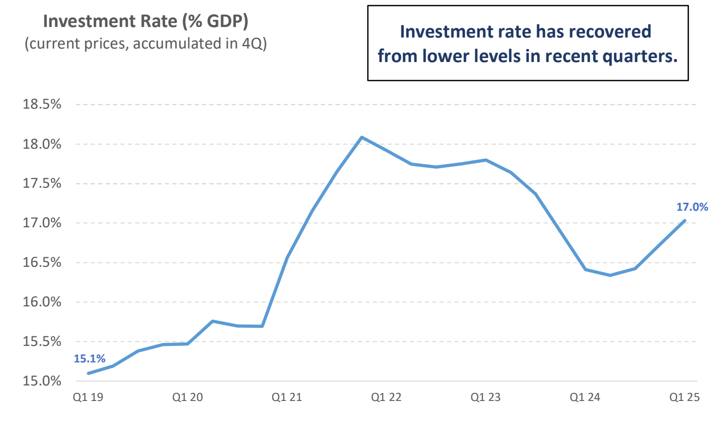
Estimates: (*) Ministry of Finance Macroeocomic Projections, Jul. 11,2025; (**) Focus Survey, Central Bank of Brazil, Aug. 8, 2025; (***) Last date

BRAZIL: ECONOMIC OUTLOOK



+Without Rio Grande do Sul state disaster expenditures, 2024 primary result was - 0.1% of GDP, within the fiscal Framework Target band.
* From 2025 onwards, GDP forecasts from the Ministry of Finance (May/25) and Primary Result Targets from the Fiscal Framework.





Sources: BCB, Min. of Finance, Bloomberg, IBGE

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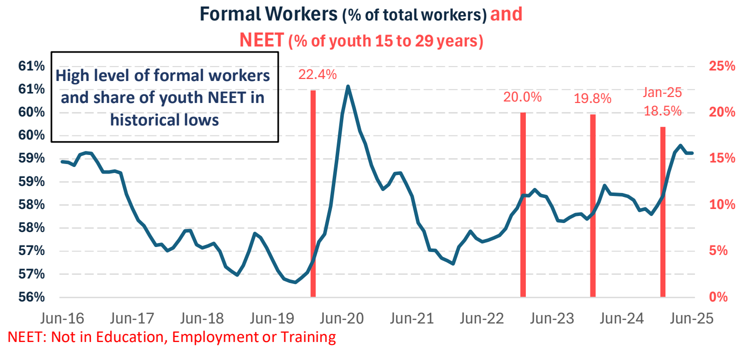

