



STATEMENT BY THE BRAZILIAN CONFEDERATION OF AGRICULTURE AND LIVESTOCK (CNA) REGARDING SECTION 301 OF THE USTR

This statement is in response to the request for public comments opened by the United States Trade Representative (USTR), on June 15th, under Section 301 of the Trade Act of 1974, which investigates Brazil's acts, policies, and practices related to digital trade, preferential tariffs, anti-corruption enforcement, intellectual property protection, ethanol market access and illegal deforestation.

About the responding institution:

The Brazilian Confederation of Agriculture and Livestock (CNA) is the employer's union representing more than five million Brazilian farmers of all sizes - small, medium and large - covering a range of farming and agricultural activities. The CNA System is composed of three bodies: CNA, responsible for the institutional representation of farmers; the National Rural Learning Service (SENAR), which offers professional training program, technical and managerial assistance, healthcare and social projects in rural areas; and the CNA Institute, which conducts studies and research focused on the sector's development.

Through 27 State Agriculture and Livestock Federations, CNA directly serves the more than two thousand Rural Unions which provide support and solutions to farmers' local demands. CNA, therefore, advocates for the interests of the sector before the Federal Government, the National Congress and the higher courts, ensuring a qualified and representative voice for Brazilian farmers.

CNA reaffirms its commitment to fair, transparent and rules-based international trade, aligned with the principles of the World Trade Organization (WTO). The Confederation values bilateral cooperation between Brazil and the United States and, in this document, presents data and the legal foundations that demonstrate the compliance and legality of Brazilian policies regarding preferential tariffs, the ethanol market, combating illegal deforestation, and environmental protection.

Axis 2: Preferential Tariffs

1. Please discuss the acts, policies, or practices of Brazil which accord lower, preferential tariff treatment only to certain large trading partners in specific sectors, including sectors in which these trading partners are globally competitive.

Brazil adopts a trade policy aligned with the principles and rules of the World Trade Organization (WTO), seeking to ensure transparency, predictability and compliance with multilateral commitments. Preferential tariff treatment concessions are established exclusively on the basis of internationally recognized legal instruments, notably Article XXIV of the General Agreement on Tariffs and Trade (GATT) and the WTO Enabling Clause.

Article XXIV of the GATT allows Members to establish regional trade agreements or customs unions that cover substantially all trade between the parties without creating additional trade barriers for third parties. Under this framework, Brazil signed the Economic Complementation Agreement (ACE 53) with Mexico.

Although notified under Article XXIV, the ACE 53 remains limited in trade coverage, as preferences granted by Brazil cover only 12% of imports of Mexican origin, which, in the total Brazilian import schedule, represents around 0.3% of all purchases.

Furthermore, it is worth noting that only 45% of tariff lines are given a 100% tariff preference, while the rest are submitted to import tariffs on entering the Brazilian market. In addition, the ACE 55 was also signed with Mexico, and this mainly covers automotive parts and represents coverage of around 1.2% of Brazil's total imports.

The India-Mercosur Preferential Trade Agreement follows the precepts of the WTO Enabling Clause, which allows developing countries to establish reciprocal trade preferences to foster their economic development and regional integration, without violating the Most Favored Nation (MFN) principle. The agreement grants 100% preferential treatment to just 13 tariff lines, focused on fossil fuels. In 2024, the volume of imports within the scope of the agreement corresponded to approximately 16% of Brazilian imports from India and 0.4% of the US\$ 262.9 billion imported by Brazil in this period.

Overall, the preferences granted to Mexico and India through these agreements amount to only 1.9% of total Brazilian imports (Figure 1), while for other markets Brazil adopts MFN tariffs with averages of around 11.1% according to the latest tariff report published by the WTO. Therefore, Brazil maintains a balanced and fair trade policy in line with international best practices.

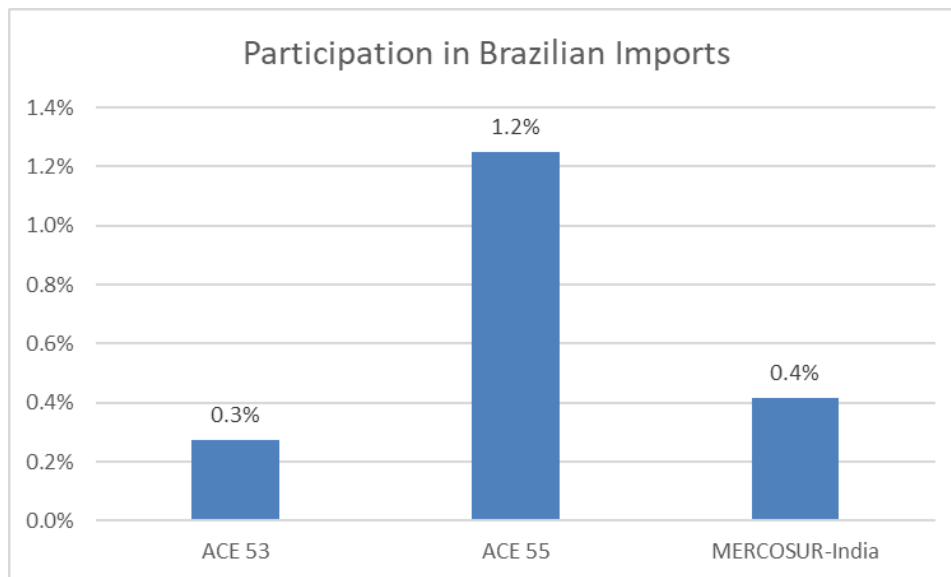


Figure 1. Share of preferential tariffs granted to Mexico and India in relation to total Brazilian imports.

By comparison, the United States has comprehensive free trade agreements in place with 20 countries, including Canada, Mexico, Korea, Australia, Chile, Peru, Israel, Jordan, and others, as well as sector-specific agreements such as the critical minerals agreement with Japan. These agreements cover virtually all bilateral trade with partner countries and are complemented by programs such as the Generalized System of Preferences (GSP) — which, although partially suspended during the Trump administration, remains active for eligible countries — and the African Growth and Opportunity Act (AGOA). This reflects a much broader and more diversified trade preference policy than Brazil's.

This comparison demonstrates that while Brazil uses preferential agreements selectively and limitedly, the US adopts a strategy of broad and systematic trade preferences, benefiting most of its trade with partner countries and strengthening the international competitiveness of its products.

2. Please discuss the extent to which Brazil's acts, policies, or practices discriminate against or unfairly disadvantage U.S. exports and economic output

There is no evidence that the acts, policies or trade practices adopted by Brazil discriminate against or cause unjustified disadvantage to the United States' exports or economic interests. On the contrary, Brazil has demonstrated its commitment to the principles of the World Trade Organization (WTO) and maintains a cooperative stance in

its bilateral relations with the United States. Furthermore, the United States has a trade surplus with Brazil, which reinforces the fact that these agreements have a limited impact on bilateral trade and do not pose any threat to US commercial interests.

In addition, current agreements cover a reduced number of tariff lines with a marginal impact on foreign trade, especially for smaller, high-value-added production chains. This limitation on agreements, which has been criticized by the Brazilian private sector over the last decade, compromises the competitiveness of Brazilian products compared to competitors who operate under more favorable tariff conditions.

In contrast, the United States maintains a broad network of trade agreements, including treaties with strategic partners such as Mexico, Canada (USMCA), Chile, Colombia, Peru, South Korea, Australia, and Central American countries. These agreements ensure preferential access to important markets and strengthen the competitiveness of their products.

