

**Comments *for* Reviewing and Identifying Unfair Trade Practices and
Initiating All Necessary Actions to Investigate Harm From Non-
Reciprocal Trade Arrangements**

Submitted to USTR

Federal Register Docket Number USTR-2025-0001



March 11, 2025



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On behalf of the U.S. Grains Council, I am submitting the following comments regarding President Trump's Fair and Reciprocal Plan on Trade.

The U.S. Grains Council represents farmers and agribusinesses across the country, develops export markets for U.S. barley, corn, sorghum and related products including distiller's dried grains with solubles (DDGS) and ethanol. With a full-time presence in 28 locations, the Council operates programs in more than 50 countries promoting U.S. exports. We believe that trade, when structured correctly, improves the lives of American farmers.

America's farmers have worked for many decades to develop new export markets for our products around the globe. Last year, the U.S. exported: 58.1 mmt of corn worth \$13.3 billion, 6.04 mmt of sorghum worth \$1.6 billion, 509,000 mt of barley worth \$350 million, 1.7 billion gallons of ethanol worth \$4.1 billion, and 11.8 mmt of dried distillers' grains worth \$3.2 billion. Nonetheless, there are more opportunities around the world for U.S. farmers that can be accessed with the right leadership.

As USTR begins enacting President Trump's trade agenda, we look forward to working with the administration to increase economic opportunities for all Americans. For our members, the following countries present challenges that if properly dealt with, could significantly increase U.S. grain exports around the world.

- **India-** the potential for U.S. corn, sorghum, and ethanol exports to India is promising, driven by India's evolving agricultural and energy policies, as well as its growing demand for feed and biofuels. The livestock and dairy industries in India currently project to have a 22 mmt shortfall of coarse grains by the end of this decade, which equates to a \$6.2 billion market opportunity for U.S. farmers. Currently, India has an estimated coarse grain shortfall of 5-7 mmt.
- **Brazil-** In 2017, Brazil adopted a tariff rate quota (TRQ) aimed at protecting its ethanol industry. Today, there is an 18% ethanol tariff for U.S. ethanol exports to the Brazilian market that is not fair for the U.S. ethanol industry. Prior to Brazil implementing their tariffs and ethanol quota, the U.S. exported nearly 500 million gallons of ethanol to Brazil representing a market of nearly \$760 million at the time. In 2024, the U.S. only exported 28 million gallons to Brazil worth \$53 million.

- **Southeast Asia-** This region offers great promise for U.S. grains and coproducts as their expanding middle class is hungry for more protein that will be produced by their growing livestock industry. Fuel ethanol is gaining greater acceptance in the region, presenting a promising export opportunity for America's farmers and ethanol producers.
- **Mexico-** U.S. ethanol presents a untapped market opportunity for an American product that is currently being exported to Mexico in limited volumes. Nationwide acceptance of E10 in Mexico would create a market opportunity of approximately 1 billion gallons or \$2 billion.

The U.S. Grains Council, on behalf of America's farmers, looks forward to working cooperatively with the Trump administration and USTR to resolve the unfair trade barriers we have outlined.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. LeGrand', is positioned above the typed name.

Ryan LeGrand
CEO
U.S. Grains Council

Federal Register Docket Number USTR-2025-0001

Comments by the U.S. Grains Council regarding Fair and Reciprocal Trade

China

China: Schedule of Tariffs on select U.S. Agricultural Products						
Product Description	MFN Rate	See. 232	Sec. 301	IEEPA	Total Applied Tariff	Potential Market
Implementation Date	1/1/2025	4/2/2018	2/14/2020	3/10/2025	3/10/2025	
Barley	3%		5%		8%	1 MMT or \$1 billion
Maize (corn) In-Quota	1%		25%	15%	41%	7.2 MMT or \$1.8 billion
Maize (corn) Out-of-Quota	65%		25%	15%	105%	7.2 MMT or \$1.8 billion
Grain Sorghum	2%		25%	10%	37%	6 MMT or \$1.6 billion
Brewing Or Distilling Dregs & Waste (DDGS)	5%		25%		30%*	4 MMT or \$900 million
Ethyl Alcohol & Other Spirits, Denatured (ethanol)	30%	15%	25%		70%	1 billion gallons or \$1.75 billion
			* this does not include any of the AD/CVDs			

Many barriers continue to inhibit the trade of U.S. agricultural products to China, particularly U.S. DDGS and ethanol. Furthermore, while China's imports of U.S. corn are welcomed, the trade is dominated by state trading enterprises (STEs), which may pose a new challenge for the U.S. industry in supplying this market.

DDGS Anti-Dumping and Countervailing Duty Cases and Value-Added Tax

China imported more than 50% of the exportable supply of U.S. distillers' dried grains with solubles (DDGS), or 6.2 MMT, which is valued at nearly \$1.8 billion in MY 2013/14. While the U.S.

On Jan. 12, 2016, China's Ministry of Commerce (MOFCOM) announced it had initiated anti-dumping (AD) and countervailing duty (CVD) investigations of U.S. DDGS exports to China.

On a preliminary basis, MOFCOM assigned all producers of U.S. DDGS up to 44.5 % in AD and CVD tariffs. As a result of an initial finding, China also began imposing a 13 % value-added tax (VAT) on U.S. DDGS, though both imported and domestic DDGS had been exempt since 2001. State Administration of Customs Notice No.21 implements Cai Guan Shui [2009] No.23. (In 2019, VAT on DDGS and other ag. products was lowered from 13% to 9%).

The final determination was released Jan. 11, 2017. All told, U.S. DDGS entering China faces up to 96.2 % tariffs and taxes. In addition, DDGS face an additional 25% in retaliatory tariffs. This makes U.S. DDGS uncompetitive in terms of current market values. Total DDGS exports in MY 2014/15 exceeded 5.3 MMT (\$1.4 billion) but fell to a record low level in MY 2017/18 of only 161,000 MT (\$33 million) and only 180,000 MT (\$39 million) in MY 2018/19 and 205,000 MT (\$40 million) in MY 2019/20 and 369,000 MT (\$85 million) in MY2020/21.

The 10-year period for the AD/CVD duties imposed on that date in 2017 will expire on January 12th, 2028, and they must be either removed or renewed. The industry hopes for a return to dialogue and some initial reciprocal acts to generate more goodwill between the two countries. China may remove the AD/CVD tariffs instead of renewing them for a third consecutive 5-year term in 2028.

China's internal support and purchasing policy for domestic corn is the primary cause of the large gap between the domestic and international prices for corn and feed grains. The root of the imports is China's high corn price policy, and the imposition of a VAT is further damaging the U.S. ethanol and DDGS industries.

Higher Tariffs Reduce U.S. Ethanol Exports

At the end of December 2016, China's Ministry of Finance announced that effective January 1, 2017, it would cancel the temporary duty of 5 percent on China's imports of fuel (denatured) ethanol that had been in effect since 2010. With the temporary duty cancelled, China's ethanol tariffs returned to their WTO bound rate of 30 percent for fuel ethanol. The situation was exacerbated with the imposition of 15% and 25% tariffs

(resulting in 70 percent total) in retaliation for Section 232 and Section 301 tariffs implemented by the U.S. government. The Phase One agreement allows importers to apply for exemptions to the 25% duties imposed in retaliation for the U.S. duties justified by the 1974 Section 301 Trade law. However, importers still face 15 % of the duties in retaliation for the 232 duties on top of the already high bound rate of 30 % of the duties. Together, these duties make U.S. ethanol import commercially unviable.

