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GrowthEnergy.org

July 10, 2023

The Honorable Jason Smith  
Chairman  
House Committee on Ways and Means  
1139 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Richard Neal  
Ranking Member  
House Committee on Ways and Means  
1129 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Adrian Smith  
Chairman  
Subcommittee on Trade  
1139 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Earl Blumenauer  
Ranking Member  
Subcommittee on Trade  
1129 Longworth House Office Building  
Washington, D.C. 20515

Chairmen Smith and Smith and Ranking Members Neal and Blumenauer,

We write to thank you for holding today's field hearing "Trade in America: Agriculture and Critical Supply Chains," which highlights the importance of growing international markets for American agriculture.

Growth Energy is the world's largest association of biofuel producers representing 93 U.S. plants that produce nearly nine billion gallons of cleaner-burning, renewable fuel annually; 115 businesses associated with the production process; and tens of thousands of biofuel supporters across the country. Currently, U.S. biofuel production supports 555,000 jobs across the country. The U.S. ethanol industry produces roughly 16 billion gallons annually of low-carbon, renewable fuel and purchases 5.5 billion bushels of corn, 500 million of which are exported as finished fuel grade ethanol. The value of that ethanol exported internationally is worth about \$4 billion. Our industry also exports 11 million metric tons of dried distillers grains (DDGS), a nutrient-rich animal feed made during ethanol production, worth approximately \$4 billion.

To support American agriculture and ethanol producers across the country, it is one of our top priorities to ensure continued market access for U.S. ethanol and eliminate trade barriers. To that end, we wanted to bring to your attention a current trade imbalance with Brazil that is having a harmful impact on the American agricultural economy.

On February 1, 2023, the Brazilian Foreign Trade Chamber (Camex) reinstated an import tariff on American ethanol shipped to Brazil. Before the announcement of this 16 percent tariff (to be increased to 18 percent next year), American exports of ethanol to Brazil had received duty-free treatment since March

2022. This tariff increase is especially concerning given the duty-free treatment Brazilian ethanol exports receive in the U.S. market.

Additionally, there are non-tariff barriers that further complicate our bilateral ethanol trade with Brazil. Brazilian ethanol producers have access to our Renewable Fuel Standard and California's Low Carbon Fuel Standard program, which recognize the inherent value of low-carbon biofuels. As a result, Brazilian producers can pocket lucrative premiums in U.S. markets, even when competing against American-made ethanol that delivers similar lifecycle emissions reductions. However, despite years of effort, Brazilian officials have refused to approve or certify imports from a single U.S. ethanol for Brazil's biofuel program, RenovaBio. House Ways and Means Committee member Rep. Darin LaHood led a letter to U.S. Trade Representative (USTR) Ambassador Katherine Tai raising these concerns.

The impact on trade has been profound. By 2022, U.S. exports to Brazil fell to 56 million gallons, down from 660 million gallons in 2017. At the same time, Brazilian producers continue to export sugar cane ethanol to the U.S. – to capture extra value under our own domestic climate policies – while burning their own corn-based ethanol at home, where it gets special treatment. That shuffling of resources hurts American producers and creates inefficient trade flows and needless shipping, actively undermining global climate goals.

More broadly, keeping global markets open to American ethanol offers tremendous benefits not only for our industry, but for our nation's farmers and our rural economy. While we encourage U.S. diplomats to closely examine the issues that stifle access to Brazil, we appreciate your committee's commitment to expanding markets for U.S. agriculture and enforcing trade agreements. We are grateful to our supporters in Congress and our industry partners. Together, we are committed to ensuring that U.S. investments in innovation, from carbon capture to climate-smart feedstocks, will be recognized and valued around the world.

Sincerely,

A handwritten signature in blue ink, appearing to read "Emily Skor".

Emily Skor, CEO  
Growth Energy