Growth Energy™
Expanding America's Bioeconomy

March 11, 2025

Catherine Gibson
Deputy Assistant U.S. Trade Representative for Monitoring and Enforcement
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508
Docket ID: USTR-2025-0001

Dear Ms. Gibson:

Thank you for the opportunity to respond pursuant to the America First Trade Policy Presidential Memorandum and the Presidential Memorandum on Reciprocal Trade and Tariffs.

We appreciate the support and assistance of the U.S. Trade Representative (USTR) on these important and often longstanding issues as well as the agency's continued engagement with foreign governments to expand market access for U.S. ethanol. Growth Energy is the nation's largest association of ethanol producers, representing 97 U.S. plants that each year produce 9.5 billion gallons of low-carbon, renewable fuel; 130 businesses associated with the production process; and tens of thousands of ethanol supporters around the country. Growth Energy represents the leading exporters in the ethanol industry, helping to support nearly 2 billion gallons of ethanol exports to over 60 countries around the world.

Expanding market access for U.S. ethanol is very different than other agricultural commodities and requires different levels of support that accompany changing a country's energy supply chains and fuel specifications. These positive, mutually beneficial exchanges with countries have already led to significant policy advancements, including with Japan and the Philippines. We request a continuation of those supportive efforts in collaboration with industry both bilaterally, regionally, as well as a part of U.S. government engagement in international bodies (such as the G7 and G20). USTR's continued assistance will help to expand upon U.S. ethanol's significant trade surplus of 1.79 billion gallons, or $3.97 billion.

Brazil
In 2024, the U.S. had a $150 million ethanol trade deficit with Brazil—in 2023 that deficit was $212 million. This was in stark contrast with a $197 million U.S. ethanol trade surplus with Brazil in 2018. This recent ethanol trade deficit with Brazil tracks with Brazil's movement away from reciprocal, tariff-free ethanol trade between our two countries. Furthermore, Brazil was once the top export market for U.S. ethanol, valued at $736 million in 2017, but has fallen significantly. While Brazil may have inched back to the 13th largest export market in 2024 ($54 million), it was the 41st largest market in 2023 ($140,000).

The Brazilian market has been the epitome of unfairness for U.S. ethanol. As such, it makes perfect sense for the White House to have highlighted this unfair bilateral treatment in its recent White House Fact Sheet for the Presidential Memorandum on Reciprocal Trade and Tariffs. While we have continued to push Brazil to remove its unfair tariff and to address other issues

limiting U.S. ethanol exports, they have been unwilling to do so. A reciprocal tariff on Brazil would help to address grossly inequitable tariffs/trade, unfairness in U.S. ethanol's lack of eligibility under Brazil's low carbon fuel policy, and Brazilian efforts to supersede U.S. leadership in biofuels and as a supplier of choice.

Given Brazil's ability to increase their tariff from 18 percent to their bound rate of 35 percent, we would request USTR to consider setting reciprocal tariffs at Brazil's full bound rate of 35 percent.

U.S. Tariffs Compared to Brazil
The U.S. levies 1.9 percent and 2.5 percent tariffs for denatured and undenatured non-beverage ethanol, respectively. Today, Brazil's applied tariff for imports of ethanol from non-Mercosur countries is 18 percent, but this was not always the case.

Prior to 2012, Brazil lobbied the United States to remove its "other duty or charge" on ethanol imports, with Brazilian industry calling for "free and fair trade" between the two largest ethanol producing and consuming counties. Brazil sought to improve its access to the U.S. ethanol market given the expanding volumetric requirements under the U.S. Renewable Fuels Standard (RFS). However, as U.S. ethanol exports to Brazil expanded into 2017, Brazil went backward on the desire for free and fair trade by establishing a tariff rate quote (TRQ). When the original TRQ was expiring in 2019, Brazil increased the TRQ but added quarterly allocations. These allocations limited exports given the seasonal nature of ethanol production in Brazil. Once that TRQ expired in December 2020, U.S. ethanol exports to Brazil were assessed a 20 percent tariff. The tariff had some fluctuations, until it settled to the current 18 percent tariff in February 2023.