These practices reflect the United States' recognition of the legitimacy and usefulness of selective trade preferences in fostering economic development.

The preferential agreements adopted by Brazil have a limited impact on American exports and do not constitute discrimination or unfair disadvantage.

For comparative purposes, Brazil's import flows with partners such as India and Mexico represent only 17% and 14%, respectively, of what is imported into the country from the US. This shows that the impact generated through the agreements in force on the Brazilian side do not provoke distortions in the international trade of goods and do not harm the access of American exporters to the Brazilian market.

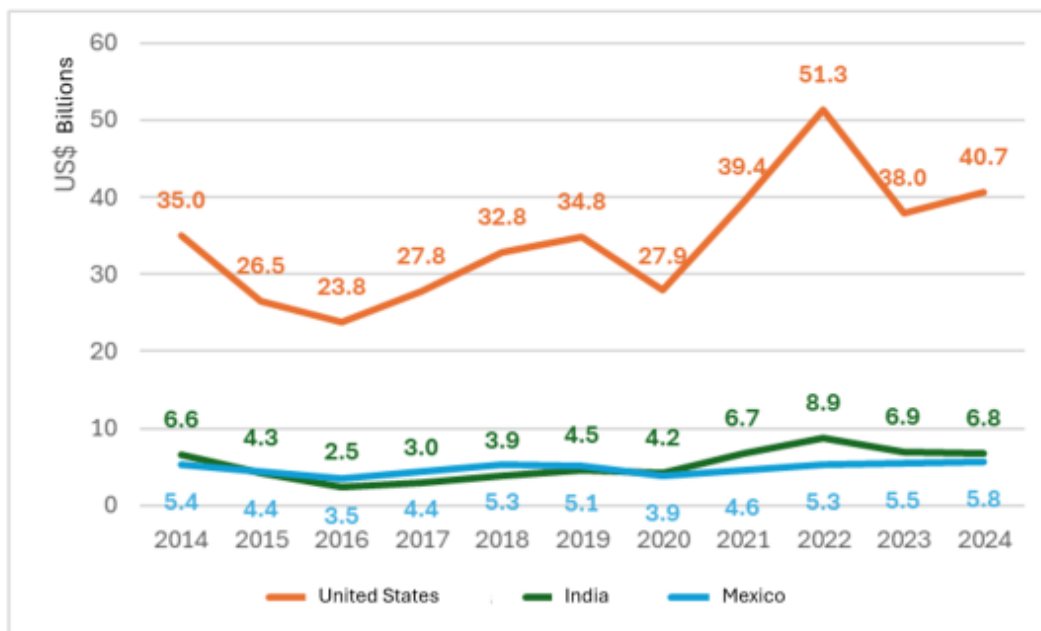


Figure 2. Brazilian import flows with the USA, India and Mexico

Additionally, Brazil is a leading importer of U.S. agricultural inputs, purchasing \$603.7 million in fertilizers, \$526.5 million in farm machinery, and \$13.7 million in seeds annually. This trade flow directly strengthens American agricultural industries while providing Brazilian farmers with critical technologies and inputs to maintain their global competitiveness. The exchange of these essential products - fertilizers to enhance yields, machinery to boost efficiency, and seeds to improve crop quality - demonstrates the fundamental role of U.S.-Brazil agricultural trade in supporting both nations' food production systems.

Furthermore, Brazil applies the Most Favored Nation (MFN) principle to more than 90% of its imports, ensuring that American products receive tariff treatment identical to that granted to other WTO member countries, without any hidden barriers or discriminatory practices.

Therefore, CNA reaffirms that Brazilian preferential trade agreements are legitimate, measured and compatible with international trade law, with the aim of promoting economic development and regional integration and offer no disadvantage to the United State's competitiveness or its exports to Brazil.

Lastly, Brazilian tariff policies reflect a commitment to open, fair, and predictable trade, based on cooperation and mutual respect. The Brazilian agricultural sector values its trade partnership with the United States and remains open to constructive dialogue to expand opportunities for both sides.

Axis 5: Access to the Ethanol Market

- 1. Please address the extent to which Brazil's tariff rates or any related regulations on ethanol discriminate against or unfairly disadvantage U.S. ethanol producers.**

Between 2010 and 2017, Brazil and the United States engaged in a bilateral tariff-free ethanol trade relationship, which favored trade flows between the two countries. Starting in 2017, Brazil gradually reintroduced tariffs through the implementation of tariff quotas, preventing an abrupt impact on market access conditions. It is important to note that these changes were not directed exclusively at the United States but rather applied broadly to all non-Mercosur countries. Until 2021, the tariff rate was 20%, corresponding to the Common External Tariff (CET), which is applied uniformly to a wide range of products imported from countries outside of the economic bloc.

In 2021, Gecex Resolution No. 272 temporarily reduced this rate to 18%. Initially valid until December 31st, 2022, the reduction was extended by Gecex Resolution No. 353 which established a new rate of 16%, valid until the end of 2023. Subsequently, Gecex Resolution No. 391, published in August 2022, officially re-established the rate at 18% with effect from January 1st, 2024. These changes reflect specific adjustments to Brazilian tariff policy, in line with Mercosur regulatory instruments and in a non-discriminatory manner with regards to specific partners.

During this entire period, US ethanol imported by Brazil enjoyed a lower rate than the Mercosur standard rate. With the officialization of the CET rate of 18%, Brazil began to apply tariffs on US ethanol at a lower rate than that applied to other countries in the bloc, such as Argentina, Paraguay and Uruguay, which remain at a rate of 20%.

Furthermore, the 18% rate applied to imported ethanol is a Most Favored Nation (MFN) tariff rate, compatible with WTO multilateral commitments, which is applied transparently, with no protectionist intentions, aiming to ensure the competitiveness of the domestic sector and protecting the interests of Brazilian producers and consumers. This tariff is applied in a non-discriminatory manner to all countries outside the regional preferential agreements.

Brazilian tariff policy is supported by Article II of the General Agreement on Tariffs and Trade (GATT 1994), which deals with the Schedules of Concessions and Commitments, establishing consolidated ceilings (bound tariffs) for import tariff rates. The tariff applied to ethanol remains within these agreed limits and is regularly notified to the relevant WTO bodies, demonstrating legality and commitment to multilateral rules.

Thus, the decline in American ethanol exports to Brazil is not exclusively due to tariffs, but also to structural changes in the biofuel market. International ethanol trade is influenced by several factors, such as price dynamics, production costs, exchange rate fluctuations, national governance, climate conditions that affect agricultural yields, and technological advances in the agricultural and industrial phases of production.

There are also regulatory specificities in each producing country. While some nations offer significant subsidies, favorable credit lines, and policies to protect domestic markets, others adopt a more liberal and competitive model, as is the case of Brazil, where production is strongly based on market conditions.

Ethanol has multiple uses — as vehicle fuel, as a mandated fuel blending component, as an industrial input — and demand varies according to energy policies, decarbonization goals, and national regulatory frameworks. Therefore, the market must be analyzed from multiple technical and economic perspectives.

2. Please address any other acts, policies, or practices of Brazil that may discriminate against or unfairly disadvantage U.S. producers of ethanol, biofuels, or related products.

Brazil does not adopt acts, policies or practices that discriminate against or unfairly disadvantage North American producers of ethanol or biofuels. All measures adopted by Brazil are in line with WTO multilateral commitments, with transparent and non-discriminatory application of the Most Favored Nation (MFN) Tariff, including for imported ethanol.

