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FEATURED Q&A

What Did BRICS Members Achieve at Their Rio Summit?

Last week's BRICS summit in Rio de Janeiro brought together leaders including Chinese Premier Li Qiang and the summit's host, Brazilian President Luiz Inácio Lula da Silva. // Photo: Brazilian Government.

Q BRICS leaders met on July 6 and 7 in Rio de Janeiro to address some of the biggest challenges faced by developing nations, including increased trade barriers and climate change. In a joint statement, BRICS leaders voiced "serious concerns with the unilateral imposition of trade and finance-related actions," and also called on wealthy nations to do more to support the global transition away from fossil fuels. What did the BRICS nations accomplish from the meeting beyond the joint ministerial statement? How much progress did they make in areas such as conflict resolution, climate change and global trade? How did the summit reflect the state of Brazil's leadership on global issues?

A Tara Hariharan, managing director and head of Global Macro Research at NWI Management LP: "In their joint declaration, the BRICS nations in Rio broadly defended multilateralism and international law, the Paris climate accords and the interests of the developing world. The group seeks greater representation in the U.N. Security Council and larger IMF/World Bank quotas. It envisions a five-year roadmap to finance efforts to address climate change, and proposes multilateral investment guarantees for developing nations' infrastructure and development. While not mentioning the United States, the 'indiscriminate use of tariffs' was decried, prompting President Trump's threat of 10 percent tariffs; Trump earlier suggested 100 percent tariffs should BRICS seek to shun the dollar, which they do not, although they espouse diversified trade in multiple currencies. The bloc advocated peaceful dispute resolution, including in Gaza, but criticized rising West-

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TODAY'S NEWS

ECONOMIC

U.S. to Impose 17% Tariff on Mexican Tomato Imports

The administration of U.S. President Donald Trump announced Monday that it will impose tariffs of 17 percent on imports of tomatoes from Mexico. The administration is ending an agreement dating from the 1990s that will allow the tariffs to take effect.

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ECONOMIC

Tariffs Could Cut Brazil's GDP by 0.8 Points: Report

The 50 percent tariffs that U.S. President Donald Trump has threatened to impose on imports from Brazil could reportedly cut Brazil's GDP by up to 0.8 percentage points.

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POLITICAL

Taiwan's President to Visit Paraguay Next Month

Taiwanese President Lai Ching-te is planning to visit Paraguay next month, Paraguayan President Santiago Peña announced Monday.

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Lai // File Photo: Office of the President of the Republic of China.

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ECONOMIC NEWS

U.S. to Impose 17% Tariff on Mexican Tomato Imports

The administration of U.S. President Donald Trump announced Monday that it will impose a 17 percent tariff on imports of tomatoes from Mexico, The New York Times reported. In imposing the tariff, the administration is terminating a decades-old agreement that had prevented such levies from taking effect. "Mexico remains one of our greatest allies, but for far too long our farmers have been crushed by unfair trade practices that undercut pricing on produce like tomatoes," Commerce Secretary Howard Lutnick said in a statement. "That ends today. This rule change is in line with President Trump's trade policies and approach with Mexico," he added. The tariffs are rooted in a case that U.S. tomato producers brought their competitors in Mexico in 1996, alleging that Mexico was dumping tomatoes in the United States to the detriment of U.S. growers, The New York Times reported. A trade court in the United States sided with the U.S. growers and ordered tariffs against the Mexican produce. However, five times since then, most recently in 2019, U.S. officials agreed to suspend the levies as long as growers in Mexico maintained their prices above a certain level. Representatives of the two countries have been in talks about a new agreement, but the discussions ended without a deal, the Associated Press reported. Supporters of tariffs on Mexican tomatoes said the levies will help to support the tomato industry in the United States. The move is "an enormous victory for American tomato farmers and American agriculture," said Robert Guenther, the executive vice president of the Florida Tomato Exchange trade group, the AP reported. Mexico supplies approximately 70 percent of the tomato market in the United States, up from 30 percent 20 years ago, according to the group. Opponents of the tariffs said they will make tomatoes more expensive in the United States. "It's unfair and against not only Mexican producers, but on the American industry. The ground that Mexican fresh tomatoes has gained in the U.S. is because of the quality of the product, not from unfair practices," said Mexican Economy Secretary Marcelo Ebrard, the AP reported. The decision will "only affect the pockets of American consumers," he said.