The U.S. ethanol industry strongly urges the Chinese government to reverse these protectionist decisions and return the ethanol import tariffs to 5 %. We believe increasing tariffs contradicts China's efforts to improve air quality in its urban areas and reduce the negative environmental impact of its rapidly rising transportation fuel use.

This new restriction on imported ethanol is the latest chapter in the more significant issue of China's corn policy and the trade distortions it caused – as was the DDGS case before that. Any negotiation to resolve the U.S. complaint to the WTO on China's agricultural policy should strive to address the AD/CVD penalties on U.S. DDGS and the higher tariffs on ethanol as part of resolving the larger policy complaint.

Growth in U.S. exports is vital to the economic health of the U.S. ethanol industry and the U.S. Grains Council believes China will play a vital role in driving U.S. exports upward over the next decade. China began importing significant quantities of U.S. ethanol in 2015 as part of an effort to increase the use of cleaner burning renewable fuels and reduce smog formation in major cities like Beijing. Ethanol exports to China rapidly expanded in late 2015 and throughout 2016. By the end of marketing year MY 2015/2016 (September-August basis), the country became the U.S. ethanol industry's second-largest export market, receiving 22 % of total exports. China received shipments of 209 million gallons of ethanol, worth almost \$336 million in MY 2015/201. With the recent Sec. 301 and Sec. 232 retaliatory tariffs from China in full effect, ethanol exports in MY 2018/19 fell dramatically to 63,000 gallons (\$342,000) and 114,000 gallons (\$445,000) in MY 2019/20. In MY2020/21, despite a tariff rate of 45% for denatured, and 40% of undenatured, China imported 131 million gallons of U.S. ethanol, ranking the 4th (or 5th) U.S. export market. In recent years, exports have drastically fallen to 571,000 gallons (\$1.5 million) in MY 2022/23 and 137,000 gallons (\$592 thousand) in MY 2023/24.

Pesticides Regulation

The anticipation of China's Import Tolerance policy for pesticides is of particular concern to the U.S. Grains Council. China continues to establish domestic maximum residue limits (MRLs) for a number of crop protection substances used in its domestic production. In lieu of an established Import Tolerance policy, anyone wishing to export to China must implement these domestic MRLs.

As weather, pests, and disease pressures vary greatly around the globe, domestic use patterns lead to different application rates and, at times, differing tolerance levels. Therefore, we have observed a variety of disharmonized MRLs for our commodities being shipped to China. The lack of clarity regarding when these proposed domestic MRLs will take effect and whether they will be enforced for imports into the country has created uncertainty in the global grain trade. We continue to emphasize the importance of import tolerance policies and reliance on international standards to avoid trade disruptions.

South Asia

The South Asia region presents significant potential for U.S. grain products, with several factors contributing to this promising outlook. The region's expanding population, increasing middle class, and rising disposable incomes are driving demand for high-quality agricultural products, including U.S. grains and co-products to maintain and sustain its growth for the future.

However, it's important to note that challenges exist, such as high tariffs, changing regulatory environments, and competition from other suppliers. Additionally, India's trade restrictions limit market access for many U.S. food products. Despite these challenges, the overall potential for U.S. grain products in South Asia remains strong, particularly in the aquaculture and poultry sectors.

USGC sees U.S. sorghum as an opportunity for a quick win, considering the fact that this coarse grain satisfies India's regulatory requirements, which currently prohibit the consumption of GMOs.

South Asia: Schedule of Tariffs on select U.S. Agricultural Products									
	Ethanol	Corn	DDGS	Sorghum	Barley	Corn Feed	Gluten	Corn Meal	Gluten
India	Not allowed for fuel; 0% on industrial	50%	15%	50%	0%	15%		15%	
Bangladesh	25%	0%	0%	5%	0%	0%		0%	
Nepal	60 NPR/liter (0.43 USD; 60% tariff today)	10%	10%	10%	10%	10%		10%	
Sri Lanka	0%	20%	20%	20%	20%	15%		15%	
Pakistan	50%	10%	10%	5%	5%	10%		10%	

Additional unfair, discriminatory, or extraterritorial taxes imposed on U.S. businesses, workers, and consumers, in South Asia:

1. India

- Goods and services tax is generally 18% on imported goods.

2. Nepal

- Levies smaller duties on South Asian Association for Regional Cooperation (SAARC) countries vs. non-SAARC countries
- Value-added tax of 10% is applied to DDGS, even though it should be exempt from VAT as a feed ingredient.

3. Sri Lanka

- Extremely preferential rates to SAARC countries, as well as duty free access for Pakistan and India
- Taxes are a major issue. They levy VAT, Ports and Airports Development Levy (PAL), Cess (import and export duties), and a Social Security Contribution Levy (SSCL).

Sri Lanka: additional taxes and fees by product							
	Ethanol	Corn	DDGS	Sorghum	Barley	Corn Gluten Feed	Corn Gluten Meal
VAT	0%	18%	18%	18%	18%	18%	18%
PAL	0%	0%	16%	10%	16%	16%	16%
Cess	0%	30%	0%	45%	0%	0%	0%
SSCL	0%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Other unfair practices in South Asia:

India

State Organization Involvement in Tariff Rate Quotas

- A tariff rate quota of 498,900 MT of yellow corn was set up; however, the purchases must go through a government agency – the National Agricultural Cooperative Marketing Federation of India (NAFED) making execution of sales and shipments nearly impossible.
- NAFED's involvement gives increased government control but also adds unnecessary barriers to import:
 - a. Timing of 3 to 4 months to complete import process, at which time a new crop of maize is available in India
 - b. A 2.5% cost is added when doing business through NAFED

Ban on Genetic Modification

- India is a strict non-GM market and does not have room to import any genetically modified material

- India's GM approval process is shrouded in mystery – they have approved bt cotton, but they are unable to approve other commodities. It is very clear they are using GM as a barrier to trade
- India has also used this on GM-derived meals, such as DDGS and soybean meal

Weed Seed Agreements

- India does not allow for tolerance limits on several weed seeds
- USDAAPHIS is not willing to say a consignment is free from weed seeds; however, they are willing to agree to tolerance limits.

Methyl Bromide Fumigation

- Methyl bromide is a costly fumigant that cannot often be used in the U.S.
- India requires methyl bromide fumigation for most of its agricultural commodities, and this greatly harms the ability for the U.S. to do business with India.

Outright Ban on Fuel Ethanol Imports

- India does not allow fuel ethanol imports for any reason, despite there being a major price arbitrage for the country

Ethanol Pricing Mechanism

- Ethanol for fuel blending is sold at a fixed price to the government, and that price is regularly moved around by the government to shift agricultural policy.
- Ethanol made from grains is priced as much as 40% higher than ethanol from C-heavy molasses.