The National Biofuels Policy (RenovaBio), for instance, established by Law No. 13,576/2017, is a Brazilian domestic policy for decarbonizing the energy grid, aimed at promoting the use of low-carbon-intensity biofuels. The program does not impose trade barriers, is technologically neutral, and open to participation by international producers, provided they meet the established technical and environmental requirements — such as compliance with the Forest Code, external auditing, and production traceability. US ethanol, in fact, enjoys the same eligibility conditions as Brazilian domestic ethanol.

The RenovaBio policy was inspired by North American policies, such as the Renewable Fuel Standard (RFS) and the Low Carbon Fuel Standard (LCFS), and maintains fair and reciprocal treatment of imported biofuel. On the other hand, the EPA's recent proposal to amend the RFS in the 2026-2027 cycle threatens to create a non-tariff trade barrier, favoring ethanol produced in the US over imported ethanol, including Brazilian ethanol, disregarding important environmental attributes.

The competitive efficiency of Brazilian ethanol is the result of longstanding programs, historically conducted by Brazil, and the efficiency of tropical production systems, including in terms of greenhouse emissions. This aspect has been validated even by US methodologies that demonstrate a lower carbon footprint for Brazilian ethanol compared with America's.

As an example, in RenovaBio the average carbon intensity of Brazilian ethanol is 22 g CO₂e/MJ, compared to 40 g CO₂e/MJ for American ethanol, disregarding Indirect Land Use Change (*iLUC*). The same analysis of US ethanol in the LCFS shows results of 35 g and 52 g CO₂e/MJ, respectively. When including *iLUC*, the figures become 47 g and 51 g CO₂e/MJ. In the RFS, including *iLUC*, Brazilian ethanol has 41 gCO₂e/MJ and US ethanol 63 gCO₂e/MJ. These figures show that Brazilian products are competitive due to environmental merit and production efficiency, not due to protectionist measures.

The decline in US ethanol exports to Brazil, a potential point of concern, is not due to discriminatory policies, but rather to structural and market factors such as exchange rate fluctuations, shipping costs, international price dynamics, technological advances, and growth in domestic production — especially of corn ethanol in the Brazilian Midwest region.

CNA advocates bilateral cooperation with the US in relation to energy transition, particularly in bioenergy and sustainable fuels, recognizing the importance of these products for global decarbonization.

Another point that is commonly raised is the allegation of favoritism towards India and Mexico. It is important to note that Brazil applies a 20% rate to all NCMs related to ethanol originating from India. In the case of Mexico, tariffs of 20% also apply with the exception of NCMs 22071090 and 22072019, where a rate of 16% is applied as provided for in an agreement within the scope of ALADI.

However, these preferential treatments do not result in significant trade advantages: in 2024, the United States exported 110.98 million liters of ethanol to Brazil — 17 times greater than that exported by India — while Mexico did not export any ethanol to Brazil

in the same period. These figures demonstrate that trade performance is more related to competitiveness and market dynamics than to any preferential tariffs.

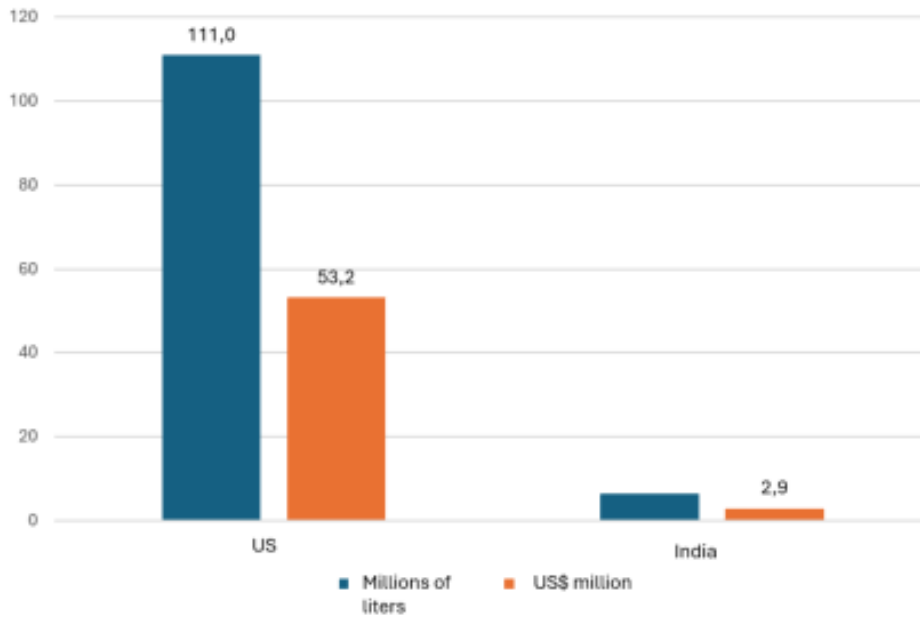


Figure 3. Comparison of Brazilian imports of American and Indian ethanol in 2024.
Source: ComexStat, 2025

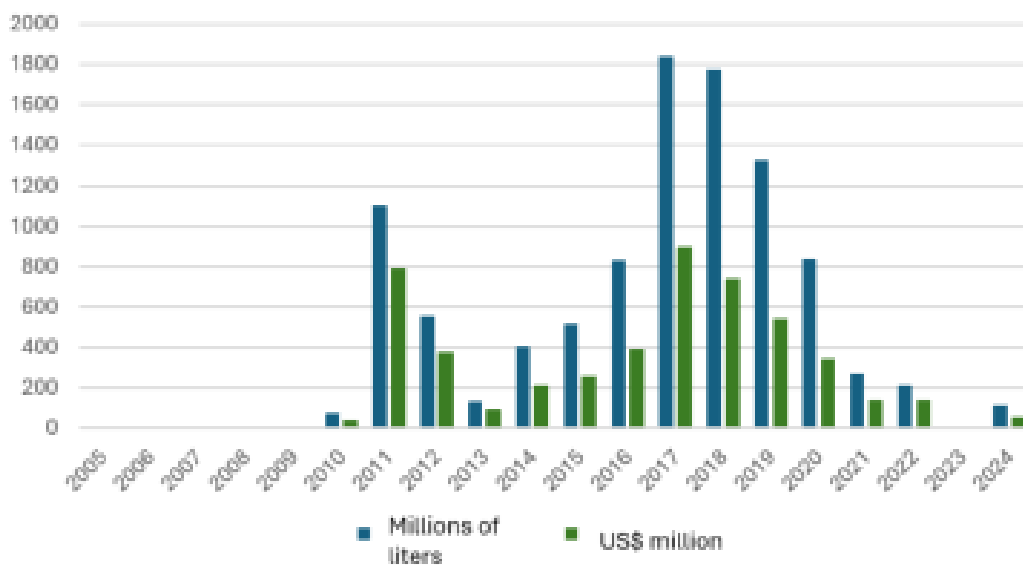


Figure 4. Brazilian historical imports of American ethanol.