Brazil's Low Carbon Fuel Policy (RenovaBio)
No U.S. ethanol producer is currently certified or eligible to receive the incentivizing credits under RenovaBio, Brazil's low carbon fuel program, which further disadvantages U.S. ethanol vis-a-vis Brazil. U.S. industry continues to await technical revisions to the overarching regulation for RenovaBio. Brazil released a draft for comments in November 2023, which included an alternative pathway for foreign producers that could have resulted in U.S. ethanol's fair participation in the program. However, the final version has not been released and the inclusion of foreign feedstocks is uncertain. The default score for U.S. corn ethanol is also disadvantaged with an unnecessarily punitive carbon intensity score. Given RenovaBio was established to meet the needs of Brazil's sugarcane growers, their producers can avoid using a punitive default score.

RenovaBio is a lucrative program for Brazilian biofuel producers and is modeled on the U.S. RFS and California's Low Carbon Fuel Standard (LCFS). In the U.S., Brazilian producers are able to participate in both the RFS and the LCFS and experience the financial benefits that those programs provide. Brazilian sugarcane ethanol is eligible to create advanced Renewable Identification Numbers (RINs) under the RFS as well as carbon credits under California's LCFS. Conversely, U.S. ethanol cannot participate in RenvoaBio and is not eligible to generate similarly lucrative carbon credits (known as CBios) under RenovaBio. In 2023 (the last full year of data available from USDA's Foreign Agricultural Service), Brazilian fuel distributors met 81 percent of RenovaBio's reduction targets by retiring 33.1 million CBios. CBio trading results in

an estimated average price of $16.61 per CBio, resulting in a total of $548 million in lost opportunity for U.S. ethanol producers under RenovaBio. Over time, the amount of CBios are projected to increase incrementally, ultimately reaching nearly 96 million CBios annually by 2031. Brazil hopes the CBios will reach values like California's LCFS.

Third-Party Markets
Brazilian ethanol exports entering the United States via the Gulf are typically destined to be produced into ETBE (ethyl tert-butyl ether) for export, including to Japan. While U.S. ethanol can be used to meet up to 100 percent Japan's on-road demand for ethanol and ETBE, it is estimated that 40 percent of U.S. ETBE exports to Japan, or 85 million gallons (with an estimated value of $153 million) are produced from Brazilian ethanol. A reciprocal tariff on Brazilian ethanol could result in higher costs for ETBE produced from Brazilian ethanol and not U.S. ethanol. Improved economics of U.S. ethanol vis-à-vis Brazilian could allow for a greater proportion of ETBE exported to Japan to come from U.S. ethanol.

Brazil continues to seek preferential recognition for its multi-cropped corn as being more sustainable and a better alternative to U.S. corn. Not only do we disagree with this assessment but as Brazil continues to push this false narrative, we are getting increasingly concerned that it is affecting our potential to compete in certain markets, such as Japan, that put a premium on lifecycle emissions reductions. Assistance by the U.S. government would be welcome to reset the discussion on sustainable corn production in the United States.

Canada
Canada has been our largest and most reliable export market, setting record volumes of 675 million gallons in 2024, valued at $1.5 billion. This represents approximately 35 percent of all U.S. ethanol exports. Increases in provincial blending mandates have helped U.S. ethanol exports grow to meet these higher mandates and represent continued growth potential.

In February 2025, British Colombia's (BC's) Minister of Energy and Climate Solutions issued Ministerial Order No. M41. This order notes that effective January 1, 2026, the minimum five percent renewable fuel requirement for gasoline must be met with eligible renewable fuels (i.e. ethanol) produced in Canada. BC's low carbon fuel policy provides economic incentives for ethanol producers who have made significant financial investments to lower their carbon intensity level. This market, estimated to be 64 million gallons and valued at $115 million, will be unfairly closed to U.S. ethanol, and could result in the closure of U.S. ethanol facilities who made investments tied to supplying this value-added market. While BC is the only province to date that has instituted this Canada-only provision, we are concerned that other provinces could implement similar programs.

Given the size and importance of the Canadian market for U.S. ethanol, and the inclusion of ethanol on the second proposed list of commodities targeted by Canada for tariff retaliation, we ask that any trade dispute be resolved as soon as possible so U.S. ethanol can enter Canada tariff-free and without provincial origin restrictions. Additionally, we are concerned about the economic situation for inputs that are necessary for the U.S. ethanol production process, such as yeasts. Some yeasts are produced in Canada and imported into the United States. An import tariff

on these products could undermine the price competitiveness of ethanol in the United States, affecting U.S. consumers.

We are concerned that retaliatory tariffs on U.S. ethanol could result in the **potential loss of 325 million gallons of export sales, roughly half of our current exports to Canada**.