Administered Procurement Prices for Raw Material

Minimum support price (MSP) is the price at which the government agrees to procure certain crops from farmers through its corporations like Food Corporation of India (FCI) and National Agricultural Cooperative Marketing Federation (NAFED). These prices are set at the beginning of the planting season and are supposed to be 150% of the cost of production of the crop. The method of determining value is often opaque.

Agricultural Subsidies

- Electricity – free electricity for agricultural use
- Water – free or concessional supply of water for agricultural use
- Tax on agricultural income – there is no income tax on income from agriculture

Bangladesh

Testing Requirements

- a. Bangladesh continues to require heavy metals and pork presence testing in vegetable meals. This increases costs and holds up clearance times at the port.

Inconsistent Regulatory Environment

- a. Bangladesh often enforces its regulations irregularly, and they often will add new restrictions at their convenience.
 - i. Example: Labeling cargoes became an issue at port, and it was a sudden enforcement of a misinterpreted customs law. It caused significant losses in business.
 - ii. Example: Fumigation protocols were changed mid-year in 2024, only for them to change back within weeks.

Sri Lanka

Ban on Genetic Modification

- a. While Sri Lanka does allow genetically modified vegetable meals, they do not allow genetically modified grains and oilseeds to be imported into the country.

Nepal

Ban on Genetic Modification

- a. While Nepal does allow genetically modified vegetable meals, they do not allow genetically modified grains and oilseeds to be imported into the country.

Pakistan

Ban on Genetic Modification

- While Pakistan does allow genetically modified vegetable meals and soybeans, they do not allow genetically modified corn to be imported into the country.

Southeast Asia

Southeast Asia: Schedule of Tariffs on select U.S. Agricultural Products						
	Ethanol	Corn	DDGS	Sorghum	Barley	Corn Gluten Meal
Indonesia	30%	Banned for feed imports	5%			
Philippines	25%	35% in-quota/50% out of quota*	1%	7%	7%	
Thailand	28 cents/gal.	20% in-quota/73.8% out of quota	9%	27%	27%	5%
Vietnam	10%	2%				
Malaysia	\$1.78/gal. of tariff + 15% excise duty					
*temporarily reduced to 5% and 15% respectively until 2028 by executive order						

Indonesia

Import Restrictions on Corn

U.S. feed grain and co-product competitiveness continue to be affected by market access issues, including tariffs, non-tariff barriers, and restrictive import regulations set by the government of Indonesia. The Ministry of Agriculture bans the importation of corn for feed manufacturing. Any corn imports ultimately needed for feed due to nationwide shortages, are monopolized by the National Logistics Agency (BULOG). Corn imports for milling operations destined for human consumption are allocated through a strict permit system. The system is very restrictive, and often used as leverage against private industry.

Non Tariff Trade Barriers:

Prior Notice Regulation requiring import documents to be submitted via online portal before the consignment exits the United States. This goes against international norms, adversely disrupts payment terms, making it very difficult to ship containers which is the U.S.'s trade strength. This regulation gives favor to South American feed grain shipments.

Tariff Barriers:

Dried Distiller Grains (DDGs) continue to face a 5% import tariff.

Imported Corn for local starch production faces a 5% tariff, while imported finished starch from China enters the market tariff free. This puts U.S. corn at a disadvantage in the market.

Import Restrictions on Ethanol

The government of Indonesia in 2015 mandated an ethanol blending program to achieve its goal of 10% and 20% national ethanol blends by 2020 and 2025, respectively, per Regulation 12/2015. This policy has been unenforced to date, effectively setting Indonesia's ethanol blend rate at zero percent. While the Government of Indonesia in late-2024 announced revamped targets for an E5 mandate on Java in 2025 and a nationwide E10 mandate in 2029, only an E5 Pilot Project in 106 stations has been launched at present. This lack of policy enforcement and progression inhibits expanded ethanol utilization in Indonesia, a prerequisite for U.S. ethanol demand.

Pertamina, Indonesia's state-owned oil company, in 2020 reversed its ban on ethanol usage within its import tender, allowing up to three percent in finished gasoline imports. This discretionary allowance has generated strong U.S. ethanol sales to the region's gasoline blending hub and supplier, Singapore, over the past three years. Three percent ethanol allowance remains well below proven levels of ethanol allowance before changes to vehicle performance are observed. Moreover, the national fuel specifications allow for up to 10 % ethanol, while Pertamina, the key importer of roughly five billion gallons of gasoline per annum, only allows three percent ethanol inclusion. This lack of policy and technical harmonization further hinders significant U.S. ethanol participation in the market.

Pertamina represents 90% of the country's fuel market. Allowing ethanol in its fuel specification will enable immediate cost savings for Pertamina and its consumers.

Indonesia currently imposes a 30% import duty on fuel ethanol despite granting low tariffs (five percent or less) on fossil fuel products such as aromatics and gasoline. This tariff structure unnecessarily punishes ethanol as a cost competitive fuel component, which in turn, negatively impacts Indonesian consumers and stifles potential investment in infrastructure.

Some countries such as Pakistan enjoy zero percent tariffs, creating an unfair playing field for U.S. ethanol.

Most recently, an in-depth cost savings estimate and summary analyzing pre-blended savings from imported E5 & E10 (without the current 30% tariff) was presented and submitted to multiple stakeholders which includes the Ministry of Energy and Mineral Resources, Coordinating Ministry of Economic Affairs and Pertamina. This analysis indicated that for January to July 2022, pre blended E5 imports would result in savings of \$10-12 million dollars per month while pre-blended imports of E10 would generate additional significant savings.

Should an E5 mandate be implemented across all gasoline grades, the resulting ethanol demand would be 500 million gallons, with import potential of 490 million gallons valued at around \$1.1 billion annually for the U.S. ethanol industry.

Philippines

Import Challenges/Minimum Access Volume System

Philippines manages corn imports under a Minimum Access Volume (MAV) system with a 35 % tariff for in-quota and 50 % tariff for out-quota shipments. The size of the MAV quota is set annually by the National Food Authority, a state monopoly in charge of strategic grain reserves and imports, with quotas ranging from 200 to 250 TMT/year. Sorghum and barley face a 7% import tariff and there is a 1% tariff for Dried distiller grains and corn gluten meal.

A temporary reduction in tariffs to 5% in quota and 15% out of quota is currently in place via Executive Order in December of 2021. This Order is in effect until 2028.

For the above products, only those with a biosafety certificate will be issued sanitary and phytosanitary clearance (also called import permit). Import permits are needed for all shipments destined for the Philippines. In addition, import permit must be secured prior to loading cargo in vessels.

Moreover, all imports with GMO events must have a biosafety certificate. Biosafety certificates must be obtained from Philippines' Bureau of Plant Industry. Biosafety certificate application must be done by the brand owner.

Conversely, corn and sorghum from the Southeast Asia countries are levied a preferential tariff of 5 % due to the ASEAN FTA (AFTA). In addition, feed wheat (and other grains)

from Australia has free market access through the ASEAN-Australia and New Zealand free trade agreement (ASNZFTA). The U.S. competitiveness in grain trade is negatively affected by these agreements.

