

October 22, 2020

President Donald J. Trump
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President,

While we were encouraged by this week's announcement regarding updates to the U.S.-Brazil Agreement on Trade and Economic Cooperation (ATEC)¹, I write today to emphasize that ethanol trade between the United States and Brazil remains heavily unbalanced and unfairly skewed in Brazil's favor. At the same time Brazil's ethanol industry enjoys duty-free access and policy-based incentives to export to the U.S. market, American ethanol producers are facing uncertain trade policies and significant barriers to entry into the Brazilian marketplace. This situation is exacerbating the economic harm already being experienced in the U.S. ethanol industry due to the negative effects of COVID-19 on world fuel demand.

On August 31, Brazil let its tariff-free quota on U.S. ethanol imports expire, resulting in the imposition of a 20 percent tariff on all U.S. ethanol imports. But then on September 14, Brazil temporarily reinstated a pro rata tariff-free quota on ethanol imports for 90 days.² A joint statement from the U.S. Trade Representative (USTR) and Brazilian trade officials on September 11 stated that negotiations would continue during the 90-day period, with the goals of "...ensur[ing] that the ethanol industries in both countries will be treated fairly" and "...achiev[ing] reciprocal and proportional outcomes that generate trade and open markets to the benefit of both countries."³

Unfortunately, it does not appear that any further progress is being made toward elimination of Brazil's protectionist ethanol trade policies and restoration of the previous free and fair ethanol trade relationship we enjoyed with Brazil from 2012 to late 2017. Instead, it appears likely that Brazil will allow its temporary tariff-free quota to expire again on December 14, at which time a 20 percent (or higher) tariff could be applied to all ethanol imports from the United States.

Thus, in keeping with USTR's commitment to ensure fair and reciprocal treatment and your own pledge on August 11 to consider reciprocity with respect to Brazilian ethanol

¹ Office of the U.S. Trade Representative. ["United States and Brazil Update Agreement on Trade and Economic Cooperation with New Protocol on Trade Rules and Transparency."](#) Oct. 19, 2020.

² Office of the U.S. Trade Representative. ["Joint Statement on U.S.-Brazil Trade in Ethanol."](#) September 11, 2020.

³ *Id.*

imports⁴, we are urging your Administration to move forward with imposing reciprocal tariffs on ethanol imports from Brazil.

The impacts of the unlevel playing field for ethanol trade have become painfully apparent in recent months. U.S. imports of Brazilian ethanol have surged, with new shipments appearing at U.S. ports in nine of the past twelve weeks.⁵ Year-to-date imports of Brazilian ethanol exceed the volumes imported during same period in 2019 by 15 percent and are at a seven-year high, fueled further by the substantial depreciation in the Brazilian reais that has occurred this year. Additionally, the surge of ethanol imports from Brazil shows no signs of slowing down in the remaining months of 2020.

Meanwhile, U.S. fuel ethanol exports to Brazil have dried up, with no shipments occurring since May. Year-to-date U.S. ethanol exports to Brazil are less than half of the volume shipped during same period in 2018, and 23 percent below the same period in 2019.⁶ It is estimated that Brazil's trade barriers have already resulted in the loss of demand for nearly 350 million gallons of U.S. ethanol valued at nearly \$400 million since late 2017.

While we would strongly prefer to return to the open two-way ethanol trade relationship that we enjoyed with Brazil between 2012 and 2017, it has become clear that the Brazilian ethanol industry (and some of the nation's political leaders) no longer share our desire for free and open markets. As such, it is only fair that the Brazilian ethanol industry face similar trade barriers when seeking access to the U.S. market. We strongly believe that the answer to this trade dispute requires the imposition of reciprocal duties on ethanol imports from Brazil.

Mr. President, we thank you for your efforts to pursue a level playing field and reciprocal treatment with respect to ethanol trade. We stand ready to work with you and your Administration to secure fair and equal trade with Brazil.

Sincerely,

A handwritten signature in black ink that reads "Geoff Cooper". The signature is written in a cursive, flowing style.

Geoff Cooper
President & CEO
Renewable Fuels Association

⁴ The White House. [“Remarks by President Trump in Press Briefing—August 10, 2020.”](#) August 11, 2020.

⁵ Energy Information Administration. [Weekly U.S. Imports of Fuel Ethanol](#) (week ended July 24, 2020–October 9, 2020).

⁶ Energy Information Administration. [U.S. Exports to Brazil of Fuel Ethanol](#)