China
In January 2020, China committed to substantial purchases under the Phase One trade agreement, including for agricultural commodities with a reference to ethanol. These commitments have not been fulfilled. While ethanol is just one of many agricultural commodities under the Phase One agreement, China agreed to $32 billion in additional purchases and agreed to strive for a further $5 billion in additional imports per year of agricultural products. In 2017, which serves as the baseline to determine purchases, U.S. ethanol exports to China were valued at $83 million. In 2020, U.S. ethanol exports were valued at $51 million and $162 million. Since then, no meaningful volumes have been exported. While tariffs are levied, endorsement by the government is necessary for purchases and seems to be the main reason for the lack of U.S. ethanol exports.

Colombia
On February 24, 2024, Colombia returned to its E10 mandate after almost three years of instituting lower and fluctuating blend levels that caused U.S. ethanol exports to Colombia to plummet. With this new market certainty, Colombia returned as the fifth largest export market for U.S. ethanol in 2024, valued at $377 million. Despite its return as a significant ethanol export market, U.S. ethanol continues to face unfair trade practices despite the free trade agreement between the United States and Colombia. Since May 2020, Colombia has levied a countervailing duty (CVD) of $0.06646 per kilogram (or $0.20 per gallon) on imports of U.S. ethanol. During the March 2023 expiry review, Colombia determined it would extend its CVD for an additional five years at the same rate, but with an option to review after three years.

The process for the expiry review occurred during these blend rate fluctuations, which Colombia noted were due to limited domestic supply and high import prices. However, the CVD results in higher import prices of U.S. ethanol and its removal would have negated the need for continued blend fluctuations by stabilizing both prices and imported supply. Additionally, while Colombia did experience a drop in their domestic production, given geographical limitations, imports and domestic ethanol supply different geographical regions and thus a nationwide fluctuation was not necessary to address domestic supply concerns. While this is no longer an issue given the return to E10 blending, it is illustrative on the protectionist mentality of ethanol that is governing Colombia's decisions on the CVD.

European Union (EU)
The EU imposes an import duty on U.S. ethanol of 19.2 EUR/hl and 10.2 EUR/hl (for undenatured and denatured, respectively). In 2024, the EU was the fourth largest export market for U.S. ethanol with exports amounting to nearly 197 million gallons valued at $428 million. Removing the EU's import duty could help expand U.S. ethanol exports to the bloc, generally, and U.S. ethanol competitive with Brazil in the EU.

Currently, Brazilian ethanol is assessed the same import duty as the United States. However, that could change if the pending EU/Mercosur Trade agreement is approved following the December 2024 final negotiations. The agreement would phase-in a TRQ that would allow Brazilian ethanol access to the EU market at a significantly reduced rate compared to U.S. ethanol, culminating with up to almost 218 million gallons being assessed a 6.4 EUR/hl for undenatured ethanol and a rate of 3.4 EUR/hl for denatured. Of that amount, up to almost 151 million gallons for specific chemical uses can enter without any duty assessed. This will further hurt U.S. ethanol exports to the EU as Brazil will be given a significant economic advantage.

The EU also uses "crop caps" that significantly restrict the amount of U.S. corn ethanol that can contribute to the EU's on-road emissions reductions targets under its 2024 revisions to its Renewable Energy Directive (RED). Revisions to RED were a part of the EU's "Fit for 55" package of proposals to implement the European Green Deal, which aims to reduce emissions by at least 55 percent by 2030 and reach climate neutrality by 2050.

The "Fit for 55" package also included new policies that set emissions reductions standards for aviation and marine fuels, called ReFuelEU Aviation and ReFuelEU Marine. Unlike on-road, crop-based biofuels (such as U.S. corn ethanol) are prohibited from meeting the emissions reductions targets for both aviation and marine. Both the U.S. and European biofuels industries sought to rectify this injustice through the European courts, but these suits were dismissed on February 25, 2025.

The European Union bioenergy policies and regulations support inaccurate and outdated viewpoints that agriculture-based biofuels threaten global food security and cannot be sustainably produced. As a result, U.S. ethanol is severely restricted.