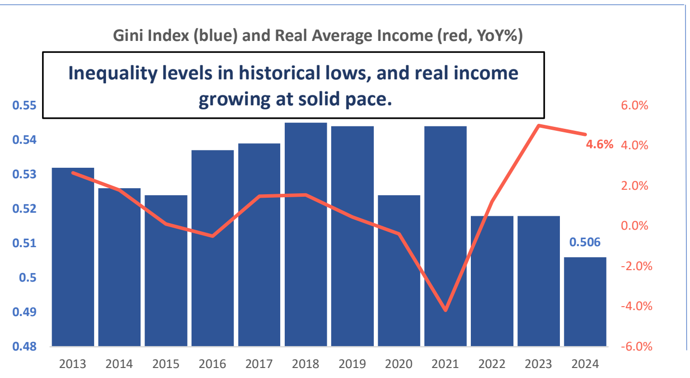

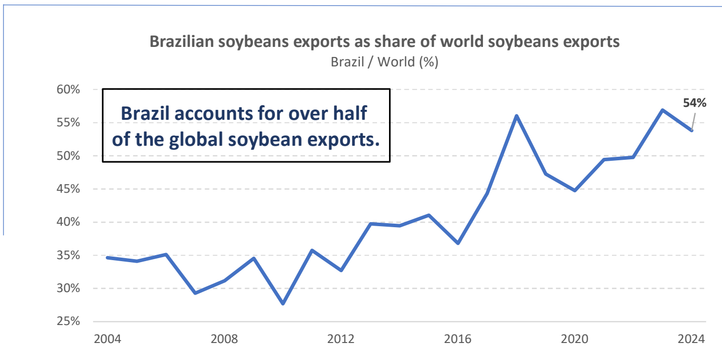

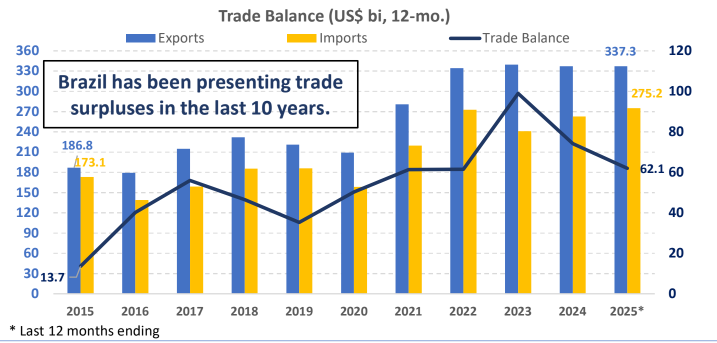

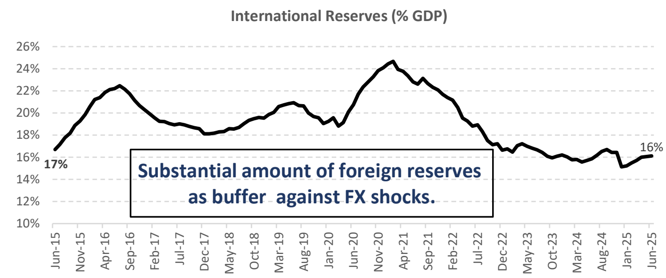

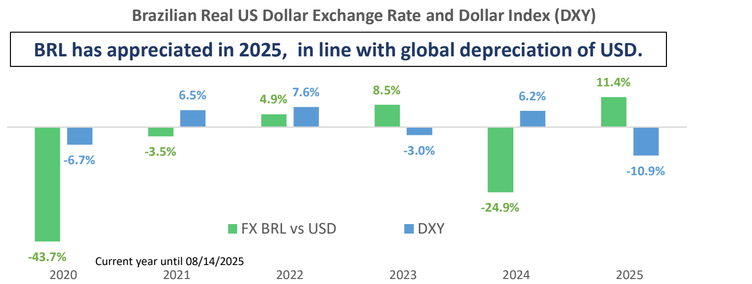

Sources: BCB, Bloomberg, IBGE, MDIC

Brazil – Main Macroeconomic Indicators

* The Brazilian economy has shown robust performance, with GDP growth exceeding expectations in recent years — 3.2% in 2023 and 3.4% in 2024, slowing to 2.5% in 2025, in line with its potential. On the demand side, growth has been sustained by strong domestic consumption. On the fiscal front, the primary result has achieved the target in 2024 (-0.1% of GDP), excluding the extraordinary spending related to disasters in Rio Grande do Sul. Finally, the investment rate, after declining during the pandemic, has been gradually recovering, reaching 17% of GDP in the first quarter of 2025, driven by the production of capital goods and machinery and equipment. Together, these factors indicate a scenario of moderate growth, consistent with strong macroeconomic fundamentals and higher investment capacity.

* On the labor market, the indicators have shown resilience. The unemployment rate reached 5.8% in the second quarter of 2025, the lowest level for the period since 2012. There is also an increase in formalization, with a high share of formal jobs in the labor force (over 59 %). The proportion of young people aged 15 to 29 who are not in education, employment, or training (NEET) fell to historically low levels (18.5% in 2024). From an income distribution perspective, there is a downward trend in the Gini index and a consistent rise in the population's average real income in recent years. This data indicates a strengthening of the labor market, and a reduction in inequality.

* Regarding Brazil's foreign trade, it is possible to see a consistent performance in recent years. The country has maintained significant trade surpluses — reaching around US$ 62.1 billion in the 12 months through july 2025 — as a result of exports remaining at higher levels than imports. The export portfolio has one of its important pillars in agribusiness, with Brazil leading global soybean exports, accounting for more than 50% of the world total, consolidating the country role as a bedrock of global food security.

* In terms of exchange rate, the Brazilian real has appreciated against the U.S. dollar in 2025, following a global trend of weakening of the American currency this year. This exchange rate appreciation helps to reduce inflationary pressures by lowering the cost of imported goods, although it may negatively affect exports. Meanwhile, Brazil maintains a robust level of international reserves, reaching around 16% of GDP in June 2025. This substantial volume of FX reserves serves as an important buffer against external volatility and exchange rate shocks. They reinforce the credibility of economic policy and the country's ability to respond in adverse scenarios.