In MY 2016/17, corn exports were 17,788 MT (\$5 million) and have not made significant gains since then, importing only 8,143 MT (\$4.7 million) in 2022/23. Black sea wheat is imported to feed animals due to the non-competitiveness of U.S. corn due to MAV system.

Because of the Australian tariff advantage, sorghum exports have ranged from 16 MT to 1,244 MT (\$3,500 to \$355,000). Sorghum exports in 2017/18 were 1,200 MT (\$304 thousand) but decreased in tonnage to 0 MT (\$0) in MY2021/22 and remain the same for MY2022/23.

Thailand

Import Policies/Government procurement restrictions

Until the demand destruction caused by a phytosanitary dispute beginning in December 2019, Thailand had been a growing importer of DDGS. Nonetheless, there is still strong potential for renewed demand due to the country's ability to procure corn. Thailand's government has implemented measures to artificially curb the flow of U.S. products into the market.

- Tariffs are used heavily to restrict access and competitiveness of U.S. suppliers.
- U.S. corn (and other non-ASEAN corn) is subject to strict import barriers (import tariff and quota system). Corn imports falling under the TRQ of 54,700 MT is subject to a 20% tariff rate, while out- of-quota corn imports are subject to a 73.8% tariff rate for non-ASEAN origins.
- U.S. DDGS are subject to a 9% import tariff imposed.
- U.S. Corn Gluten Meal is subject to a 5% import tariff.
- U.S. sorghum and barley are subject to a 27% import tariff, while under the ASEAN FTA, ASEAN-Australia/New Zealand, ASEAN-China, and ASEAN-Korea, the import tax is zero.
- U.S. ethanol faces a 28 cents/gallon import tariff.

Non Tariff Restrictions of DDGs Imports

In December 2019 the Thai Department of Agriculture issued a complete suspension of DDGs imports due to the identification of a quarantine pest (Khapra Beetle). As a result of intense cooperation with domestic importers and other allies a temporary fumigation protocol was reached. Irregular cargo inspections, creating irregular costs at the port have led to a sharp decline in demand for DDGS in Thailand.

U.S. exports of DDGS have decreased from 880 TMT valued at \$198 million in MY 2019/20 to 264 TMT (\$89 million) in 2022/23. These stark decreases in sales are directly correlated to non-tariff import restrictions.

Restrictions on Ethanol Imports

Thailand does not allow the import of ethanol for fuel use, with the government aiming to protect and support domestic ethanol producers. Thailand consumes over three billion gallons of gasoline each year but has an effective ethanol blend rate of 11 % despite all vehicles in the country being compatible with E20 and E20 fuels being widely available. U.S. ethanol could support Thailand in filling this blend gap.

Moreover, imports of undenatured U.S. ethanol continue to face a prohibitive \$0.28 per gallon import duty, making it uncompetitive with Thai-produced ethanol and limited broader ethanol supply in the country.

Vietnam

As one of the fastest growing economies in Southeast Asia, Vietnam provides a critical market opportunity for U.S. corn, DDGS, sorghum, and ethanol. With burgeoning pork and aquaculture industries in addition to a rising middle class (thus, increasing demand for gasoline), Vietnam is the largest animal feed market and corn importer in Southeast Asia. While Vietnam is the largest corn importer in Southeast Asia at roughly 12 MMT annually, the U.S. participates only nominally. In marketing year 2023/24, Vietnam did not import any corn from the U.S.

Conversely, U.S. DDGS face a zero tariff and Vietnam has become the third largest U.S. global market with total volumes exceeding 1.03 MMT (\$385 million) in MY 2023/24, up from 493 TMT (\$94 million) in MY 2016/17.

Import Tariffs

U.S. ethanol exports to Vietnam presently face tariffs of 10 % for both 99 percent pure ethanol and 100 percent pure ethanol. In June 2023, the Council was able to secure a five percent reduction in ethanol import tariffs, reducing the tariff on 100 percent pure ethanol to 10 percent from 15 %, and reducing the tariff for 99 percent or less pure ethanol from 15 percent to 10 percent. In direct trade, U.S. ethanol export volumes (values) to Vietnam increased from 2.1 million gallons (USD 2.97 million) in 2018 to 9.4 million gallons (USD 15.74 million) in 2024.

However, further U.S. ethanol market development efforts in Vietnam remain constrained by this 10 percent tariff. Competitive oxygenates from petroleum processing enter the market at a 5% tariff rate.

U.S. corn exports to Vietnam face a 2% tariff whereas ASEAN members and Russian origin corn are imported duty-free. This tariff structure disincentivizes the use of U.S. corn and limits cost-competitiveness relative to competitors.

SPS/Plant Quarantine Restrictions

In mid-2016, Vietnam instituted SPS/plant quarantine restrictions for U.S. corn, sorghum and DDGs requiring fumigation for large cabinet beetle at the export loading point.

The requirement of origin fumigation with Methyl Bromide or Phosphine greatly increases product cost, container demurrage, decreasing our competitiveness against our competitors who do not share this same requirement.

The compulsory fumigation at origin policy for imports of U.S. DDGS has limited export capabilities during periods of cold weather. As Vietnam is the third largest importer of DDGS with increasing demand, this non-tariff barrier represents a critical deterrent to DDGS market access.

Alternative origins take away an estimated 300,000 MT or USD 84 million of demand from US exporters each year due to our inability to fumigate in the winter months. The Vietnamese government should update its SPS policy in accordance to a modern and scientific risk profile.

Malaysia

Restrictions on Ethanol Imports

Remove prohibitive tariffs and duties on U.S. denatured ethanol imports to Malaysia, which are currently subject to a RM3.79 (\$0.85) import tariff and a RM4.17 (\$0.93) + 15% excise duty per gallon. Other industrial and gasoline additives – such as benzene, toluene, xylene and MTBE – enter Malaysia tariff and duty free. This duty structure all but

excludes U.S. ethanol from accessing a five-billion-gallon gasoline market which currently enjoys a \$24.8 billion trade surplus with the U.S.

Mexico

Biotechnology:

Biotechnology remains a critical and contentious issue in U.S.-Mexico agricultural trade relations, especially concerning genetically modified (GM) corn. Recent developments, such as Mexico's repeal of its GM corn import ban following USMCA dispute panel resolution signal positive steps taken to resolve the GM debate for human health concerns in Mexico. However, radicalized NGO and Non-GM interest groups present in congress have proven influence on a constitutional reform to include GM corn provisions. This underscores ongoing tensions between science-based trade policies and radical interest groups' influence in political decision-making in Mexico.

The United States prevailed in its dispute against Mexico under the United States-Mexico-Canada Agreement (USMCA) regarding Mexico's restrictions on genetically engineered (GE) corn, with the dispute panel issuing its final report on December 20, 2024. The case stemmed from Mexico's February 2023 presidential decree, which imposed an immediate ban on GE corn for use in dough and tortillas and instructed government agencies to gradually eliminate its use in other food products and animal feed. The U.S. challenged these measures, arguing they violated Mexico's USMCA commitments. On February 6, 2025, Mexico repealed its GM corn import ban, ensuring continued market access for U.S. corn, which reached a record 23.5 MMT in MY 2023/2024.