Source: ComexStat, 2025

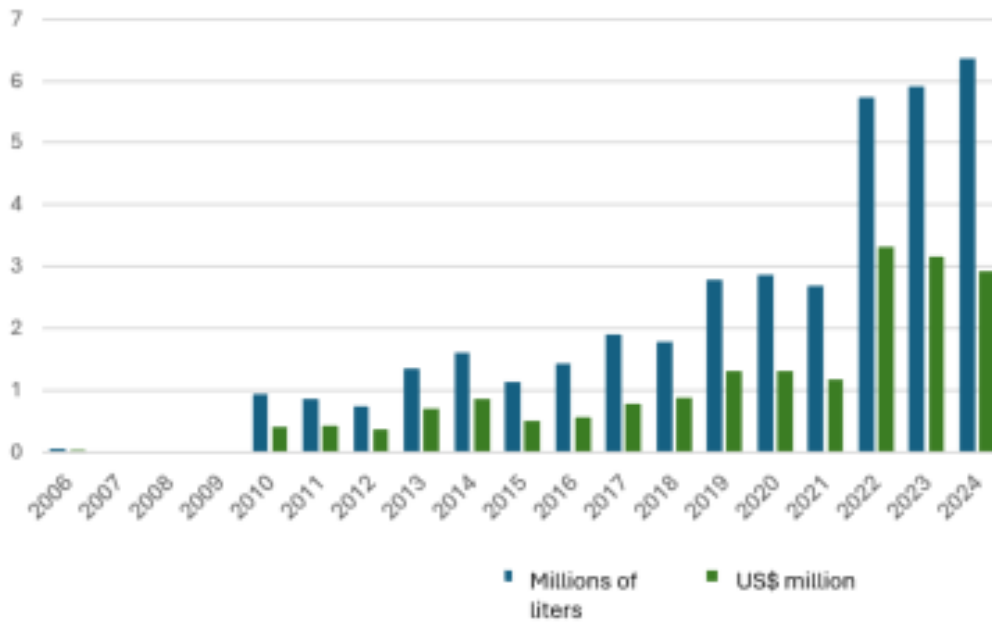


Figure 5. Brazilian historical imports of Indian ethanol.

Source: ComexStat, 2025

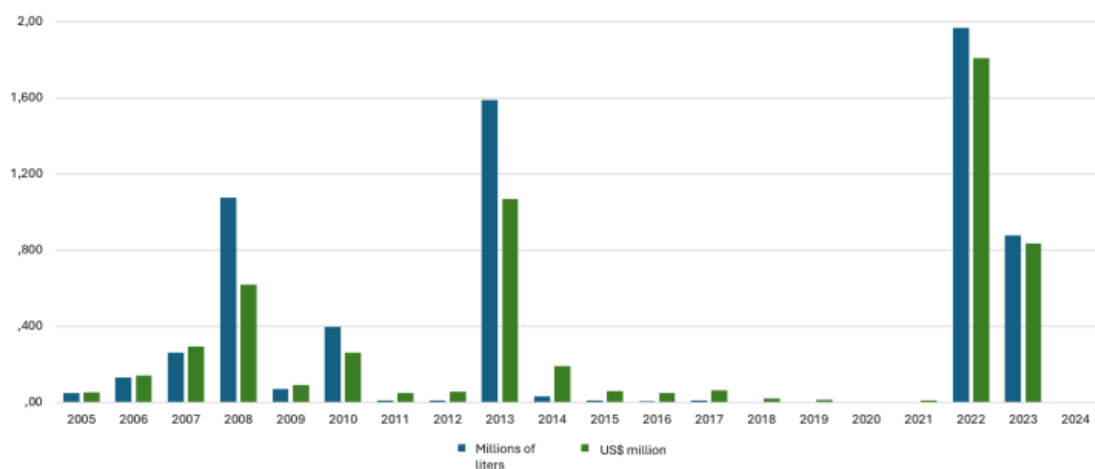


Figure 6. Brazilian historical imports of Mexican ethanol.

Source: ComexStat, 2025

In view of the above, we reject that there are any acts, practices or policies that are discriminatory or cause disadvantage to the United States. CNA emphasizes that public policies adopted by Brazil, such as RenovaBio, are based on technical and environmental criteria with a focus on sustainability and the diversification of its energy mix, and which are non-detrimental to other nations. These measures are compatible with the multilateral commitments undertaken by the country and are applied in a transparent and non-discriminatory manner.

CNA reaffirms its commitment to building open, predictable, and sustainable markets and advocates for strengthening bilateral cooperation with the United States, recognizing the strategic role of both countries in the global energy transition and the advancement of the bioeconomy.

Axis 6: Illegal Deforestation

1. *The extent to which Brazil has laws and regulations to effectively address illegal deforestation, the use of illegally deforested land for agricultural production, and illegal logging occurring within its territory.*

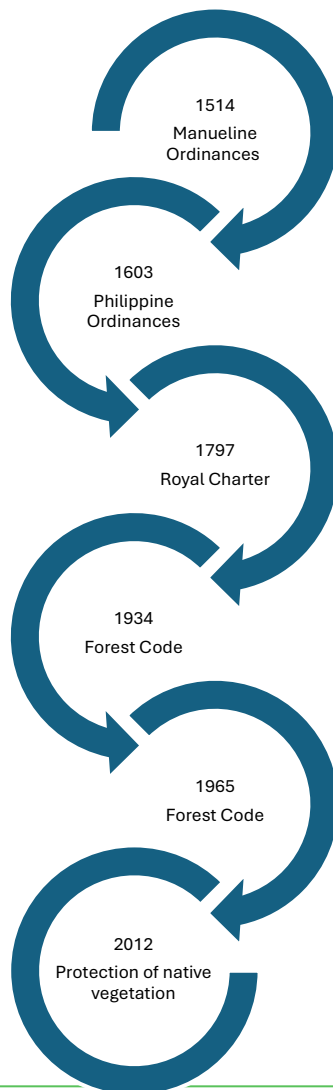
Brazil has an extensive, complex and highly protective environmental legislative framework, which covers several thematic areas, including the protection of fauna and flora, water resources, biodiversity, environmental compensation, environmental licensing, sanctions and environmental economic instruments.

The National Environmental Policy (PNMA) was established through Federal Law No. 6,938/1981, and sets out goals, principles and instruments for the protection and improvement of environmental quality with the aim of ensuring the necessary conditions for socioeconomic development, national security and the protection of the dignity of human life, while preserving, improving and restoring environmental quality.

The National Environment System was established by the same law and has a broad organizational structure that allows the State to act at all levels to protect the environment. It has the following bodies:

- 1) Higher body - with the role of formulating national policy and government guidelines;

- 2) Central body - with the aim of planning, coordinating and supervising national policy. In this case, exercised by the Ministry of the Environment;
- 3) Executing bodies - Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and the Chico Mendes Institute for Biodiversity Conservation (ICMbio), with the aim of executing and enforcing the government policy and guidelines established for the environment, in accordance with their respective roles;
- 4) Sectional Bodies - state bodies or entities responsible for executing programs, projects and for controlling and monitoring activities capable of causing environmental degradation;
- 5) Local Bodies - municipal bodies or entities responsible for controlling and supervising these activities within their respective jurisdictions.



This system is governed by federal laws, decrees, directives, resolutions and normative instructions, applied by the respective bodies. According to the Environmental Legislation Panel of the MMA's (Ministry of the Environment and Climate Change) Department of Planning and Strategic Management, there are currently 8,496 federal normative acts directly related to the environment.

The foundation of this complex legislative system is the Federal Constitution of 1988, known as the "Green Constitution", in which article 225 states that the right to an ecologically balanced environment is a right for all citizens, and is an asset for common use that is essential to the quality of life, and establishes the duty of the Public Authorities and society to protect and preserve the environment for present and future generations.