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Ministry of Finance Highlights

- **Dec/2022** — Gov Transition Constitutional Ammendment
- **Jul/2023** — Debt Renegotiation Program for Individuals
- **Aug/2023** — Fiscal Framework Implementation
- **Dec/2023** — Approval of legislation of the tax reform on consumption
- **May/2024** — Debt Renegotiation Program for MSMEs
- **Oct/ 2024** — First EcoInvest Auction
- **Dec/2024** — * Strengthening of the fiscal framework, while preserving social welfare * Carbon market Law approved in Congress
- **Jan/2025** — Start of administrative implementation of tax reform on consumption
- **Mar/2025** — Tax reform on personal income sent to Congress
- **Apr/2025** — Launch of the COP 30 Circle of Finance Ministers
- **Aug/2025** — Sovereign Brazil Plan

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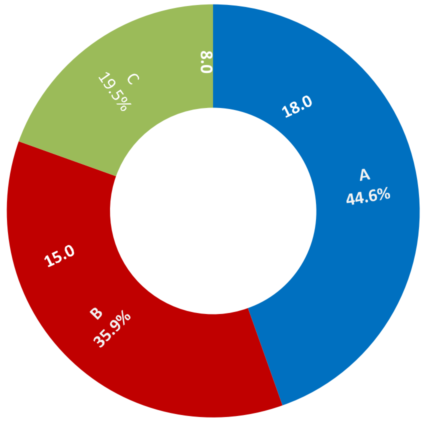
GOVERNO FEDERAL BRASIL UNIÃO E RECONSTRUÇÃO

US Tariffs on Brazillian Goods and Federal Government Contigency Plan

US Tariffs on Brazilian Goods

In July 30th 2025, the USA imposed on Brazil an additional 40% trade tariff, on top of the original 10% tariff imposed on April 2nd 2025, composing a **50% total additional tariff.**
After this announcement, about **44.6% of Brazilian exports to the U.S.** (equivalent to US$18 billion in 2024) **were excluded from the additional 40% tarrif, remaining only with a 10% additional tariff,** including aircraft, pulp, oil and iron ore.
In fact, **the 50% total additional tariff will affect 35.9% of exports** (equivalent to US$14.5 billion in 2024), including goods such as coffee, meat, sugar and fish.
Another 19.5% (equivalent to US$ 8 billion in 2024) **remains subject to specific tariffs** already in place, such as those under Section 232 (e.g. autoparts and automobiles, steel, aluminum, copper).

Brazilian Exports to USA in 2024 - Share (%) and total (US$ billions)



A: Products expressly excluded from the executive order of July 30th (additional tariff of up to 10%)

B: Products subject to the executive order of July 30th (additional tariff of 50% = 10% + 40%)

C: Products subject to specific tariffs, applied to all countries (Section 232) Tariffs of 25% apply to auto parts and automobiles; 50% to steel, aluminum, and copper.