Constitutional Reform Initiative to Articles 4 and 27:

Regarding Genetically Modified Corn Presented by President Claudia Sheinbaum on February 18, 2025

The pending to be ratified constitutional reform bans GM corn cultivation in Mexican territory (already in vigor since Mexican court injunction in 2013). This is already understood in Mexico's market and not a barrier to U.S. corn imports.

However, the reform proposal also states: "All other uses of genetically modified corn must be evaluated under the terms of legal provisions to ensure they are free from threats to biosafety, health, and the biocultural heritage of Mexico and its population."

The ambiguity of the text above opens the door to a potential ban or restriction on all types of genetically modified corn, not just transgenic corn, but potential emerging

technologies like gene editing (those that overcome natural reproductive or recombination barriers) and maybe even hybrids. Furthermore, it presupposes that these are “threats” without specifying that they must be evaluated under current legal provisions (including WTO and USMCA trade agreements to which Mexico is a party) to address potential risks through scientific risk analyses that enable necessary mitigation measures.

This phrase should not exist within the text of a constitutional reform as there is an immediate risk to draft secondary laws or amend the existing Biosecurity Law, which would be unnecessary. Transgenic products are widely regulated worldwide based on the Cartagena Protocol on GMOs, and in Mexico, they are fully regulated under the Biosafety Law on Genetically Modified Organisms and its regulations. These frameworks prioritize scientific risk analysis for such products, and this should continue under its existing law.

Delay of Biotech Approvals

With respect to biotech approvals, what heretofore had been a predictable and timely risk assessment process hit a wall when approvals of new traits stopped in May of 2018. Mexico has a six-month statutory deadline for import approvals of biotechnology traits. Between August of 2021 and March 2022, COFEPRIS issued rejections for 14 biotech products across corn, soybean, canola, and cotton; issued six product approvals; and requested more information for four products as reported by biotech product developers. The information request has served to exceed the deadline established for the authority’s response and make invalid the application. The status of the remaining four products is currently unclear. While the revised 2023 corn decree allowed resubmissions and ultimate approvals for these rejected traits, they were granted approvals only for feed, excluding human approval, which still presents barriers to trade as traits are approved for all uses under the existing framework. The official instruction from Ministry of Economy is for the seed technology companies affected by this approval process to resubmit their applications as “all uses” should now be permitted per 2023 decree rescission. This is an ongoing process as of February 2025.

Mexico’s recent actions must not be permitted to negatively impact American farmers’ access to current and future innovation that promotes increased agricultural productivity and sustainability. We request USTR continue its efforts to directly engage with the government of Mexico, to ensure Mexico complies with its commitments to ensure smooth and science based regulatory procedures under the SPS Measures outlined in USMCA.

General Law on Appropriate and Sustainable Food

On April 17, 2024, the Government of Mexico published a law in the Official Gazette to establish mandatory warning labeling for products containing genetically engineered ingredients and to enshrine socioeconomic considerations into national food policy. The law also establishes state sponsored granaries and the use of the precautionary principle.

The formulation of the law was led by a broad coalition of social movements, senators, and activists within the Government of Mexico.

The following articles are of particular concern:

- Article 5 obligates State authorities to promote, respect and protect the exercise of the right to appropriate food through precaution.
- Article 21 involves mandatory warning label requirements for products that contain GE ingredients: “Producers and distributors of processed foods must warn, in addition to the elements required in article 212 of the General Health Law, if its products contain ingredients that directly derive from using genetically modified organisms in terms of the Law.” The Article does not specify to which law “...in terms of the Law” refers.
- Article 22 mandates that food producers and distributors provide information requested by any individual regarding the inputs or processes used to generate their products or services:

“Food producers and distributors must provide, in the terms established by the bylaw of this Law, the information requested regarding the inputs or processes used to generate their products or services without prejudice to the Articles of the applicable Articles on industrial property. When an individual requests this information, this right will be protected and guaranteed by the Federal Consumer Attorney, the Secretariat of Health, the Secretariat of Agriculture and Rural Development, and any other competent authority observing the Articles of the Federal Law of Industrial Property Protection.”

- Article 36 describes that special legislation on health and environmental protection will establish a list of harmful substances based on the current regulatory and legal framework taking into consideration the principles of precaution, prevention, and sustainability. The use of substances deemed harmful to health and the environment in the production, transportation, storage, or packaging of food of any kind is prohibited.

Mexican Official Standard PROY-NOM-187-SSA1/SE-2021: Maize (corn) and wheat products - Names- Dough and dough-based products - Sanitary specifications - Commercial and health information - Test methods (cancelling Mexican Official Standard NOM-187-SSA1/SCFI-2002):

On July 3, 2023, the Mexican Government proposed changes to the existing NOM-187 (valid since 2003). These proposed changes consider amendments to establish the sanitary specifications, denominations, and commercial information that must be adhered

to (labeling) in products made from nixtamalized corn (masa, flours, tortillas, tostadas). This law also provides updates to the sanitary provisions that must be followed by the establishments where they are processed (tortillerias).

NOM187 applies to both domestic and imported products, excluding snacks. Within this NOM, the Mexican Government seeks to codify into law the 2023 corn decree to prevent the use of GM corn in the elaboration and commercialization of tortillas. NOM 187 contains a series of provisions and obligations that must be met by the tortilla production chain, which could lead to an increase in its final price to the consumer. It will not be an easy task for the more than 5,000 nixtamal mills in the country to implement the necessary mechanisms to achieve product traceability. In addition to the fact that the supervision and control of full compliance by the standard by Cofepris is unclear.

Status: The NOM 187 is pending to be published at DOF (Official Gazette of the Federation) to be valid regulation in Mexico, there is no known date when this could happen.

Secondary Laws and Biosafety Law Modifications

The constitutional reform's ambiguous language opens the door for secondary legislation or amendments to Mexico's Biosafety Law on Genetically Modified Organisms (LBOGM). As of March 2025, discussions within the Mexican Congress suggest a push to revise the LBOGM to mandate additional, burdensome studies for GM products—beyond existing risk assessments—under the guise of protecting biosafety and public health.

Such modifications could require redundant or overly stringent evaluations (e.g., long-term environmental or sociocultural impact studies) despite international consensus, reflected in the Cartagena Protocol and USMCA, that GM safety is adequately addressed through science-based risk assessments. This would impose significant delays, undermining the predictability of market access secured by the 2025 import ban repeal.

Introducing these requirements would deviate from Mexico's trade commitments to rely on internationally recognized risk assessment standards, potentially serving as a disguised barrier to biotech imports and contradicting the recent USMCA panel ruling.

Biotech Approval Delays

Since May 2018, Mexico's biotech trait approval process, previously predictable with a six-month statutory deadline, had stalled. Between August 2021 and March 2022, COFEPRIS rejected 14 products (corn, soybean, canola, cotton), approved six for feed only, and delayed four others by requesting additional information, effectively voiding applications. As of February 2025, resubmissions for "all uses – human and feed" approval (per the 2023 decree repeal) are ongoing but incomplete.