Tariffs Could Cut Brazil's GDP by 0.8 Points: Report

The 50 percent tariffs that U.S. President Donald Trump has threatened to impose on imports from Brazil could cut the South American nation's gross domestic product by between 0.3 and 0.8 percentage points this year, UPI reported Monday, citing Brazilian economists and consulting firms. Latin America's largest economy could see an export loss of between $12 billion and $17 billion, which represents 3.6 percent to 5 percent of its total exports, Rogério Marin, CEO of Tek Trade and president of the Foreign Trade Companies Union of Santa Catarina, told Brazilian digital outlet Agricultura y Negocios, UPI reported. That could mean a loss of as much as 0.8 percentage points of GDP, he added. Investment and financial services firm XP estimates that the tariffs could lower Brazil's GDP by 0.3 percentage points this year and 0.5 percentage points next year, with Brazilian exports to the United States falling by $6.5 billion this year and $16.5 billion next year, the wire service reported. The proposed tariffs would hit Brazil's agriculture sector hard, said agribusiness firm FGVAgro, UPI reported. "Food exports are estimated to fall by as much as 75%, which could cause a contraction of up to 0.41% in Brazil's GDP. Domestic consumption is also projected to decline by as much as $13 billion," the firm said. Trump threatened the 50 percent tariffs last week, citing Brazil's prosecution of his ideological ally, former President Jair Bolsonaro, who is accused of overseeing a plot to stay in power after his 2022 election defeat to now-President Luiz Inácio Lula da Silva; Bolsonaro denies wrongdoing. In a letter to Lula, Trump called the trial "a Witch Hunt that should end IMMEDIATELY!," The Washington Post reported.

NEWS BRIEFS

Taiwan's President to Visit Paraguay in August

Taiwan's president plans to visit Paraguay next month, Paraguayan President Santiago Peña announced Monday, Reuters reported. Taiwanese President Lai Ching-te also plans to visit Belize in his August trip, sources told the wire service. Lai will likely make a transit stop in the United States as he travels to Central and South America, Reuters reported. It's unclear whether Lai will also visit Guatemala, which is the third country in Latin America (and the eleventh globally) to maintain relations with Taiwan instead of the People's Republic of China.

Japan-Based Shipbuilder Positions Oil Vessel for Shipment to Guyana

Japanese shipbuilder MODEC has transferred a floating storage, offloading and production oil vessel (FPSO) to Singapore in preparation for it to be shipped to Guyana next year, news site Offshore Energy reported today. The vessel will be the fifth active oil production site in Guyana's offshore Stabroek Block, which is operated by a consortium of companies led by ExxonMobil. The companies plan to begin 250,000 barrels per day of oil production from the FPSO next year, Offshore Energy reported.

U.S. Congress Considering Measure on Security Cooperation With Guyana

The U.S. Congress is considering legislation to strengthen security cooperation with Guyana amid its tensions with Venezuela. The bill would require the U.S. secretary of defense to report to Congress on the "state of current security cooperation between the United States and Guyana and whether additional U.S. assistance is necessary to deter a potential Venezuelan attack on Guyana," said the bill's sponsor, Senator Michael Bennet (D-Colo.).

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BUSINESS NEWS

U.S. Judge Delays Enforcement of Order on YPF

A U.S. district court judge on Monday issued a three-day pause of the enforcement of a ruling for Argentina's government to give up its 51 percent stake in state-run oil company YPF in order to repay creditors, Bloomberg News reported. U.S. District Judge Loretta Preska last month had ordered Argentina's government to hand over its shares in order to partially satisfy a 2023 judgment for the company to repay minority partners of Repsol; Argentina's government had purchased YPF from the Spanish firm in 2012 as part of a partial nationalization of the country's oil and gas sector. Repsol's shareholders argue they were not appropriately compensated for their stakes in the company, which lost significant value after nationalization. Two of those shareholders that held substantial positions in Repsol in 2012 are being represented in court by Burford Capital, a litigation funder. On June 30, Preska set a deadline of Monday for Argentina to pay $16 billion to Burford Capital, part of the value of which must be accounted for with the Argentine government's stake in YPF, currently valued at approximately $6.4 billion. The legal team representing Argentina's government on July 10 filed an appeal to Preska's enforcement ruling, arguing that the U.S. judge lacks jurisdiction to order YPF's sale and requesting a multiple-month pause, Reuters reported. Preska on Monday opted extend the appeals process for just three days—until Thursday—saying her ruling that Argentina "continues to delay and circumvent its obligations," Bloomberg News reported. "The stakes could not be higher," the Argentine government's legal team wrote in its appeals court filing last week, according to Reuters. YPF is Argentina's largest hydrocarbons firm by output and revenue; it accounted for more than 70 percent of natural gas production and 30 percent of crude oil output last year, according to government data.

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ern military spending and condemned strikes on Iran's nuclear facilities (not naming Israel and the United States) and Ukrainian attacks on Russian civilian infrastructure. The BRICS nations champion multilateralism, climate action and emerging market development finance at a moment when the U.S. deprioritizes these arenas. Yet, despite comprising 40 percent of global GDP, BRICS' influence is fractured: China and Russia seek to challenge the Western order while others like India wish to avoid alienating the United States and resent China's behemoth economic clout. Achieving a joint statement and the focus on the environment and multilateral reform were coups for host Brazil, which will host COP30 in November. However, the impending 50 percent U.S. tariff on Brazil may partly have been precipitated by President Lula's own criticism of tariffs and emphasis on seeking trading alternatives to the dollar."