India

India has become a significant global producer of ethanol, largely to meet their E20 blend goal by 2025. India has also become a significant export market for U.S. ethanol. In 2024, India was the third largest export market for U.S. ethanol, amounting to nearly 187 million gallons valued at $441 million. Despite the strength of this market, India prohibits the importation of ethanol for fuel uses, so all the U.S. ethanol exports to India were for industrial purposes. This restriction is based solely on India's protectionist policy to support their domestic industry. As India seeks to establish itself as a global leader in biofuels, restricting access to their market sets a dangerous precedent to other countries seeking to establish a biofuels program. We have recognized India's interest to grow their biofuels and how it can be precarious to initiate. We supported past efforts to work around the full opening of the market. However, India has repeatedly denied these motives and reinforced their interest to only put up barriers to entry and unfairly closed off competition.

While India may get close to meeting its ambitious E20 goal by this year, it is clear India cannot sustain this and other fuel ethanol demand by relying only on domestic production, nor is this restriction supportive of a fair-trade environment. In July 2024, the U.S. Department of Agriculture's Foreign Agricultural Service's India Biofuels Annual GAIN report noted India is not projected to meet its blend goal. The report notes India will need approximately 2.7 billion gallons to meet their E20 target in 2025, which is far more than their projected 1.7 billion gallons

of domestic production. U.S. ethanol supplying just half of that projected 1-billion-gallon deficit could result in an additional export potential of $950 million. However India meets, or doesn't meet its E20 goal, restrictions to the fuel ethanol market are hindering fair competition.

Indonesia
Ethanol imports are assessed a 30 percent tariff rate by Indonesia, which is economically uncompetitive for the market compared to other octane enhancers (which can face zero or five percent tariffs). To avoid this tariff, Indonesia is importing gasoline pre-blended with ethanol that can enter the country duty-free and often comes from Singapore. While imports of pre-blended gasoline seem to be growing, it is difficult to measure. Indonesia is poised to begin significant ethanol blending, with five percent blending scheduled to start in 2025 for non-subsidized gasoline, and 10 percent blending starting in 2029. Despite being a leading user of biodiesel, ethanol blending has lagged due to limited domestic feedstocks. While there may be some effort to prioritize domestic production, this shouldn't be considered a barrier at this time, given the potential flexibility for imports. If Indonesia implemented a nationwide E10 mandate, it would result in a potential export market of over 900 million gallons.

Japan
USTR has been a good partner with the U.S. ethanol industry on engaging Japan to expand their use of U.S. ethanol. Because of this engagement, U.S. ethanol can now meet 100 percent of Japan's on-road ethanol demand, which is primarily met through ETBE (a fuel additive produced with ethanol). As part of joint leader statements between the United States and Japan, Japan agreed to double its ethanol demand for both on-road and in sustainable aviation fuel (SAF) by 2030, committed to collaborating to improve ethanol's carbon intensity profile under international aviation modeling, and agreed to move towards direct E10 blending by 2030. In February 2025 during his press conference with President Trump, Prime Minister Ishiba noted Japan's interest to import more U.S. ethanol. USTR's continued engagement with the U.S. ethanol industry will help Japan move forward on direct ethanol blending, revising its carbon intensity scoring and its efforts to expand its ethanol demand to produce SAF. In 2024, U.S. ethanol exports to Japan (again, primarily as ETBE) are estimated to be at least 129 million gallons, which would place it as the fifth largest ethanol market. As Japan's effective blend rate with ETBE is less than 2 percent, moving to E10 direct blending would result in significant ethanol export growth. U.S. ethanol exports to Japan could also benefit from Japan's interest in ethanol for the production of SAF, however we are still awaiting the final details of this policy and how it would affect demand for U.S. ethanol. We welcome USTR's continued support for this positive bilateral relationship on ethanol.

Mexico
Mexico has been a top, reliable export market for U.S. ethanol for both industrial and beverage purposes. In 2024, U.S. ethanol exports to Mexico hit a record 84 million gallons, valued at over $270 million. U.S. ethanol enjoys tariff-free access to Mexico. Given restrictions on blending levels, Mexico currently does not blend ethanol into its gasoline despite some pilot projects for higher-level blends, but the country is currently exploring new ways to develop their domestic ethanol industry as well as to initiate fuel ethanol blending in the country. While Mexico is seeking to develop domestic production, moving to allow E10 nationwide could result in a $1.9 billion ethanol market that could met with U.S. imports.

