

Congress of the United States
Washington, D.C. 20515

August 20, 2020

Office of the U.S. Trade Representative
Ambassador Robert E. Lighthizer
600 17th Street NW
Washington, DC 20508

Dear Ambassador Lighthizer,

As representatives of significant corn- and ethanol-producing districts that would greatly benefit from an equitable trade relationship with Brazil, we ask that creating a level playing field for U.S. ethanol be a high priority during bilateral trade negotiations. Specifically, we request that you urge your Brazilian counterparts to terminate the ethanol tariff rate quota (TRQ) and prohibitive 20% tariff on out-of-quota imports, and instead reinstate the zero-duty exemption for U.S. ethanol from Brazil's Common External Tariff that was in effect from 2012 to 2017.

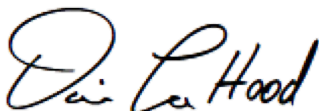
Although our countries maintained a reciprocal policy of applying low or zero duties on ethanol imports for nearly a decade, in recent years, Brazil has increasingly implemented protectionist trade policies towards the U.S. ethanol industry. In September 2017, Brazil unilaterally decided to increase tariffs on ethanol imports through its restrictive TRQ system. Last year, for example, Brazil set an import quota of 198 million imported ethanol gallons and implemented a 20% tariff on each gallon above that. Despite initial claims that the TRQ would be in place only for two years, the Brazilian government extended the policy by another year, and we have reason to suspect that this will once again be extended at the end of this month.

Ethanol is foundational to the trade relationship with Brazil and accounts for nearly half of all U.S. agricultural exports to the country. Brazil was the largest U.S. ethanol export market last year, purchasing 332 million gallons of U.S.-produced ethanol worth \$493 million. This economic activity is injected directly back into the communities we serve in the form of employee wages, feedstock payments to farmers, and continued investments in our ethanol facilities. Unfortunately, Brazilian purchases are down 32% from their peak in 2018 and appear likely to decline again in 2020 as the prohibitive 20% duty continues to hinder U.S. ethanol's economic value in the country. For this strong partnership to continue, it is critical that U.S.-produced ethanol receive fair tariff treatment.

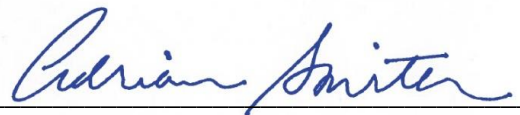
Brazil's inequitable treatment of U.S. ethanol creates economic strain throughout the U.S. ethanol industry, especially during a year in which COVID-19 is devastating fuel demand in our country. The United States, however, continues to provide ethanol imports from Brazil virtually tariff-free access to the U.S. market. Last year, the U.S. imported 250 million gallons worth \$596 million. Brazil must end this unfairness by eliminating its TRQ.

We appreciate your efforts to seize this opportunity to strengthen and improve the U.S.-Brazil trade relationship and look forward to an ongoing dialogue with your office and the Administration as trade discussions between the United States and Brazil continue.

Sincerely,



Darin LaHood
Member of Congress



Adrian Smith
Member of Congress



Roger Marshall, M.D.
Member of Congress



Don Bacon
Member of Congress



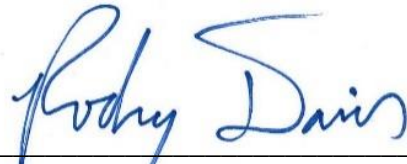
Jim Hagedorn
Member of Congress



Mike Bost
Member of Congress



Cindy Axne
Member of Congress



Rodney Davis
Member of Congress



Vicky Hartzler
Member of Congress



Pete Stauber
Member of Congress



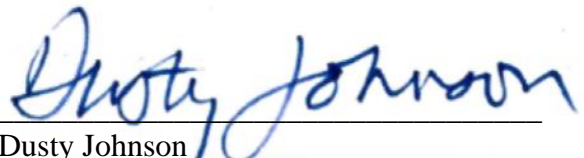
Jeff Fortenberry
Member of Congress



Ron Estes
Member of Congress



Collin C. Peterson
Member of Congress



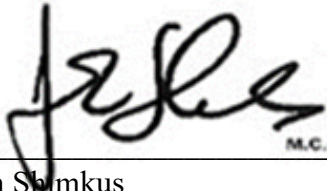
Dusty Johnson
Member of Congress



Adam Kinzinger
Member of Congress



Cheri Bustos
Member of Congress



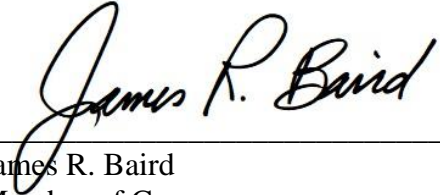
John Shimkus
Member of Congress



Dave Loebsack
Member of Congress



Tom Emmer
Member of Congress



James R. Baird
Member of Congress