General Law on Appropriate and Sustainable Food (April 17, 2024)

Mandates warning labels for GE-derived products (Article 21), obligates producers to disclose input/process details (Article 22), and bans harmful substances in food production based on precaution (Articles 5, 36). These measures, driven by activist coalitions, lack clarity on implementation and scientific grounding.

Labeling and disclosure requirements could raise costs and deter U.S. exports, while the precautionary approach risks broader pesticide and biotech restrictions, misaligned with USMCA standards.

Mexican Official Standard PROY-NOM-187 (Pending)

Proposed in July 2023, NOM-187 aimed to codify the 2023 corn decree, banning GM corn in tortillas and setting sanitary/labeling rules for corn/wheat products. It burdens over 5,000 nixtamal mills with traceability costs, potentially raising tortilla prices.

Awaiting publication in the Official Gazette; no timeline set. If enacted, it could disrupt U.S. GM corn exports despite the 2025 import ban repeal.

Zero Soil Tolerance Presence in Imports

Mexico enforces a stringent “zero soil tolerance” policy for imported agricultural products, overseen by SENASICA, affecting commodities like corn and, more acutely in the past year, barley shipments. SENASICA defines “soil” as field clods with a record 12 of 35 trains flagged recently at Piedras Negras.

This policy imposes compliance costs (cleaning, inspection, certification) on U.S. exporters. While historically affecting unit trains of corn and wheat in other marketing years, the past year’s focus on barley highlights broader risks to supply chains. SENASICA’s zero-tolerance stance contrasts with U.S. CBP’s nuanced criteria, lacking tailored risk assessments required by USMCA SPS provisions, and both sides agree it needs review.

Ethanol Blending Restrictions

Mexico prohibits ethanol blending in gasoline sold within its three largest metropolitan areas—Guadalajara (GDL), Mexico City (CDMX), and Monterrey (MTY)—citing air quality concerns. Outside these cities, blending is permitted but capped at E6 (6% ethanol by volume), significantly lower than the E10 standard common in the U.S. and allowed under Mexico’s NOM-016-CRE-2016 fuel specification for non-urban areas.

This restriction limits U.S. ethanol exports, derived largely from corn, to Mexico, a key market with growing fuel demand. The urban ban excludes ethanol from roughly 40% of Mexico’s gasoline consumption (concentrated in GDL, CDMX, and MTY), while the E6 cap elsewhere reduces blending potential compared to U.S. E10 exports. This policy stifles demand for U.S. corn-based ethanol.

“IVA” Applied Irregularly at Progreso Port

In late 2024, local SAT officials (Mexican Tax Authority) at Progreso Port in Yucatan determined U.S. DDGS entering via vessel to large feed importer/ livestock producer is subject to VAT (16% value added tax). The claim is that the product falls under a “processed” category and is threatening fine retroactively for five years. This measure contradicts the Mexican law, “Ley de IVA” application of VAT, which exempts unprocessed feed ingredients (Article 9) and export goods (Article 2-A). DDGS, a minimally processed feed byproduct (HS 2303.30), should be exempt.

The application of IVA in this case could add \$2million annually, plus potential fines, to this importer’s 36TMT of U.S. DDGS, threatening competitiveness of the product. Similar issues reported by other importers anecdotally suggest this issue could be spreading to other feed ingredients in other regions of Mexico. If local SAT officials are taking arbitrary decision to apply VAT, this would constitute a NTB affecting competitiveness of U.S. feed products.

Latin America

Latin America: Schedule of Tariffs on select U.S. Agricultural Products					
	Ethanol	Corn	DDGS	Sorghum	Barley
Brazil	18%				
Colombia	CVD \$0.0526/liter				
Dominican Republic	10% ad valorem + \$11/liter excise tax				
Ecuador		15% ad valorem + variable tax (17% currently)		15% ad valorem + variable tax (17% currently)	

Colombia

Since 2017, the Colombian cereals growers’ association (FENALCE) has led multiple efforts to undermine U.S. corn imports, including a commissioned study to challenge the classification of U.S. corn under the free trade agreement. The study alleged that U.S. corn was misclassified under an incorrect Harmonized System (HS) code, rendering it ineligible for TRQ benefits and even labeled it as contraband harming the Colombian economy. The Council with the US and Colombian government worked with industry stakeholders to resolve the issue. In November 2017, the Colombia-US Free Trade Commission issued Decision No. 3, clarifying TRQ eligibility and temporarily resolving the HS code dispute.

By 2019, FENALCE revived its claims, using the same study to discredit the Free Trade Commission's ruling and alleging high aflatoxin levels in U.S. corn imports. It lobbied Congress and submitted a complaint to the Colombian Attorney General, seeking \$5.5 million dollars in damages from 24 U.S. corn importers. The Attorney General granted a hearing on October 1, 2019, but no action was taken.

In 2020, Colombia customs agency (DIAN) targeted five U.S. corn importers, questioning their eligibility for preferential treatment due to incomplete certificates of origin. The issue was resolved after a diplomatic exchange between the USTR and Colombia's Ministry of Trade (MINCIT) in July 15, 2021

FENALCE continued its efforts in 2021, publishing a report, "Imports of Sample Grade Corn: a risk to public health, livestock welfare and domestic production". It accused ten U.S. corn importers of supplying low-quality grain harmful to livestock and human health, citing publicly available U.S. export data. The report was shared with five governmental institutions and industry stakeholders. In a response, the Council provided an explanatory document on grade standards, which FAS presented to Colombian regulators. INVIMA and ICA ultimately dismissed FENALCE's claims, but concerns lingered that the report and related media coverage could fuel social unrest.

In July 2022, FENALCE submitted a proposal to incoming Agriculture Minister Cecilia Lopez Montaña advocating a policy that would disadvantage U.S. corn imports, including:

- A check-off fee on imported corn (0.75% of the final cost).
- Import duties similar to those imposed on chicken-leg quarters.
- Extension of the ethanol countervailing duty to corn.

Although the proposal received no official response, it signaled FENALCE's ongoing efforts to disrupt trade.

Concerns grew that Colombia might follow Peru's lead in initiating a CVD case against U.S. corn. The previous administration assured importers that it would not pursue such action, but this stance remained uncertain under President Gustavo Petro, who has repeatedly expressed support for substituting imports with domestic production.

Colombia is currently the third largest export market for U.S. corn, benefiting from the U.S.-Colombia free trade agreement, since January 1 2023. In MY 2023/2024 exports reached to 6.2 MMT valued at \$1.4 billion.

Countervailing Duty on U.S. Ethanol

In January 2019, the Colombian Ministry of Commerce (MINCIT) initiated a countervailing duties (CVD) investigation against U.S. ethanol imports petitioned by the Colombian Association of Sugarcane Producers (Asocaña) and the National Federation of Biofuels (Fedebiocombustibles). MINCIT issued decision on May 7, 2020, ruled placing a

\$0.06646/kg duty (10-12% ad valorem) for two years. The Colombian ethanol industry requested a five-year extension review which contemplates an increase of 106% in the CVD amount to \$0.1372/kg (\$0.41/gallon). On January 13, 2023, the government of Colombia issued its Essential Facts report regarding the expiry review and mentioned that, as identified in the initial investigation, U.S. ethanol subsidies remain in place but there is no clear evidence that the CVD imposed on U.S. imports would directly impact local production. In addition, the Essential Facts Report mentioned a duty of \$0.035/kg if the CVD is maintained, almost half of what was imposed with the initial investigation.

