

**Voluntary Report** – Voluntary - Public Distribution

**Date:** October 19, 2024

**Report Number:** BR2024-0034

**Report Name:** Brazil's Foreign Trade Chamber Rejects the Request to Remove Ethanol Import Tariff

**Country:** Brazil

**Post:** Brasilia

**Report Category:** Country/Regional FTA's, Trade Policy Incident Report, Trade Policy Monitoring, WTO Notifications, Grain and Feed, Biofuels

**Prepared By:** Thiemi Hayashi

**Approved By:** Joseph Degreenia

**Report Highlights:**

On October 17, 2024, the Tariff Changes Committee (CAT) of the Chamber of Foreign Trade (Camex) rejected the request made by the Brazilian Association of Fuel Importers (ABICOM) and the U.S. Grains Council to remove the 18 percent tariff on ethanol imports to Brazil. This is the second time CAMEX has denied a request to reduce the ethanol tariff since its implementation in February 2023.

## **Brazil's Foreign Trade Chamber Rejects the Request to Remove Ethanol Import Tariff**

### **Second Request Rejection**

On October 17, 2024, the Tariff Changes Committee (CAT) of the Chamber of Foreign Trade (Camex) rejected the request made by the Brazilian Association of Fuel Importers (ABICOM) and the U.S. Grains Council to remove the 18 percent tariff on ethanol imports to Brazil. This is the second time CAMEX has denied a request to reduce the ethanol tariff since its implementation in February 2023.

### **Background**

In October 2023, ABICOM with support by the U.S. Grains Council, formally submitted a request to CAMEX asking to reduce the Common External Tariff (CET) on ethanol tariffs. This was based on a study completed by S&P Platts that showed the tariff raised fuel costs for domestic consumers. CAMEX's internal procedures for analyzing tariff reductions included a public comment period in which the U.S. Grains Council, Growth Energy and the Renewable Fuels Association (RFA) requested a permanent removal of Brazil's tariff on imported U.S. ethanol. The United States Department of Agriculture (USDA) and The United States Trade Representative (USTR) also submitted comments. The public consultation period ended in April 2024.

The request to reduce the Common External Tariff must include approval from all members of the Mercosur bloc, and the first step requires CAMEX to approve the claimant's request. In June 2024, CAMEX rejected ABICOM's request and maintained the 18 percent tariff.

On May 8, 2024, ABICOM also supported by the U.S. Grains Council, submitted a new request for the ethanol tariff reduction to CAMEX, this time to include ethanol in Brazil's List of Exceptions to the Common External Tariff (LETEC). Each Mercosur country has a LETEC that can include up to 100 products. On May 15, CAMEX opened the public comment period and once again, the U.S. Grains Council, RFA, Growth Energy and other U.S. stakeholders submitted comments. USDA and USTR also submitted comments. On June 28, FAS Brasilia conveyed a letter from USTR Chief Negotiator Douglas McKalip to the Secretary of CAMEX and the Ministry of Agriculture requesting the inclusion of ethanol in the LETEC. The public comment period closed on June 29.

The Tariff Changes Committee (CAT) is responsible for expressing its opinion on the claims received by CAMEX regarding changes in the CET and temporary changes in import tax rates within the scope of LETEC. After deliberation by the members of the CAT, the suggestions for changing the TEC and inclusion in LETEC are forwarded to the Executive Management Committee (GECEx), which make the decision. CAT and GECEx meet monthly and has no set deadline for analyzing requests.

On October 1, the CAT included the analysis of the request for inclusion of ethanol in LETEC on the Committee's agenda and the deliberation was made on October 17, which denied the request.

**Attachments:**

No Attachments.