Source: MDIC/Secex

Chapter NCM	Description (USD Million)	Share of A	Share of B	Share of C
	Total	**44.60%**	**35.90%**	**19.50%**
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	100.00%	0.00%	0.00%
72	Cast iron, iron and steel	29.40%	2.10%	68.50%
84	Nuclear reactors, boilers, machinery, mechanical appliances, and parts thereof	24.00%	54.70%	21.30%
88	Aircraft and spacecraft, and parts thereof	100.00%	0.00%	0.00%
9	Coffee, tea, maté and spices	0.00%	100.00%	0.00%
47	Wood pulp or other fibrous cellulosic material; waste and scrap paper or paperboard	100.00%	0.00%	0.00%
44	Wood, charcoal and wood products	0.70%	0.00%	99.30%
85	Electrical machinery and equipment and parts thereof; sound and image recording and reproducing apparatus, and parts and accessories	43.30%	49.40%	7.30%
20	Preparations of vegetables, fruit or other parts of plants	66.40%	33.60%	0.00%
2	Meat and edible meat offal	0.00%	100.00%	0.00%
28	Inorganic chemicals; compounds of precious metals, radioactive elements, rare-earth metals or isotopes	74.80%	25.20%	0.00%
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	56.80%	43.20%	0.00%
17	Sugars and sugar confectionery	0.00%	100.00%	0.00%
87	Automobiles, tractors, cycles and other terrestrial engine vehicles, and parts and accessories thereof	0.00%	49.40%	50.60%
40	Rubber and articles thereof	6.80%	30.80%	62.50%
29	Organic chemicals	3.40%	96.60%	0.00%
26	Ores, slag and ash	98.70%	1.30%	0.00%
16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	0.00%	100.00%	0.00%
73	Articles of iron or steel	3.40%	1.00%	95.70%
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.00%	100.00%	0.00%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories	40.60%	59.40%	0.00%
21	Miscellaneous food preparations	0.00%	100.00%	0.00%
93	Arms and ammunition; parts and accessories thereof	0.00%	100.00%	0.00%
71	Natural or cultured pearls, precious or semi-precious stones, precious and plated metals, and articles thereof; imitation jewelry; coins	56.60%	43.40%	0.00%
33	Essential oils and resinoids; perfumery, cosmetic or toiletry preparations	0.00%	100.00%	0.00%
76	Aluminum and articles thereof	0.00%	0.00%	100.00%
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	0.40%	99.60%	0.00%
39	Plastics and articles thereof	9.60%	90.40%	0.00%
35	Albuminoidal substances; modified starches; glues; enzymes	0.00%	100.00%	0.00%
24	Tobacco and manufactured tobacco substitutes	0.00%	100.00%	0.00%
-	Others	1.50%	90.80%	7.70%

Source: MDIC /SECEX

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Sovereign Brazil Plan

Summary

Emergency Measures

The Brazilian Government has launched on Wednesday (13/8), the **Sovereign Brazil Plan**, an initial set of measures to mitigate the economic impacts of the unilateral increase, by up to 50%, of import tariffs on Brazilian products announced by the US government on July 30.
The actions seek to protect Brazilian exporters, preserve jobs, encourage investments in strategic sectors and ensure the continuity of the country's economic development.
The Plan is composed of actions separated into three axes: strengthening the productive sector; protection of workers; and trade diplomacy and multilateralism.

Strengthening the Productive Sector	Credit line of R$ 30 billion, modernization of export guarantee, deferral of federal taxes, extension of deadlines under the drawback regime, and government procurement.
Protection of Brazilian Workers	Commitment to job maintenance and establishment of the National Chamber for Employment Monitoring.
Trade Diplomacy and Multilateralism	Opening of new markets, continuation of negotiations with the U.S. government, and action at the WTO.

Sovereign Brazil Plan		
Credit line	**R$ 30 billions**	**US$ 5.5 billions**
Contribution to guarantee funds	**R$ 4.5 billions**	**US$ 0.84 billion**
Investment Guarantee Fund (FGI)	R$ 2 billions	US$ 0.37 billion
Foreign Trade Operations Guarantee Fund (FGCE)	R$ 1.5 billion	US$ 0.28 billion
Operations Guarantee Fund (FGO)	R$ 1 billion	US$ 0.19 billion
Reintegra limit (tax credit)	**R$ 5 billions**	**US$ 0.93 billion**

AXIS 1 - Strengthening the productive sector

Lines of credit

→ R$ 30 billion (~US$ 5.5 billion) from the Export Guarantee Fund (FGE) will be used as funding for granting credit, allowing affordable rates.
→ Priorities by: dependence of revenue on exports to the US; type of product and company size. The most affected companies will be prioritized.
→ Small and medium-sized companies will also be able to resort to guarantee funds to access credit.
→ Access to the lines will be conditional on the maintenance of the number of jobs.

Extension of deadlines for the drawback regime

→ Exceptional extension of the deadline for proving the export of products manufactured from inputs imported or acquired in Brazil with tax suspension.
→The government will extend, **for one year**, the deadline for companies to be able to export their goods that had inputs benefited by the regime. These products can be exported to the USA or to other destinations. As a result, they will not have to pay fines and interest if they are unable to export to the US within the originally scheduled deadline.
→The measure applies to companies that contracted exports to the United States that would occur by the end of this year. Of the US$ 40 billion exported in 2024 to the United States, US$ 10.5 billion were carried out via the drawback regime.

