

United States Senate

WASHINGTON, DC 20510

February 9, 2023

The President
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President:

We write today to raise an issue vital to the success of the rural economy and American farmers that we hope you will discuss tomorrow with Brazilian President Luiz Inácio Lula da Silva.

Last Wednesday, February 1, the Brazilian Foreign Trade Chamber (Camex) reinstated its import tariff on American ethanol shipped to Brazil. The new tariff rate on ethanol will be 16 percent this year and 18 percent in 2024. Before this announcement, Brazilian tariffs on ethanol had been at zero since March 2022, which helped to reduce fuel costs for Brazilian drivers and decrease inflationary pressures. The zero percent tariff, matching the United States' zero percent tariff on Brazilian ethanol levels the playing field for bilateral ethanol trade.

Brazil's import tariff will have detrimental effects on American agriculture and ethanol producers. Currently, U.S. biofuel production supports 555,000 jobs across the country and the U.S. ethanol industry produces roughly 16 billion gallons of clean, renewable fuel annually that helps reduce prices at the pump across the country. The U.S. exports about 9 to 10 percent of its ethanol production across the globe, totaling 1.4 billion gallons per year. Brazil is one of America's largest ethanol trading partners and a tariff of 16 or 18 percent on ethanol is unnecessary and counterproductive given the United States duty-free access for Brazil.

There are also non-tariff barriers that further complicate our bilateral ethanol trade with Brazil. Brazilian ethanol producers have access to our Renewable Fuels Standard and California's Low Carbon Fuel Standard program, which recognize the inherent value of low-carbon biofuels. This treatment is not reciprocated by Brazil, where U.S. ethanol producers after 2 years have yet to have one approved pathway for Brazil's biofuel program.

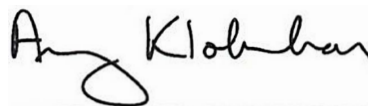
We believe this imbalance in tariffs and access to Brazil's biofuel program is unwarranted and unfair, and we urge you to discuss this issue with President Lula directly. Our American ethanol industry should not be subject to prohibitive tariff and non-tariff barriers while Brazilian ethanol producers enjoy duty-free access to our market and biofuel programs.

Please let us know if we can provide any further information. We look forward to your response.

Sincerely,



Charles Grassley
United States Senator



Amy Klobuchar
United States Senator



Joni K. Ernst
United States Senator



Tammy Duckworth
United States Senator



John Thune
United States Senator



Sherrod Brown
United States Senator



M. Michael Rounds
United States Senator



Pete Ricketts
United States Senator



Deb Fischer
United States Senator



Roger Marshall, M.D.
United States Senator

Cc: The Honorable Katherine Tai, U.S. Trade Representative
The Honorable Tom Vilsack, Secretary, U.S. Department of Agriculture