



August 18, 2025

The Honorable Jamieson Greer
United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Re: Docket ID: USTR-2025-0043: Request for Comments on the Section 301 Investigation of Acts, Policies, and Practices of Brazil Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation

Dear Ambassador Greer,

The Renewable Fuels Association (RFA) greatly appreciates the opportunity to submit these comments in response to the U.S. Trade Representative's (USTR) Request for Comments on the Section 301 Investigation of Acts, Policies, and Practices of Brazil Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation (Docket No. USTR-2025-0043). On behalf of RFA's membership, and the U.S. ethanol industry as a whole, we are extremely grateful to President Trump's Administration for its steadfast commitment to removing unfair barriers to U.S. ethanol exports shipped to Brazil and around the globe.

RFA is the leading trade association for America's ethanol industry. Our mission is to drive growth in American-made renewable fuels and bioproducts for a better future. Founded in 1981, RFA serves as the premier organization for industry leaders and supporters. With over 300 members, we work every day to help America become cleaner, safer, and more economically vibrant.

U.S. Ethanol Export Leadership

Over the last 15 years, the U.S. ethanol industry has been the most consistent global leader in ethanol production and exports. Driven by rising global demand for lower-cost fuels, reduced emissions, and better air quality, the U.S. has been a net exporter of ethanol and has become the dominant ethanol supplier globally. In 2024, U.S. ethanol exports grew 35 percent to an all-time high of 1.9 billion gallons. Canada, the United Kingdom, European Union, India, and Colombia were the top five markets, receiving a

combined 75 percent of U.S. ethanol exports. U.S.-produced ethanol was shipped to 80 countries on all six inhabited continents.

While the U.S. has remained dominant in ethanol production and exports, our nation's ethanol producers and farmers continue to face significant barriers to trade in a number of key markets. Despite long-standing efforts by industry and trade officials to remove certain tariff and non-tariff barriers in Brazil, India, the European Union, Southeast Asia, Mexico, Colombia, and other countries, many impediments have persisted and continue to block or reduce access to key markets.

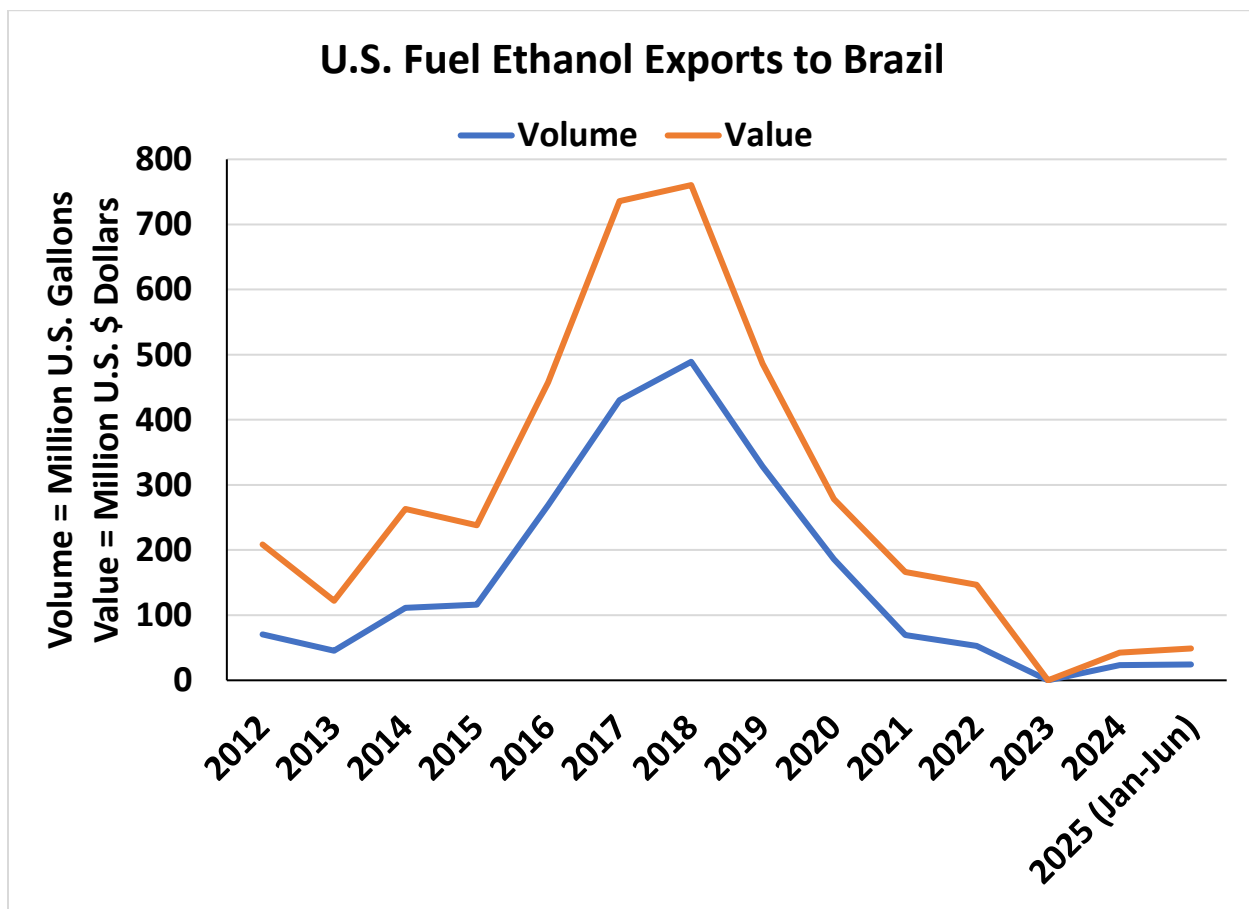
U.S.-Brazil Ethanol Trade and Brazil's Import Tariff Regime

