Testimony of Chris Bliley, Senior Vice President of Regulatory Affairs, Growth Energy, United States Trade Representative Hearing on the Section 301 Investigation of 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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My name is Chris Bliley, and I am head of Regulatory Affairs for Growth Energy. Growth Energy is the nation's largest association of biofuel producers collectively representing more than half of our country's ethanol production.

Our written comments provide additional details on ethanol market access, preferential tariffs, and illegal deforestation. But, above all, I want to emphasize that we want three things: fairness in our bilateral trade with Brazil, fair deals that support the United States as the supplier of choice around the world, and equal treatment and accuracy in how international modeling treats U.S. ethanol.

Brazil has not treated U.S. ethanol and U.S. agriculture fairly. The country's actions have led to the imposition of unfair and misguided requirements on U.S. agriculture by other nations.

For too long, Brazil has restricted U.S. access to their ethanol market by using discriminatory practices on tariffs as well as restrictive measures under their low carbon fuel program, RenovaBio. We applaud USTR for taking action to level the playing field.

Among our requests, on preferential tariffs we ask that USTR seek equal access for U.S. ethanol into the European Union—fair treatment that is no less favorable than what Brazil will potentially secure in the yet-to-be approved Mercosur-EU trade agreement.

On illegal deforestation we ask USTR to expand this section's scope to look more broadly at Brazil's agricultural and land use to ensure U.S. ethanol and American agriculture are not restricted globally because of Brazil's practices. Today, inaccurate lifecycle assessments by some international organizations artificially favor Brazilian ethanol over U.S. ethanol. Brazil's false sustainability claims are already restricting our export market potential, and this continued imbalance will jeopardize our ability to expand exports and seek new uses for ethanol, including in the maritime and aviation sectors.

On ethanol market access, Brazil has actively sought unabated and free access to the U.S. market and cited the need for free and fair trade between our countries. Unfortunately, Brazil's actions to impose one-sided tariffs have made bilateral collaboration on ethanol largely untenable. Without fairness, Brazil inaccurately shows other countries that restrictive policies and isolation are the only means for their biofuels industry to flourish.

Additionally, Brazil asserts they are within their WTO tariff-bound rate, but their unfair bait-and-switch tactics are discriminatory, unreasonable, and not in keeping with their obligations under the WTO and the GATT.

Brazil emphasizes that both of our countries have minimal need for imports given domestic ethanol production. But this is just another reason for Brazil to remove its tariff and non-tariff restrictions on U.S. ethanol. If domestic production there is so strong, then why does Brazil's biofuel industry need protection in the form of unfair trade barriers against ethanol from other countries? Additionally, Brazil's assertion that there is only a slight potential for greater ethanol trade is another reason why USTR should include other goods or scenarios beyond just ethanol in its attempt to remedy these trade imbalances—particularly as Brazilian ethanol being exported to the United States for further processing to be re-exported, which allows it to circumvent the current 50 percent reciprocal tariff.

The U.S. ethanol industry has worked very closely with Brazilian regulators on RenovaBio—a program designed specifically to meet the needs of Brazilian industry, structured very differently than similar programs in the U.S. We appreciate the work done by USTR and the U.S. Department of Agriculture to address the many structural issues associated with foreign feedstocks and default values under this program. We have patiently waited and worked for years to resolve this, but Brazil has acquiesced to their domestic industry's demands to functionally keep U.S. ethanol from effectively, fairly, and widely participating in their program. Conversely, Brazil can participate unabated within U.S. programs. This conflicts with Brazil's commitments under the WTO and USTR should take further action to address it.

U.S. ethanol exports set a record in 2024—nearly two billion gallons valued at $4.3 billion. 2025 is forecasted to be another record year. But it will take bold action by USTR under this investigation to secure the fairness, accuracy, and economic competitiveness that will be vital to maintain the U.S. ethanol global trade surplus.

Growth Energy supports this investigation, and we would be happy to provide additional information at USTR's request. Thank you for the opportunity to provide these remarks in addition to our written comments.