Combating illegal deforestation has its own specific legislation, notably the Environmental Crimes Law (Law No. 9,605/1998) and the Forest Code (Law No. 12,651/2012), which set out severe penalties for environmental infractions such as illegal deforestation, burning, illegal logging, illegal hunting and fishing. These rules provide for administrative and criminal sanctions, including fines, detention and mandatory restoration of degraded areas.

Decree No. 6,514/2008 regulates environmental administrative infractions and sanctions, detailing the procedures for investigations and the application of penalties.

In this context, the list of environmental crimes and infractions includes not only illegal deforestation, but also illegal burning, illegal logging, hunting, fishing, and the illegal capture of wild animals, among others.



Illegal deforestation is considered an environmental crime, subject to severe criminal and administrative sanctions arising from conduct and activities that are harmful to the environment, including fines, detention, and the mandatory restoration of the degraded area.

In addition to the legal framework, Brazil uses advanced deforestation monitoring systems, such as Prodes, run by the National Institute for Space Research (INPE), which annually publishes the consolidated deforestation rate for the nine states of the Legal Amazon area. Between August 2023 and July 2024, the area of consolidated deforestation was 6,518 km², representing a reduction of 28.09% compared to the previous period when there was a total of 9,064 km².

Additionally, the Annual Report on Deforestation in Brazil (2025), produced by MapBiomas, indicates that deforestation in 2024 fell by 32.4% compared to 2023, totaling 1.24 million hectares, with a reduction in all biomes except the Atlantic Forest biome which remained stable.






This clearly demonstrates that Brazil has a comprehensive and rigorous legal system to combat illegal deforestation and related practices, combined with robust monitoring and enforcement mechanisms which offer effective tools for controlling and mitigating these practices within the country's whole territory.

- 2. The extent to which Brazil is effectively enforcing laws and regulations to address illegal deforestation, use of illegally deforested land for agricultural production and illegal logging occurring in its territory.**

Environmental stewardship in Brazil exercises police-like powers provided for in environmental legislation, charging the Public Authorities with the duty of monitoring potentially polluting behavior and the use of natural resources to ensure environmental preservation for the common good.

The Brazilian Institute of the Environment and Renewable Natural Resources (Ibama), a federal agency created by Law No. 7,735/1989 and linked to the Ministry of the Environment (MMA), is the body responsible for inspection, monitoring, environmental control and application of environmental policing powers. The work it performs includes the implementation of national environmental policies, including environmental licensing, environmental quality control, authorizing the use of natural resources, and placing administrative and criminal sanctions— such as fines, seizures, embargoes, and bans — with the aim of preventing environmental damage, punishing offenders, and deterring future violations.

Strategic Framework | Ibama 2024–2027

| | | | | | | |
|-------------------|-----------------|--|--|--|--|---|
| What we will do | Mission | Protect the environment, combat the climate crisis, ensure environmental quality and biodiversity conservation, and guarantee conditions for Brazil's socio-environmental development. | | | | |
| | Vision for 2027 | A strong and efficient State institution to address climate, biodiversity, and pollution crises through the reduction of deforestation and fires, ensuring environmental quality, and promoting socio-environmental development in Brazil. | | | | |
| | Our Goals |  Reduce deforestation and control forest fires. |  Monitor, conserve, restore, and protect biodiversity. |  Reduce greenhouse gas emissions |  Prevent, mitigate, and offset socio-environmental impacts of projects and developments. |  Prevent and reduce negative impacts related to production, trade, and the use of potentially polluting agents and solid waste. |
| | | Key Goals and Indicators | | | | |
| How we will do it | Action Fronts | Environmental enforcement | Policy and regulatory actions | | Restoration and conservation of biodiversity. | |
| | | Combating the climate, pollution, and biodiversity crises | | | Environmental Education | |
| | Action Fronts | Infrastructure Improvement | | | Digital Governance | |
| | | Strengthening management and territorial reach. | | Training and valuing staff. | | |

At the international level, Brazil, as part of its Paris Agreement commitment, has set the goal of reducing native vegetation loss and achieving zero deforestation by 2030 in all biomes.

In support of this goal, the Extraordinary Secretariat for Deforestation Control and Territorial Environmental Planning was set up to formulate policies and strategies to reduce deforestation and forest fires.

Additionally, Federal Decree No. 11,367/2023 reinstated the Permanent Interministerial Commission for the Prevention and Control of Deforestation and Wildfires, a collegiate body chaired by the Chief of Staff's office (part of the President's office), which is charged with implementing the Program for the Prevention and Control of Deforestation and Wildfires in Brazil (PPCD).

The PPCD involves 19 ministries and agencies, focusing on structural work in the different biomes, which includes:

- Sustainable production activities (sustainable use of public forests, forest restoration, bioeconomy, low-carbon agriculture, green infrastructure);
- Environmental monitoring and control (acting in areas where illegal activities take place, removal of intruders from Conservation Units and Indigenous Land, traceability of agricultural products);
- Landholding and territorial planning (Rural Environmental Registry (CAR), creation of Conservation Units, titling of traditional territories, environmental project assessment);
- Normative and economic instruments (Amazon Fund, *Bolsa Verde*, payment for environmental services, carbon market regulation, strengthening of command and control actions in critical municipalities).

The PPCD is an expanded successor to the Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAm), which, between 2004 and 2012, achieved a reduction in deforestation in the Amazon of 83% by promoting sustainable activities, conducting monitoring, territorial planning and economic and regulatory instruments.

Currently, Brazil is implementing specific action plans (launched between 2023 and 2025) to prevent and control deforestation and fires in all biomes, with the aim of expanding the success of the PPCDAm to other ecosystems.



The fifth phase of the PPCDAm (2023-2027) aims to improve monitoring of deforestation, fires and degradation, integrating data from multiple government systems, investing in radar image detection and implementing predictive systems to support preventive actions and supervision intelligence. This work includes analyzing tax, financial, and forest degradation data to identify risks and to be ready to respond to instances of illegal deforestation.

To ensure greater effectiveness, Executive Subcommittees were set up for each biome, starting with the Amazon biome and to be followed by the Cerrado biome, aiming to coordinate integrated policies and action between bodies and agencies.

In 2024, the Ministry of the Environment launched the Monitoring System for Action Plans for the Prevention and Control of Deforestation and Fires in all Biomes (SISPPCD), which heightens management through monitoring, reporting, and accountability, as well as divulging information about the work done and results achieved within the plans.

As a suppression measure, command and control bodies apply administrative embargoes that suspend all activities that cause environmental damage, such as cropping, livestock farming and construction. These measures can result in fines, equipment seizure, license suspension, financial losses, reputational damage, restricted access to credit, and the risk of loss of property.

By May 2025, Ibama had identified 93,622 embargoed areas and published more than 60 preventive embargo notices, with more than 4,200 notifications for embargoes in rural areas, highlighting both the pedagogical and punitive nature of these measures.

In short, Brazil has demonstrated a continuous and structured effort to effectively enforce its environmental laws and regulations, through rigorous inspection, prevention and control programs, integrated monitoring mechanisms and suppressive action, seeking to reconcile sustainable development with environmental preservation.

The results have been verified in sectoral emissions measurements. Although the agricultural sector represents only 28.5% of the National Inventory of GHG Emissions and Removals, it is behind industrial processes and the use of products, energy, land use and waste, which together represent 71.5%.