Deferral of federal taxes

→ The Federal Revenue Service is authorized to make deferral of tax collection for the companies most affected by the tariff.
→ How it will work: postponement of payment for the next **two months** for the most affected companies.

Public procurement: support for rural producers and agribusinesses

→ Extraordinarily, by infra-legal act, the Union, States and Municipalities will be able to make purchases for their **food programs** (for school meals, hospitals, etc.) through a simplified procedure and average market price, ensuring transparency and control of the processes.
→The measure applies only to products affected by unilateral surcharges.

Modernization of the export system

→ Expansion of the **export guarantee** rules, an instrument that protects the exporter against risks such as default or cancellation of contracts.
→ The changes aim to strengthen exporting companies of medium and high technological intensity and productive investments in the green economy.
→The Sovereign Brazil Plan will allow banks and insurance companies to use this guarantee in more types of operations.
→It provides risk-sharing mechanisms between the government and the private sector, using the Foreign Trade Guarantee Fund (FGCE) as a mechanism for first losses, increasing access to credit and reducing costs.

Guarantee funds

→ Additional investments of **R$ 2 billion (US$ 0.37 billion)** in the Investment Guarantee Fund (FGI) of the BNDES, **R$ 1.5 billion (US$ 0.28 billion)** in the Foreign Trade Guarantee Fund (FGCE), and **R$ 1 billion (US$ 0.19 billion)** in the Operations Guarantee Fund (FGO) of the Bank of Brazil, aimed primarily at the access of small and medium-sized exporters. Access to the lines will be conditional on the maintenance of the number of jobs.

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Sovereign Brazil Plan

AXIS 1 - Strengthening the productive sector

New Reintegra for affected companies

→ The Special Regime for the Reintegration of Tax Values (Reintegra) for Exporting Companies returns to Brazilian exporters part of the taxes paid along the production chain, in the form of tax credits, helping to reduce costs and increase competitiveness in the foreign market.

→ The measure anticipates the effects of the Tax Reform, relieving the export activity.

Currently, large and medium-sized companies of industrialized products have a rate set at 0.1%; while micro and small companies, through the Acredita Exportação program, receive back 3% of the rate.

→ The measure increases by up to 3 percentage points the benefit for companies whose exports of industrialized products were harmed by unilateral tariff measures.

In other words, to remain competitive in the North American market, large and medium-sized companies now have up to 3.1% of the rate, and micro and small

AXIS 2: Protection for the worker

The Sovereign Brazil Plan creates the National Employment Monitoring Chamber to monitor the level of employment in companies and their production chains, inspect obligations, benefits and labor agreements, and propose actions aimed at preserving and maintaining jobs.

The action will be coordinated at the national and regional level via Regional Chambers in the Regional Labor Superintendencies.
Among the planned attributions are:

→ Monitor diagnoses, studies and information regarding the level of employment in companies and subsectors directly affected by US tariffs.
Expand the analysis to identify indirect impacts on the generation and maintenance of jobs in companies in the production chain. Monitor obligations, benefits, and payroll repercussions arising from agreements to preserve jobs and mitigate the effects of U.S. tariffs.
→ Promote collective bargaining and conflict mediation to maintain employment.
→ Apply mechanisms related to emergency situations, such as lay-off and temporary suspension of contracts, within the law.
→ To supervise the fulfillment of the agreed obligations and the maintenance of jobs through the Labor Inspectorate.
→ Use the regional structure of the Labor Superintendencies to engage workers and employers in negotiations to meet the needs of affected companies.

AXIS 3: Trade diplomacy and multilateralism

The Sovereign Brazil Plan also acts on the external front to expand and diversify markets, reducing the dependence of Brazilian exports on the United States. In the area of trade diplomacy and multilateralism, Brazil has advanced in the negotiations of agreements that open up new opportunities for national companies:

→ Negotiations concluded: European Union; EFTA
→ Under negotiation: United Arab Emirates and Canada
→ In the process of dialogue: India; Vietnam.

These initiatives strengthen Brazil's international insertion, expand the range of destinations for national products and increase the resilience of the economy in the face of unilateral trade barriers. It is worth remembering that, in less than three years, the country opened about 400 new markets.

Brazil remains open to constructive dialogue with the United States, seeking negotiated solutions that reestablish fair and balanced conditions for bilateral trade, for the benefit of producers, workers and consumers of both countries.

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