Nigeria
Despite having an E10 policy on the books since 2007, Nigeria does not currently blend fuel ethanol. The U.S. ethanol industry has been working with Nigeria to start implementing a pilot program to use fuel ethanol. These efforts have focused on developing fuel ethanol standards, handling capacity, and integrating supply chains. While these efforts are progressing, successfully moving from the pilot phase will require a reduction of the 20 percent import tariff Nigeria levies on non-beverage ethanol. Removing this tariff, or at a minimum providing parity between ethanol and other fuel additives, will help to make larger-scale ethanol blending economically viable for U.S. ethanol exports, as well as to help support a domestic ethanol and fuel industry. Improved economics for ethanol could assist in lowering prices paid by Nigerian consumers following the May 2023 removal of its fuel subsidy on petroleum imports. Nigeria has been a steady export market for U.S. ethanol for industrial purposes, valued at nearly $44 million in 2024. If Nigeria implemented a nationwide E10 mandate, it would generate 320 million gallons of ethanol demand, largely met with imports, with an estimated value of $576 million.

United Kingdom (UK)
The UK currently imposes a £0.16/liter tariff on undenatured ethanol and a £0.085/liter tariff on denatured ethanol. Like the EU, the UK also limits the use of corn ethanol to meet its emissions reductions goals for on-road (i.e. a crop cap) and prohibits the use of food-based feedstocks to meet their emissions reduction goals under their new aviation emissions policy. Removal of crop caps, crop prohibitions, and tariffs would help ensure growing export markets for U.S. ethanol in what has become a significant market for U.S. ethanol since the UK initiated its E10 mandate in 2023. In 2024, the UK was the second largest export market for U.S. ethanol, with 243 million gallons valued at $535 million.

Vietnam
Vietnam has undergone several reductions in the tariff it levies on imports of U.S. ethanol over the past few years; most recently in July 2023 it lowered its tariff to 10 percent for both denatured and undenatured ethanol. Despite this reduction, the tariff continues to position U.S. ethanol at an economic disadvantage particularly compared to tariffs imposed on gasoline and other fuel additives, which are levied at either zero or three percent. With such a significant discrepancy between other fuel additives, it is even more difficult to expand the use of ethanol blending in other grades of gasoline at higher blend rates. U.S. ethanol exports to Vietnam in 2024 were valued at $15.7 million, however decreasing the tariff and increasing blend rates to all grades of gasoline could result in significant export growth to Vietnam with improved economic competitiveness. Nationwide E10 in Vietnam could result in 240 million gallons of export potential, which has an estimated value of $432 million. While this would not negate the overall trade deficit of $123.5 billion with Vietnam, increasing ethanol exports can play a role.

International Bodies
Ethanol as a feedstock to produce SAF is increasingly getting attention from other countries who are looking to meet their emissions reduction targets as agreed to under the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). However, U.S. corn ethanol is being neither fairly nor scientifically treated under CORSIA, nor is the ICAO process transparent. This results in an inaccurate score that puts

U.S. ethanol outside the eligible emissions value. Conversely, there seems to be significant interest in ICAO to support Brazil in their efforts to unscientifically get an improved score for their "second crop" corn, which would undermine market demand for U.S. corn. We therefore urge you to incorporate the U.S. biofuels industry within the United States expert nominations to ICAO. Otherwise, decisions and negotiations in ICAO are taking place that will unduly harm U.S. ethanol that we are not aware of or able to weigh-in on. Significant changes within ICAO and to CORSIA are needed so U.S. corn ethanol will not have markets closed to its use as a feedstock for SAF, while countries like Brazil will supply SAF at the expense of U.S. ethanol. This change includes removal of quantitative scoring for indirect land use change, more accurate references to U.S. agricultural land use, as well as incorporating practices undertaken by farmers that reduce carbon emissions, such as no-till farming.

We are also concerned about the movement within ICAO to support the preferential treatment of multi-cropped corn from Brazil over U.S. corn. Given U.S. support of ICAO, we would ask the U.S. government to reject this proposal and seek to put U.S. corn ethanol on equal and accurate footing with other feedstocks under the auspices of ICAO.

Similar to ICAO for aviation, we are also eager to engage within the sustainable marine fuel sector, particularly as the International Maritime Organization (IMO) is actively looking to decrease the industry's emissions. Given the IMO's efforts are earlier in the process than that of ICAO, we would ask for a strong U.S. government effort to ensure that U.S. corn ethanol is accurately placed and well positioned to be used a feedstock for marine fuel. We similarly ask for strong U.S. industry representation and engagement in future discussions at the IMO.

Thank you for your consideration of these comments and Growth Energy looks forward to working further with USTR to resolve unfairness issues facing U.S. ethanol.

Sincerely,

Chris Bliley
Senior Vice President of Regulatory Affairs
Growth Energy