Prior to the implementation of punitive trade barriers, Brazil and the United States enjoyed an open and efficient two-way trading relationship in ethanol. In the past, the United States and Brazil relied upon each other for bilateral trade in ethanol to economically meet our respective national ethanol blending targets, and to help respond to periods of deficit and surplus ethanol production in the two markets. Consistent with this effort, from 2010 to 2017, Brazil and the United States each took action to remove all duties between our two countries in the trade of ethanol. In 2010, Brazil suspended its 20 percent tariff on imported ethanol, in a move that was strongly supported and promoted by Brazil's domestic ethanol industry. Then, in 2011, the United States, in turn, removed its import duty on ethanol and allowed the volumetric ethanol excise tax credit (known as the "blender's tax credit") to expire. As a result, our two nations experienced a dramatic increase in bilateral ethanol trade, with fuel consumers in both nations benefiting from free and fair trade.

However, beginning in 2017, Brazil unilaterally began abandoning this mutually beneficial approach, in an effort clearly intended to disadvantage U.S. ethanol imports. After several years of duty-free ethanol trade, in September 2017, Brazil began imposing a tariff-rate quota (TRQ) on U.S. ethanol of 600 million liters annually, with an out-of-quota rate of 20 percent on imported ethanol. Then in September 2019, Brazil expanded the TRQ to 750 million liters annually. Despite the imposition of the TRQ in 2017, U.S. ethanol exports (including modest volumes over the quota) continued to flow to Brazil over the next several years. U.S. fuel ethanol exports were valued at \$736 million in 2017, a record high of \$760 million in 2018, and \$486 million in 2019.

Then, in a further attempt to disadvantage U.S. ethanol, Brazil in 2020 allowed the TRQ to expire, causing all ethanol imports to face a 20 percent rate, which later changed to 18 percent in November 2021. Since the expiration of the TRQ and the resulting imposition of significantly higher Brazilian tariff rates, U.S. ethanol exports to Brazil have collapsed. While Brazil temporarily eliminated its ethanol tariff in March 2022, it was reinstated at 16

percent on January 31, 2023. Finally, on January 1, 2024, Brazil reset its tariff rate on imported ethanol at 18 percent, where it currently remains today. As a result of Brazil’s volatile application of tariff rates in recent years, U.S. fuel ethanol exports to Brazil fell to zero in 2023 and just \$43 million in 2024. In 2024, exports to Brazil accounted for just 1.3 percent of total U.S. ethanol exports, after accounting for approximately one-third of total U.S. exports as recently as 2018.