On March 15, 2023, MINCIT issued a final ruling on its CVD expiry review investigation of U.S. ethanol, completely disregarding the findings of the Essential Facts Report and extending the original investigation's duty (\$0.066/kg or \$0.0526 per liter) for the next five years, with a possibility of revision at the end of three years. On May 4, 2023, the U.S. ethanol industry filed a motion for reconsideration with MINCIT.

In 2023, Colombia faced instability in its ethanol blending program due to several factors, including the implementation of the CVD on U.S. ethanol. As a result, the blending levels fluctuated between 2% and 8%. The CVD has restricted market access for U.S. ethanol imports, making it more challenging for fuel distributors to meet domestic demand. However, in February 2024, the Ministry of Energy and Mines reinstated the blend to E10. This decision was supported by an increased flow of ethanol imports from the United States, despite the imposed duty. By the end of 2024, U.S. ethanol accounted for nearly 55% of the ethanol blend in Colombia.

U.S. ethanol exports to Colombia reached a record of over 123 million gallons in MY 2023/2024, despite the CVD imposed on ethanol. This significant increase was primarily driven by the competitive quality and pricing of U.S. ethanol, limitations in Colombia's domestic industry, and the re-establishment of a mandatory E10 blending rate in February 2024. However, the domestic industry is pressuring the government to explore alternatives to restrict U.S. ethanol's access to the market.

Higher blends of ethanol (E12 or E15), which are used in the United States, could help Colombia to meet its environmental goals. This is particularly relevant in the current context, considering the administration of President Gustavo Petro (2022-2026) has prioritized environmental aspects in its Government Plan and public policies. Higher blends of ethanol might reduce gasoline prices for end-consumers and would become an opportunity for Colombian and U.S. ethanol producers.

Brazil

The US ethanol industry enjoyed a duty-free trade relationship between Brazil and the U.S. from 2012-2017. In 2017, Brazil imposed a two-year 600 million liters per year TRQ. Any volumes above the 150-million liter quarterly allocation were subject to a 20 percent tariff. With its expiration in August 2019, President Bolsonaro decided to extend the measure until December 2020.

On December 14, 2020, Brazil decided to apply a 20% duty on all U.S. ethanol imports, as a measure to protect the domestic industry. During the imposition of the 20% duty on all imports, U.S. ethanol trade in Brazil was dramatically impacted.

Following price inflation during 2021 and part of 2022, Brazil decided to drop the duty to zero until December 31, 2022; as a measure to control inflation in the country, which accumulated index in 12 months exceeded 10%. The measure along with federal and state tax reductions (ICMS, PIS, COFINS) was part of a group of decisions that were intended to drop fuel prices. On January 31, 2023, the current President Lula decided to impose a 16% duty until December 31, 2023, arguing that ethanol imports jeopardized domestic production. Since December 31, 2023, Brazil has been imposing a 18% tariff on all ethanol imports.

In 2024, the U.S. ethanol industry, through the Brazilian Association of Fuel Importers (ABICOM), formally requested that the Brazilian Chamber of Foreign Trade (CAMEX) eliminate the duty on U.S. ethanol and to include it in the Mercosur Exemption List (LETEC). However, CAMEX rejected both requests despite receiving extensive comments from the U.S. ethanol industry, corn state producers, and even the Brazilian Federation of Fuel, Natural Gas, and Biofuel Distributors (BRASILCOM). As of now, CAMEX has not provided any response addressing the arguments behind its decision.

Third party analysis demonstrated that import tariffs on the delivered ethanol price in Brazil increased prices for Brazilian consumers in R\$ 0.16/liter (\$0.11/gallon) which represents an extra cost of US\$17 million per month since 2019. It was also found that importing states (like those in the North and Northeast) are more vulnerable to ethanol shortages and price increases. However, the effects of the tariff are redistributed to other regions of the country since the tariff serves to protect Brazilian ethanol producers but negatively impact consumers as gasoline prices increases.

Brazil's RenovaBio biofuels policy aimed to increase the role of biofuels in Brazil's transportation fuel market by focusing on reducing carbon intensities of fuel. RenovaBio was implemented in 2020 and is expected to generate 5 billion gallons of new demand through 2030. However, after five years of implementation, no U.S. ethanol plants have been certified under the Renovabio program, limiting the access to the carbon credit market inside Brazil. The current design of the program and its certifying mechanism (RenovaCalc), disadvantages U.S. ethanol producers relative to 1) the lifecycle assessment of corn, 2) accreditation of land use traceability standards and 3) extensive data requirements for corn-ethanol plants.

By limiting access to the certification, the US ethanol imports are losing competitiveness against domestic product. Currently, there are 330 ethanol plants in Brazil certified and trading the carbon credits (CBios) in the domestic B3 market. Brazil used to be the largest export destination for U.S. ethanol in 2017, However trade dropped substantially from \$805 million in MY 2017/18 to \$37 million in MY 2023/24.

Asynchronous Biotechnology Approvals

Brazil has not been a significant market for U.S. corn, accounting for less than 1% of imports over the past ten years. The current import tariff on corn is 7.2%¹. On average, Brazil imports roughly 2 MMT per year, mostly supplied by Paraguay.

On January 24, 2025, Brazil's Minister of Agriculture announced it is studying the possibility of lowering the import tariff on corn, as the government aims to reduce import tariffs on foods that are more expensive in the domestic market.

Dominican Republic

Selective Tax on Consumption of Imported Ethanol

In the Dominican Republic, it has been identified that domestic tax regulations discriminate explicitly against the import of U.S. ethanol, which would otherwise benefit from the national treatment in CAFTA-DR. Under Title IV of Dominican Republic Law 11-92 d/f 05/16/92 and its modifications, U.S. ethanol imported into the Dominican Republic is subject to an internal 10% ad valorem tax, and an excise tax that currently stands at approximately \$11 per liter. Those taxes significantly disincentivize any importers from considering U.S. ethanol exports to be blended with gasoline as viable. The two fiscal charges referenced above are integrated under the Selective Tax on Consumption (Impuesto Selectivo al Consumo- ISC) that only applies to certain imported products, including U.S. ethanol. Imported ethanol is also subject to the internal Tax on Transfer of Industrial Goods and Services (ITBIS) at a rate of 18%. Locally produced ethanol is not subject to these internal taxes.

These internal taxes in the Dominican Republic's regulations discriminate against U.S. ethanol in comparison to domestically produced ethanol, and are inconsistent with the national treatment commitment made by the Dominican Republic in the CAFTA-DR FTA. It is crucial that U.S. ethanol be afforded the same fiscal treatment like nationally produced ethanol, as was negotiated in the CAFTA-DR, which requires the removal of the discriminatory treatment against U.S. ethanol via domestic taxes imposed only on imported products. U.S. ethanol is entitled to treatment no less favorable than the most favorable treatment afforded to locally produced ethanol, in compliance with CAFTA-DR. The removal of the measure will facilitate the Council's efforts to open a 30 million gallons market in the Dominican Republic, valued at \$55 million.

