



**Testimony of Edward S. Hubbard, Jr., Esq.
Renewable Fuels Association**

USTR Hearing re Notice of Determination Concerning Action Pursuant to Section 301:
Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment
Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property
Protection; Ethanol Market Access; and Illegal Deforestation

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Docket ID: USTR-2026-0331

The Renewable Fuels Association (RFA) greatly appreciates the opportunity to testify in response to the U.S. Trade Representative's Notice of Determination and Request for Comments Concerning an Action against Brazil Pursuant to Section 301. On behalf of RFA's membership, and the entire U.S. ethanol industry, we are extremely grateful to the Trump Administration for its steadfast commitment to removing unfair barriers to U.S. ethanol exports shipped to Brazil and around the globe.

My name is Ed Hubbard. I am General Counsel and Vice President of Government Affairs for the RFA. We are the leading association representing the U.S. ethanol industry.

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. However, despite our nation's dominance 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, including Brazil.

Background: Brazil Section 301 Investigation

Last month, USTR issued its Notice of Determination affirmatively finding that certain of Brazil's acts, policies, and practices related to ethanol market access, are unreasonable and burden or restrict U.S. commerce, and are therefore actionable and remediable under Section 301. Specifically, the Notice concludes that Brazil, in discontinuing its previously balanced tariff treatment and failing to reciprocate U.S. tariff treatment, has denied fair and equitable market opportunities for U.S. ethanol producers.

The Notice further concludes that Brazil's acts, policies and practices in connection therewith are unreasonable and burden or restrict U.S. commerce and thereby warrant the application of a universal 25 percent reciprocal tariff on all imports from Brazil.

The U.S. ethanol industry agrees completely with the findings as outlined in the Notice of Determination and strongly supports the imposition of a 25 percent reciprocal tariff on Brazil's imports as a reasonable and legally justifiable remedy under Section 301.

A Section 301 Action on Ethanol Market Access is Legally Justifiable

Consistent with USTR's Notice of Determination, the RFA agrees with the argument that Brazil, by discontinuing its previously balanced tariff treatment and failing to reciprocate the U.S.' tariff treatment, has denied fair and equitable market opportunities for U.S. ethanol producers.

Prior to the implementation of punitive trade barriers, Brazil and the United States enjoyed an open and efficient two-way trading relationship in ethanol, which resulted in our two nations experiencing a dramatic increase in bilateral ethanol trade. However, beginning in 2017, Brazil unilaterally began abandoning this mutually beneficial approach, instead turning to a pro-tariff policy, clearly erected in an effort to disadvantage U.S. ethanol imports.

As a result this newly applied tariff regime, U.S. fuel ethanol exports to Brazil fell to zero in 2023, just \$43 million in 2024 and \$68 million in 2025. Despite the small increase in imports in 2024 and 2025, exports to Brazil accounted for just 1.3 percent of total U.S. ethanol exports, and 1.8 percent of exports in 2025, after accounting for approximately one-third of total U.S. exports as recently as 2018.

Finally, to add insult to injury, at the same time Brazil's government has imposed its restrictive tariff, Brazilian ethanol exporters have continued to benefit from relatively open U.S. market access, with Brazilian ethanol actually receiving beneficial treatment under the U.S. Renewable Fuel Standard and certain state low carbon fuel policies.

Brazil Imposes Unreasonable Restrictions on RenovaBio Program Access for U.S. Producers

In addition to imposing a punitive tariff on U.S. ethanol imports, Brazil continues to impose burdensome restrictions on U.S. Ethanol Producers with respect to their new Renovabio program.

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. 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 distribution.

Individual targets are defined in terms of Decarbonization Credits (CBIOs), a tradable environmental asset equivalent to the avoidance of 1 (one) ton of CO₂e 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. Upon completion of the certification process, 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, U.S. participation has been virtually non-existent. In fact, not a single plant has been fully certified to produce CBIOs by Brazil's ANP. While it was reported just a week before this investigation was initiated that a U.S. company was partially certified, it remains unclear whether the facility has been able to successfully generate and sell CBIOs.

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 effectively denied certification under RenovaBio, 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.

A Universal 25 Percent Tariff on All Imports is Legally Permissible and Appropriately Sized

Where there is a finding of an act that is unreasonable or discriminatory, and that burdens or restricts U.S. commerce, Section 301 authorizes USTR to (1) impose tariffs or other import restrictions, (2) withdraw or suspend trade agreement concessions, and (3) enter into a binding agreement with the foreign government to either cease the conduct in question or compensate the United States, with a priority being placed on import tariffs over import restrictions. Finally, Section 301 provides that the level of the proposed duties should "affect goods or services of the foreign country in an amount that is equivalent in value to the burden or restriction being imposed by that country on" U.S. commerce.

In this case, USTR is seeking to impose 25 percent reciprocal duty on all goods imported from Brazil, subject to exemptions for certain goods impacted by Section 232 or otherwise identified as critical goods. In electing to impose a 25 percent reciprocal duty on all Brazil's imports, the RFA believes the duties are appropriately sized and properly prioritized over import restrictions. First, USTR is proposing only an import duty, and is not suggesting the imposition of any additional import restrictions on Brazil, therefore prioritizing the former over the latter. Second, the duty is reasonably close in value to the 18 percent duty that has been in place in Brazil for several years, with the difference between the two being only 7 percentage points. In addition, the additional harm to the U.S. ethanol industry resulting from discriminatory implementation of the RenovaBio program undoubtedly justifies a slightly higher tariff rate on Brazilian ethanol than is imposed by Brazil on U.S. ethanol imports.

While USTR has decided to apply the duty universally against other goods imported from Brazil and has not limited it to only ethanol imports, we believe it is appropriately applied to allow the U.S. to successfully reach an amount equivalent *in market value* to the lost value resulting from Brazil's imposition of the tariff on U.S ethanol imports.

In light of the above, the RFA is in strong support of the reciprocal tariff applied to all goods from Brazil, as proposed in the Notice, as a permissible and appropriately-sized remedy.



Once again, we greatly appreciate the opportunity to provide information in support of the Trump Administration's efforts to pursue trade remedies pursuant to Section 301 in response to Brazil's unfair and inequitable treatment of U.S. ethanol exports.

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