John Polga-Hecimovich, associate professor of political science at the United States Naval Academy: "The summit seems to have reflected the gap between Brazil's global leadership ambitions and reality. To begin, of the 10 BRICS members, Russia and Iran sent only their foreign ministers to Rio, while China sent Premier Li Qiang in place of Xi Jinping. And while Brazilian president Lula da Silva pushed his administration's foreign policy priorities, such as reforms to the United Nations Security Council and boosting international cooperation on poverty reduction and climate action, media coverage of the event was overshadowed by conflicts in the Middle East, such as the Israeli and U.S. attacks on Iran. Brazil also enjoyed limited success in pushing its goal of Latin American integration. While some leftist leaders from the region attended the summit, Colombian President Gustavo Petro, as well as presidents from the center and right, did not. Although Brazil emphasized issues such as economic development and climate rather than the use of local currencies in intra-BRICS trade, the meeting still provoked the ire of Donald Trump, who threatened over social media 10 percent tariffs on countries that align themselves with 'the anti-American policies of BRICS.' In response, the group issued a declaration criticizing the 'proliferation of trade-restrictive actions, whether in the form of indiscriminate raising of tariffs.' In this sense, Trump allowed Lula the chance to be more assertive and portray himself as a defender of BRICS and the Global South. Coincidentally or not, Trump announced two days later that the United States would apply a 50 percent tariff on all goods from Brazil for its treatment of former President Jair Bolsonaro—a measure that may push Brazil to shore up ties with its Asian partners and further strengthen its resolve within BRICS."

Allison Fedirka, director of analysis at Geopolitical Futures: "The 17th BRICS Summit produced limited tangible results. The ministerial statement did not take any strong stance on controversial issues (such as the war in Ukraine) nor did it call for clear-cut, concrete actions to be taken by all members of the group. The areas in which it was most vocal, such as trade barriers, reflect an opinion shared by the broader international community and are not unique to the bloc. However, the summit did offer a high-profile platform for the Global South to express members' vision for the new, emerging international order and provided the opportunity for many Global South countries to directly discuss their respective bilateral and multilateral ties. Brazil has struggled to assert global leadership, and this summit was no exception. Much of what the ministerial declaration asserted—the role of developed countries fighting climate change, trade barriers, U.N. Security Council seats—are not new ideas. Furthermore, the items can all be framed as ones that reflect Brazil's national interests and that happen to coincide with the broader BRICS view. The

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impediment to Brazil's growing international leadership has been Brasília's reluctance to take a strong stance on divisive issues and assume responsibility for the political and economic fallout that comes with such moves. Until Brazil is ready to accept the consequences of being a potential disruptor, it will be limited in its leadership ability."

Tapen Sinha, professor of risk management at the Instituto Tecnológico Autónomo de México: "Three important things happened at the BRICS summit: Indonesia formally joined the bloc, President Xi of China was conspicuously absent, as was President Putin of Russia. China is the world's largest carbon dioxide emitter, at 27 percent of global carbon dioxide. India, Russia, Indonesia and Brazil make up for another 16 percent. Thus, BRICS countries have a significant impact on climate change. Their future contribution to greenhouse gas will have a significant global impact. Last year, the BRICS summit announced an initiative to discuss creating a gold-backed currency. It seemed serious at the time. But the freshly concluded BRICS-2025 summit did not present any concrete moves toward achieving that objective at all. Instead, the 31-page Rio de Janeiro joint declaration contained some reassurances about the global importance of the U.S. dollar. Two things have happened to President Lula: one internal and one external. Domestically, his government approval went down to 28 percent in June from 29 percent in April, while the disapproval rate increased to 40 percent from 38 percent in the period. Externally, he is being threatened by President Trump to face a 50 percent tariff rate over the trial of ex-president Bolsonaro. Brazil exported 12 percent of its goods to the United States. That amounts to less than 2 percent of Brazil's GDP. A 50 percent tariff is therefore an empty threat. Instead, it would ironically boost President Lula's popularity inside Brazil."

> **"BRICS countries have a significant impact on climate change."**
>
> **— Tapen Sinha**

Carlos Fara, president of Fara Veggetti and president of the Asociación Internacional de Consultores Políticos: "The BRICS nations are achieving some political and economic coordination in the face of an international scenario that is more complex than ever, and with atypical leadership in the United States. In particular, they also assuaged Iran's demand for a stronger statement regarding the conflict with Israel. Given the power pole they represent, their voice on Trump's tariff policy affects market expectations. In other areas, progress has not been very significant, as is often the case in such settings, due to the complexity of overlapping interests. Brazil proposed creating an international currency alternative to the dollar, which has generated discomfort with the United States and led to an increase in tariffs on products from the South American country. It also proposed new financing strategies for countries in the Global South, topics that are no longer new in this forum. Thus, it aims to elevate its global visibility in front of powers like Russia, China and India."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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