Even so, the sector showed a 1.9% reduction in GHG emissions according to the Result of the National Inventory of GHG Emissions per state and the Annual Estimate of GHG Emissions in Brazil – 6th edition 2022 MCTI. Despite the difficult global context, Brazil achieved its voluntary national commitment established by the National Climate Change

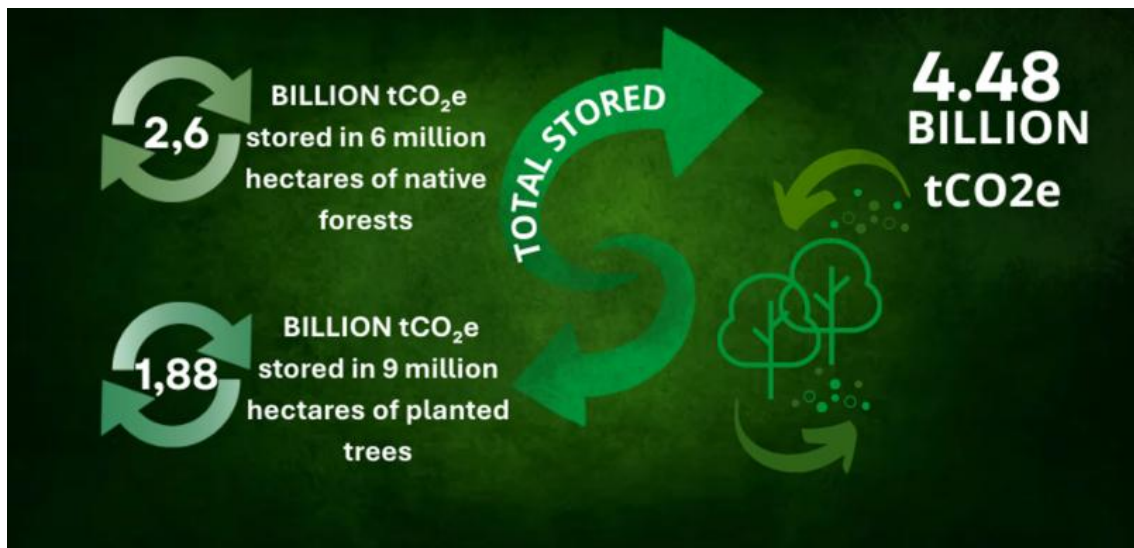
Policy (PNMC) and presented emissions below the maximum reduction expected in 2020.

Chart 1.1. Greenhouse Gas Emissions Results in 2020, by Sector.

| TOTAL NET EMISSIONS IN 2020 – 1,675.76 MILLION TONS OF CO ₂ eq | | | | | | | | |
|---|-----------------|---------------------------|-----------------|-----------------|------------------|------|------|-----------------|
| Sectors | Total Emissions | Sectoral Contribution (%) | CO ₂ | CH ₄ | N ₂ O | PFCs | HFCs | SF ₆ |
| Energy | 389,48 | 23.2% | 366.91 | 12.57 | 10.01 | - | - | - |
| IPPU | 101.94 | 6.1% | 92.45 | 0.80 | 0.36 | 0.24 | 7,76 | 0,33 |
| Agriculture | 477.67 | 28.5% | 26.00 | 298.60 | 153.06 | - | - | - |
| LULUCF | 637.04 | 38.0% | 596.29 | 27.87 | 12.89 | - | - | - |
| Waste | 69.63 | 4.2% | 0.23 | 66.63 | 2.76 | - | - | - |

Emission units: million tons of CO₂eq-

The regulatory framework, state action and producers' efforts are converted into numbers. As the holders of 33% of the total preserved area in Brazil, equivalent to more than 282 million hectares of native vegetation, the farmers are in fact the guardians of natural resources and native vegetation.



3. The extent to which agricultural products are being produced on illegally deforested land and are being exported, directly or through subsequent agricultural products, to the United States or other markets.

The Rural Environmental Registry (CAR) is a central tool for the environmental and production management of rural properties in Brazil. Set out in the Forest Code (Law No. 12,651/2012), the CAR consists of a mandatory electronic registry for all rural properties, regardless of size, gathering environmental information in an integrated national database.

More than a regulatory instrument, the CAR enables the traceability of Brazilian agricultural and livestock produce, evidencing the legal origin of products, their compliance with environmental standards, and farmers' commitment to sustainable practices.

When registering their property, the farmer provides detailed information on the location of protected areas, including Permanent Preservation Areas (APPs), the Legal Reserve (RL), restricted use areas and farming production areas that were consolidated prior to the introduction of the current legislation.

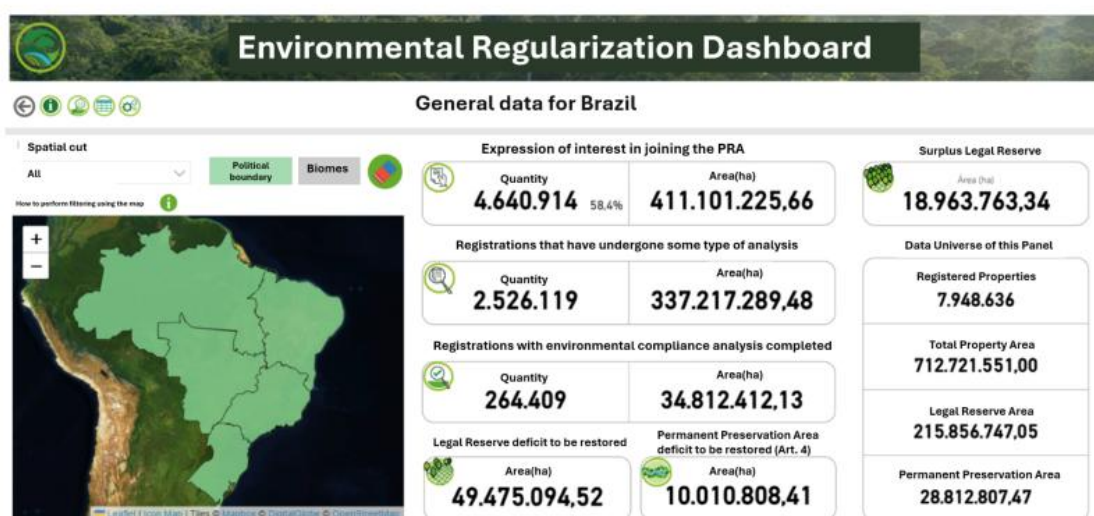
Permanent preservation areas (“APPs”) are strips of vegetation along rivers, springs and slopes, which are protected in order to preserve the soil, water and biodiversity. The Legal Reserve is a part of the farm property that must be preserved with native vegetation, ensuring environmental conservation and ecological balance. Both types of

conservation areas are registered on the CAR and are essential for agribusiness sustainability.

Administration of the CAR is shared between the Brazilian Forest Service (SFB) and the Ministry of Management and Innovation in Public Services (MGI), and operational aspects are delegated to the relevant state environmental agencies.

To date, the National Rural Environmental Registry System (SICAR) holds the registrations of 7,948,636 rural properties, covering approximately 712.7 million hectares. Of this total, approximately 215.9 million hectares correspond to Legal Reserve areas and 28.8 million hectares to Permanent Preservation Areas.

To monitor the data declared in the CAR, the Brazilian Forest Service developed the Environmental Regularization Dashboard, which provides detailed analyses and interactive monitoring of the environmental situation in each state.



The CAR is a mandatory requirement for several purposes, such as obtaining rural credit, especially agricultural finance from financial institutions, in addition to being a requirement for notary procedures, land tenure regularization, and participation in public policies.