Source: U.S. Census Bureau Trade Data (HTS codes 2207106010 and 2207200010)

Brazil’s tariff rates have no doubt had a demonstrable impact on U.S. ethanol exports. While Brazil was once the top export market for U.S. ethanol, the imposition of tariffs (without a duty-free quota) in recent years has essentially closed the market. To make matters worse, while U.S. ethanol faces a significant 18 percent import duty, Brazilian ethanol enters the U.S. market with just a 2.5 percent ad valorem duty, granting Brazilian producers preferential access and market competitiveness in America. At the same time, the U.S. Renewable Fuel Standard (RFS) classifies imported sugarcane ethanol from Brazil as an “advanced biofuel,” while U.S.-produced corn ethanol is classified as a

“conventional renewable fuel.” Under the RFS, “advanced biofuels” generate higher value compliance credits (known as RINs) than “conventional biofuels,” meaning there is an added incentive to import Brazilian ethanol. Further, certain state fuel policies, like California’s Low Carbon Fuel Standard (LCFS), arbitrarily assign a much lower “carbon intensity” value to sugarcane ethanol imported from Brazil, meaning the fuel generates more lucrative carbon credits under the LCFS than American-made corn ethanol.

RenovaBio Program Access

In 2020, Brazil introduced and began implementing a new national biofuels policy, known as RenovaBio. The program is designed to reduce the carbon intensity of Brazil’s transportation fuel matrix by increasing the production and utilization of biofuels. Enacted by the National Energy Policy Council (CNPE), RenovaBio sets annual national decarbonization targets for a period of ten years. These targets are then allocated by the National Agency of Petroleum, Natural Gas, and Biofuels (ANP) to all fuel distributors, who are obligated participants in the policy, based on their market share of fossil fuels.

Individual targets are defined in terms of Decarbonization Credits (CBIOs), a tradable environmental asset equivalent to the avoidance of 1 (one) ton of CO₂eq emissions (carbon dioxide equivalent). The calculation takes into account the difference in greenhouse gas emissions between the biofuel and the substitute fossil fuel based on the life cycle assessment (LCA) from “well to wheel.” CBIO generation falls to biofuel producers, who voluntarily certify their production based on an auditable LCA. Certifying companies, inspection firms, accredited by the ANP, are responsible for verifying and submitting the biofuel producer’s certification process. Upon certification completion, biofuel producers receive energy-environmental efficiency ratings. With the certification process concluded, producers can then issue valuable CBIOs from biofuel sales.

The RenovaBio program is expected to generate 5 billion gallons of new biofuel demand through 2030. However, after five years of implementation, **not a single U.S. ethanol plant has been certified** by ANP under the Renovabio program, thereby limiting access to the carbon credit market inside Brazil. The current design of the program and its certifying mechanism (RenovaCalc) disadvantages U.S. ethanol producers due to 1) the flawed lifecycle assessment of corn, 2) inequitable land use traceability standards, and 3) extensive and unworkable data requirements for U.S. corn ethanol plants. By limiting access to RenovaBio certification, U.S. ethanol exports to Brazil are severely disadvantaged and are losing competitiveness against domestic product.

Currently, there are roughly 300 ethanol plants in Brazil certified and trading CBIOs in Brazil’s domestic market. At the same time, U.S. ethanol producers are denied certification under RenovaBio (and therefore disallowed from generating and trading CBIO

credits), the United States continues to permit Brazil's ethanol derived from sugarcane to qualify as an "advanced biofuel" under the Renewable Fuel Standard and thereby generate valuable RIN credits.

Conclusion

As evidenced by Brazil's punitive ethanol tariff regime and restrictive RenovaBio program rules, Brazil clearly is not committed to fair and reciprocal trade in ethanol. Brazil's treatment of U.S.-produced ethanol creates unnecessary trade barriers, raises costs for consumers, and increases our nation's agricultural trade deficit with Brazil. All of this has occurred while U.S. renewable fuel and trade policies have provided open and unfettered access for ethanol imports from Brazil. Indeed, in many cases, U.S. policy has prioritized the use of Brazilian ethanol over U.S.-produced ethanol made from American-grown crops.

Once again, we greatly appreciate the opportunity to provide information in support of the Trump Administration's efforts to initiate a Section 301 Investigation against Brazil. Please know that we are available to provide any additional information that may be helpful in addressing unjustifiable trade barriers in such an important market for U.S. ethanol.

Sincerely,



Geoff Cooper
President and CEO