Guatemala

Guatemala's Biofuels Regulation Prioritizes Advanced Ethanol

In July 2023, Guatemala's Ministry of Energy and Mines (MEM) released Governmental Agreement No. 159-2023, which issued the General Regulations for the Fuel Alcohol (Ethanol) Law in Guatemala. The regulations are currently under review by the

¹ <https://www4.receita.fazenda.gov.br/simulador/BuscaNCM.jsp>

administration of President Arevalo, but the government has indicated plans to move forward with the program under these conditions, making only minor adjustments if required. This Regulation sets the conditions and parameters for starting ethanol blending with gasoline in the country as of 2026. It addresses the requirements for the production, storage, handling, use, transport, and commercialization of fuel alcohol and its blend in Guatemala, as mandated by Law 17 of 1985. The Regulation promotes free competition; however, it prioritizes “advanced ethanol”, establishing that at least 60% of the ethanol blend should be “advanced ethanol”. According to Guatemalan authorities, “advanced ethanol”, is defined as “fuel alcohol or anhydrous ethyl alcohol derived from agricultural biomass, to be used for blending with gasoline, with a greenhouse gas emission of less than 28.6 grams of carbon dioxide per Mega Joule (28.6 g CO₂ eq / MJ).”

This regulation prioritizing low carbon-intensity ethanol could create distinctions between corn-based and sugarcane-based ethanol. Most of the ethanol produced in Guatemala and other countries in the region is derived from sugarcane and co-products. The main reason for prioritizing Advanced Ethanol, according to the Guatemalan government, is to contribute to the country’s international greenhouse gas (GHG) reduction commitments. Guatemala is the leading ethanol producer in Central America, with an annual production of 70 million gallons. This production is carried out by five distilleries, mainly from molasses, a by-product of the sugar industry. More than 85% of Guatemalan alcohol is exported to Europe and other markets, including the United States, where it must have sustainability certifications to be accepted. The remaining 15% is exclusively for the local beverage market.

Currently, Guatemala's local ethanol production cannot meet the mandate to include 60% advanced ethanol in its blend without impacting its international sales, which are paid at a higher price. However, this practice of applying low carbon-intensity conditions may spread to other countries in Latin America and the world, limiting the potential of the U.S. ethanol market.

Ecuador

Ecuador, as a member of the Andean Community, implemented the Andean Price Band System (SAFP) in 1994 to stabilize import costs and align domestic prices of imported products with international market trends. This system also provides domestic producers with clear indicators for decision-making regarding planting, production, and commercialization.

Within this framework, corn imports are regulated under a differentiated tariff system. For corn imported from the United States, the tariff consists of two components: a fixed ad valorem tariff of 15%, plus a variable percentage that is adjusted every 15 days based on international prices (currently at 17% for this period). In contrast, corn imported from Southern countries is only subject to the variable percentage, without the application of the fixed tariff.

Ecuador follows a self-sufficiency policy designed to protect domestic corn production, requiring companies to fully utilize locally harvested corn. However, national production alone is insufficient to meet the country's total demand. To determine the authorized volume of corn imports, regulatory entities conduct a supply and demand assessment. Once 80% of the local corn has been consumed, they calculate the import quota to ensure the country maintains sufficient inventory for the following year while awaiting the next local harvest.

The current market potential for corn in Ecuador is approximately 1.5 mmt from domestic production, plus the usual import quota of 100,000 metric tons, resulting in a total market of 1.6 mmt per year, valued at approximately USD \$400 million. However, any changes to the self-sufficiency policy governing the consumption of domestic corn are subject to government approval.

For sorghum, the treatment is the same, primarily because it can replace corn on a one-to-one basis.

Europe

European Union Tariffs on Select Agricultural Products			
	Floating Counter-cyclical Tariff	Tariff	Sec. 232
Ethanol		\$0.79/gal.	
Corn	\$102/metric ton		25%
Sorghum	\$102/metric ton		
Barley	\$101/metric ton		

U.S. grain trade with the European Union has been challenging over the years. First, the EU has traditionally taken a very long time to approve biotech traits. The EU also occasionally applies temporary, counter-cyclical tariffs to sorghum, corn, and barley when the global prices drop. Finally, the EU retaliated with a 25% tariff against U.S. corn imports because of the Section 232 steel and aluminum tariffs which significantly reduced the economic competitiveness of U.S. corn.

The EU has imported U.S. ethanol over the last several years, even as it places a tariff on denatured ethanol of \$0.79/gallon. In the 23/24 marketing year, the UK imported 227

million gallons of U.S. ethanol while the EU imported 141 million gallons. In addition to the tariff on ethanol, there are other barriers including:

- Biofuels can only proportional be produced from 7% crop-based materials, many EU countries have set their crop based caps below 7%.
- Exclusion of crop-based ethanol from Synthetic Aviation Fuel (EU and UK), and *de facto* exclusion in ReFuelEU Maritime (food and feed crop-based fuels are considered to have the same emission factors as the least favorable pathway)

The European Union Deforestation Regulation (EUDR) mandate is also an impractical requirement on trading partners that could further restrict the trade of products from countries that have a low-risk of violating the regulation such as the United States. The burdensome traceability requirements and inadequate consideration of supply chain disruptions without any promise of financial gain jeopardizes the European market for U.S. agricultural products. While the EUDR has been delayed until 2025, it still represents a significant regulatory roadblock for U.S. agricultural products in the future.

There is also a threat of the EU implementing 'mirror clauses' for imports from other countries. If mirror clauses are enacted in the EU, crops grown in the U.S. would have to prove compliance with the same overly burdensome production regulations EU farmers currently face to be eligible to for import to the European market.

Africa & the Middle East

Kenya

Kenya continues to try and authorize the importation of GM crops to help lower their feed costs for their growing livestock and dairy industries. However, efforts to lift the ban on biotech restrictions are still being stymied in the courts by anti-gmo activists. And when the ban is hopefully lifted, there is still a 50% import duty for corn. However, DDGS are not subject to this same tariff.

Morocco

The Moroccan Government agency in charge of food safety (ONSSA) has put into place some restrictions and a requirement that U.S. corn shipments must be accompanied by a veterinary certificate stating that grains originated from U.S. farms are free from HPAI or requesting a pre-shipment quarantine of not less than 30 days. This has complicated grain shipments from U.S. origins.

Mainland Tanzania has in place a GMO-ban that bans imports of U.S. corn and corn co-products.

Turkey

For exports of hi-pro DDGS and Corn Fermented Proteins, the controlling authorities in Turkey are unfairly reclassifying the imports from the HS code used for exports around the world (2303.30) with no import tariff to the HS code 2309.90, subject to a 7.8 percent duty (VAT).

Turkey also has some GMO restrictions that limit the possibility to export U.S. corn to the country (limited total number of approved events), as well as a 130 percent import duty on corn.

U.S. sorghum is GM free, but it' is also subject to 130% import tariff and there is no TRQ.