The Forest Code acknowledges the importance of agriculture and livestock for economic development, food security and national economic growth, while also emphasizing the

importance of preserving forests and native vegetation for environmental sustainability, the quality of life and international competitiveness.

In this context, the CAR acts as a structural tool to promote environmentally responsible and sustainable agribusiness. Through the SICAR system, information regarding Permanent Preservation Areas, Legal Reserves and land use is all integrated into a single platform, facilitating environmental monitoring and promoting transparency for farmers and public agencies.

The consolidation of the CAR, together with the adherence to the Environmental Regularization Programs (PRAs), represent concrete advances in the implementation of the Forest Code, enabling the compensation of the Legal Reserve through Environmental Reserve Quotas (CRAs) and the regularization of environmental liabilities. These mechanisms heighten legal security, add value to rural properties and reinforce the importance of sustainable farming production.

Compliance with environmental legislation improves the image of Brazilian agribusiness in the eyes of consumers and international markets, promoting greater transparency and adding value to products.

Lastly, integrating CAR data with other government systems drives sustainable rural development, ensures traceability and transparency throughout the production chain, and reduces the risk of products being sold that originate from illegally deforested areas, whether directly or indirectly, in markets such as the United States and other international destinations.

4. The extent to which Brazilian products, including lumber and wooden furniture, are being made with illegally extracted wood and are being exported to the United States or other markets.

Brazil has a robust system for monitoring the suppression of vegetation that involves native and exotic species, with responsibilities distributed among federal, state and municipal entities. This system integrates environmental legislation, administrative authorizations, satellite monitoring and electronic control systems.

The suppression of native vegetation, whether for land use change, sustainable management or forestry use, requires prior authorization from the relevant environmental agency. This authorization is formalized via the SINAFLOR system (National System for Controlling the Origin of Forest Products), which connects to CAR



to verify the legal status of each area. SINAFLOR operates alongside the DOF+ (digital Forest Origin Document), allowing the entire timber chain to be tracked, from authorization to transportation and final destination.

Sustainable forest management is adopted both in publicly controlled forests under state concession and in legally registered private areas. Brazil currently has around 1.3 million hectares of public concessions, with a further 450,000 hectares recently auctioned in four Forest Management Units. The concessions are administered by the Brazilian Forest Service (SFB), with rigorous technical and environmental monitoring, and contribute to environmental conservation and the socioeconomic development of local and traditional communities.

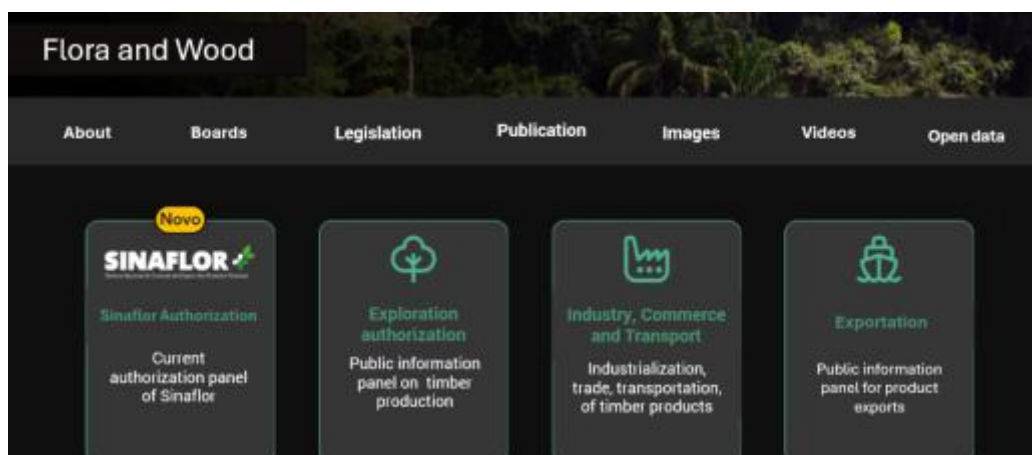
In the private sector, sustainable forest management areas are extensive, as exemplified by approximately five million hectares in the state of Mato Grosso alone, where producers adopt responsible practices that maintain forest cover and protect natural resources.

The use of native timber follows strict technical criteria set out in approved management plans, covering forest typology, logging cycles, logging intensity and continuous monitoring. Timber origin certification and product traceability are required by law, thus ensuring origin legality.

Satellite monitoring, via systems such as Deter and Prodes (operated by the National Institute for Space Research - INPE), provides near-real-time data on deforestation and irregular clearing, complemented by platforms such as MapBiomás Alerta, which cross-reference data from the CAR and other public databases to verify legality.

The Brazilian model of legal forest management, both public and private, is internationally recognized for its combination of the rational use of resources, legal income generation, and environmental protection, aligned with climate and sustainable development commitments.

Public access to authorization data can be obtained through the PAMGIA Platform (the Platform for Geospatial Analysis and Monitoring of Environmental Information – Flora and Wood).



Brazil's leading role in the production of forest-based products is the result of technological innovation and yield improvements associated with good climate conditions for the cultivation of exotic species. However, areas planted with exotic forest species (eucalyptus, pine) follow different rules. Outside of protected areas, prior authorization for logging is generally not required, but the Forest Code (Art. 35, §1º) requires logging data to be communicated to the relevant body within one year in order to provide origin control information.

According to the Brazilian Tree Industry Report (Ibá), the logging sector plants, harvests and replants on an area of 10.2 million hectares, prioritizing degraded areas and low productivity pastureland, while also conserving 6.91 million hectares of natural vegetation. Together, these areas store around 4.92 billion tonnes of CO₂ equivalent.

The sector holds the most rigorous forestry certifications (FSC, PEFC), in addition to ISO standards (9001, 14001, 45001) and international labelling standards (EU Ecolabel, CARB), ensuring environmental responsibility, as well as socially just and economically viable practices. These certifications, verified by independent audits, provide access to the most demanding markets.

Conservation areas of the
cultivated tree sector, 2021-
2023
[Millions of hectares]



In 2023, the total certified area in Brazil reached 10.6 million hectares, with a 50% increase in the planted area certified for production purposes compared to 2022.

In addition, this sector has 72 thousand hectares, concentrated mainly in the Atlantic Forest and Cerrado biomes, undergoing environmental recovery, and it administers around 100 thousand hectares of Private Natural Heritage Reserves (RPPNs), demonstrating its commitment to conservation.

Area in environmental recovery in 2023

Fonte: Ibo (2023) | Elaboração: ESG Tech



Table 2 List of Federal and State Action in Monitoring Vegetation Suppression (Native and Exotic):

| Element | Federal Government | State Governments |
|-----------------------|---|--|
| Main legal basis | Forest Code, Environmental Crimes Law, CONAMA Resolutions | Complementary state legislation (e.g., licensing regulations) |
| Licensing authority | IBAMA (in federal areas and projects of national impact) | State environmental agencies (e.g. SEMAD, IMA, SEMA, etc.) |
| Permit system | SINAFLOR, DOF+ | SINAFLOR (in general), which may have its own integrated or parallel systems |
| Timber origin control | DOF+ (replaces the old national DOF) | DOF+ is also used, with mandatory adherence; some states require further documents |
| Satellite monitoring | INPE systems (Deter, Prodes), MapBiomias | Use of the same data, with some complementary state platforms |

| Element | Federal Government | State Governments |
|-----------------------------|---|---|
| Exotic species | Federal permits are not required for consolidated areas | Specific state communication or control |
| Responsible for stewardship | IBAMA and the National Environmental Force | State (and municipal, in some cases) agencies |
| CAR Integration | Rural Environmental Registration System (SICAR) | State CAR, which is integrated into the national SICAR |
| Penalties | Fines, embargoes, seizures | Same penalties, with additional sanctions provided for by state regulations |

5. Other acts, policies, or practices in Brazil related to illegal deforestation that may unfairly discriminate against or disadvantage U.S. businesses.

There are no acts, policies or practices in Brazil associated with illegal deforestation that bring any disadvantages to American businesses. On the other hand, there is other work focused on improving the Brazilian state's performance in the assertive implementation of the Forest Code.

The Federal Supreme Court (STF), in ADPF 743 (“Fundamental Precept Violation Claim”), has determined measures be taken to improve territorial management and the integration of official data, with a focus on combating deforestation and fires in the Amazon and Pantanal biomes. These measures directly affect systems such as CAR, establishing guidelines to strengthen environmental control and transparency.

Since the final decision on June 19th, 2024, the STF (Federal Supreme Court) has required automated integration of land tenure systems (including CAR), authorizations for vegetation suppression and deforestation monitoring. Data relating to authorizations must be made public within 60 days of the decision.

The Government must present a plan to process at least 70% of CAR data, integrate deforestation monitoring, land data and environmental authorizations, expanding control and application of sanctions.

The creation of a CAR Systems Integration Committee was discussed together with representatives of the Legal Amazon and Pantanal states, to establish joint governance.



ADPF 743 also determined greater budgetary transparency for the years 2019 and 2020 and appointed the Judiciary's Environmental Observatory, linked to the CNJ (National Council of Justice), to monitor the effectiveness of these measures which should expand database integration and information related to the topic.

Likewise, in December 2024, the Ministry of Agriculture (Mapa) in partnership with Serpro, AB+S launched the Agro Brazil +Sustainable Platform. This free digital platform integrates public and private information on sustainable agricultural production, including environmental, land, social and corporate data.

The platform qualifies properties and farmers for public policies such as the Safra Plan (the main public policy instrument for financing and supporting the country's agriculture and livestock sectors), cross-referencing databases such as those held by Incra (the National Institute of Colonization and Agrarian Reform), the Federal Revenue Service, slave labor records, and indigenous or *quilombola* (slave descendant's communities) areas. It issues digital documents with QR Codes to prove compliance, thus facilitating trade relations and access to rural credit with reduced interest rates for sustainable practices.

Introduced to European countries in 2024, AB+S is an international benchmark for agricultural traceability and sustainability.

These and other initiatives aim to reinforce Brazil's leading role in sustainable agricultural production, with a focus on food security and responsible global supply.

Finally, we reiterate that regulatory conditions in Brazil do not pose any competitive disadvantage to the United States. The Brazilian Forest Code (Law No. 12,651/2012) is one of the most advanced environmental laws in the country, regulating the use and protection of native vegetation. It mandates the conservation of wide strips of riparian vegetation (30 to 500 meters wide), that cannot be utilized for economic purposes, as well as requiring mandatory legal reserves on private property, without any financial compensation.

By comparison, in the US, riparian protection is regulated by states, generally through voluntary guidelines focusing on water quality with permitted sustainable management and local regulatory variations. Biodiversity conservation occurs mainly through private environmental easements.

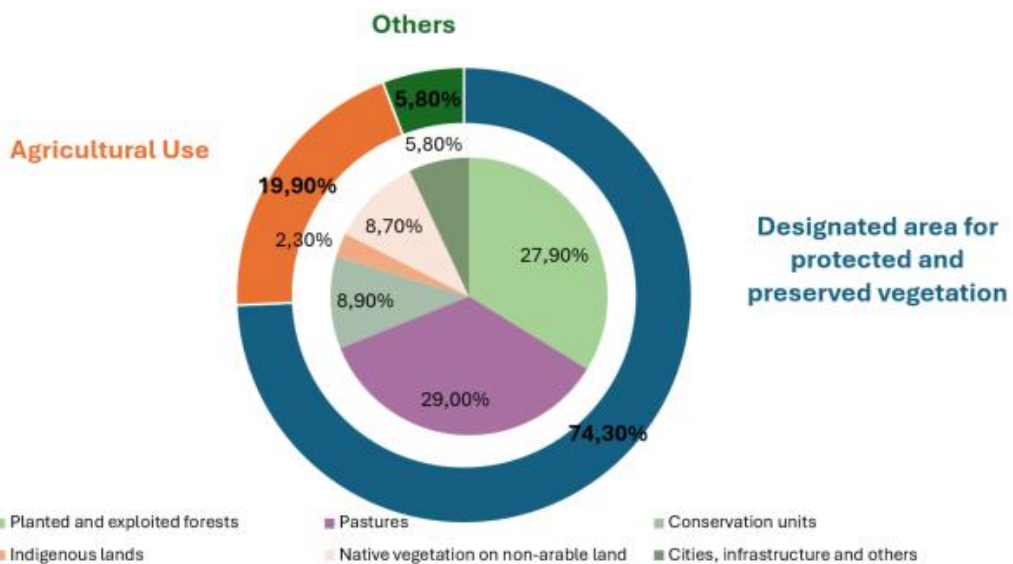
Brazil allocates 66.3% of its whole territory to native vegetation, of which 25.6% is within protected rural properties; around 30% is for agricultural and livestock use. In the USA, 74.3% of the territory is agricultural land and 19.9% is for conservation areas.



Land use and occupation in Brazil (2018)

- Areas intended for the preservation of vegetation on rural properties
- Native Pastures
- Planted Pastures
- Plantations
- Integral Conservation Units
- Indigenous Lands
- Native vegetation on devolutionary and unregistered lands
- Infrastructure and others
- Planted forests

Attribution, Use, and Occupancy - USA



- Planted and exploited forests
- Pastures
- Conservation units
- Indigenous lands
- Native vegetation on non-arable land
- Cities, infrastructure and others



This comparison highlights how the Brazilian model integrates conservation and productive use with international recognition for robust environmental protection and offering no disadvantage to the bilateral trade between the two nations.

Conclusion

Brazilian agribusiness operates under one of the world's most robust and transparent environmental regulatory frameworks. The Forest Code and related legislation ensure effective monitoring, enforcement, and control of deforestation, fully aligned with Brazil's international commitments, including the Paris Agreement. These measures are legitimate, transparent, and do not constitute unjustified trade barriers.

CNA firmly rejects any unfounded allegations that Brazilian agricultural products benefit from environmental non-compliance. Brazilian producers strictly adhere to legal and sustainability standards, guaranteeing full compliance with international market requirements, including those of the United States.

Trade policies, including preferential tariffs for products such as ethanol, must reflect fair, transparent, and non-discriminatory treatment. Protectionist measures based on inaccurate assumptions would not only harm bilateral trade but also undermine shared environmental and economic objectives.

Brazil is also a major importer of U.S. agricultural machinery and technology, supporting American industrial output and sustaining thousands of jobs. This mutually beneficial relationship underscores the strategic and interdependent nature of agricultural trade between both countries.

CNA urges the U.S. government to recognize Brazil as a reliable, responsible, and sustainable partner. Constructive dialogue, mutual respect for each country's environmental efforts, and adherence to transparent trade rules are essential to maintaining a fair, competitive, and enduring bilateral trade relationship.