August 18, 2025

Ambassador Jamieson Greer
Office of the United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Submitted electronically via USTR portal

Re: Docket ID USTR-2025-0043 – Request for Comments on the Section 301 Investigation of Acts, Policies, and Practices of Brazil Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation

Dear Ambassador Greer:

The American Soybean Association (ASA) appreciates the opportunity to comment on the proposed action pursuant to the Section 301 Investigation of Acts, Policies, and Practices of Brazil Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation.

ASA represents approximately 500,000 U.S. soybean farmers on domestic and international policy issues important to the soybean industry and has 26 affiliated state associations representing 30 primary soybean-producing states. Soybeans are the top U.S. agricultural export, with half of our crop destined for overseas markets, and U.S. soybean growers have long been committed to producing the world's food, feed and fuel. ASA serves as the domestic policy voice of U.S. soybean farmers, but we also engage in market expansion work alongside our sister organization, the U.S. Soybean Export Council. From the field to the final customer, all stages of the soybean value chain work together to ensure farmers have continued access to global export markets.

Economics of the Soybean Industry

The U.S. soybean industry has a profound, positive impact on the U.S. economy. Soybeans have long been the primary U.S. agriculture export, and a by-the-numbers look demonstrates the value of the soybean industry to our domestic economic health. The U.S. Department of Agriculture (USDA) reported 86 million acres of soy were harvested in 2024, with production at 4.4 billion bushels. Soybean production accounts for more than $4 billion in wages and over $80 billion in economic impacts, according to a study by the United Soybean Board (USB) and National Oilseeds Processors Association (NOPA). These economic impacts do not even include secondary soy markets and supporting industries like biofuel, grain elevators, feed mills, ports,

rail, refining, barges, etc., which bring the national total economic impact of the soybean industry to a significant $124 billion.

Global Soybean Production

The top three producers of soybeans in the world are Brazil, the U.S., and Argentina, and competition on the global marketplace is strong. While the U.S. once was the predominant producer of soybeans in the world, we have since been surpassed as the leading global producer and exporter of soybeans by Brazil.

Brazil's Marketing Year (MY) 2024/25 crop of 169 million metric tonnes (MMT) is expected to account for nearly 40% of global production. During that same period, the U.S. harvest of nearly 119 MMT accounted for 28% of the global soybean harvest. Combined, both countries grew 68% of the world's total soybean crop in MY 24/25.

Brazil's availability of land that often is converted into pastureland and then cropland has been a key factor in its growth in the global soybean export market. Virgin "cerado" or prairie/forest land is converted into pasture for beef production, or rainforest land is converted into pasture. This converted pastureland often is overgrazed and not managed properly. Rather than providing proper management of existing converted pastureland, it often is abandoned as so-called "degraded pasture" in favor of clearing more cerado or rainforest.

Brazilian pastureland provides a pool that has been drawn from to expand cropland. Brazil has approximately 112 million hectares (277 million acres) of pastureland. The University of Illinois estimates that there are 69.14 million acres of potential crop expansion in Brazil based on so-called "degraded pastureland." As a result, the U.S. Department of Agriculture (USDA) calculated an average annual gain in harvested Brazilian soybean acreage of 5% per year over the past five marketing years (2020-2024).

Annual soybean acreage growth in the U.S. has occurred at a slower rate. Over the past five years, acreage growth rates have only averaged 2.9% per year with average planted acreage totaling 85.7 million acres per year. Upcoming 2025 U.S. planted soybean acreage estimates are likely to see a 7.1% annual decline to a six-year low of 80.9 million acres amid lower profit forecasts. Production growth in the U.S. is dependent on improved yields or a shift from other crops to soybeans, due to a constraint of available farmland. In fact, total U.S. crop area has fallen by over 9 million acres over the past 10 years.

Brazil did not increase soybean production in a vacuum, and production expansion has coincided with trade tensions between the U.S. and China.

Competition among soybean-producing countries increased in 2018 when President Trump levied tariffs on imports from China under Section 301 of the Trade Act of 1974 and China retaliated by imposing tariffs on U.S. soybeans and other products, starting a retaliatory trade war between our two global economies. In response to tariffs levied by the U.S., China applied retaliatory tariffs against U.S. soybeans that, in total, reached up to 27.5%. These duties,

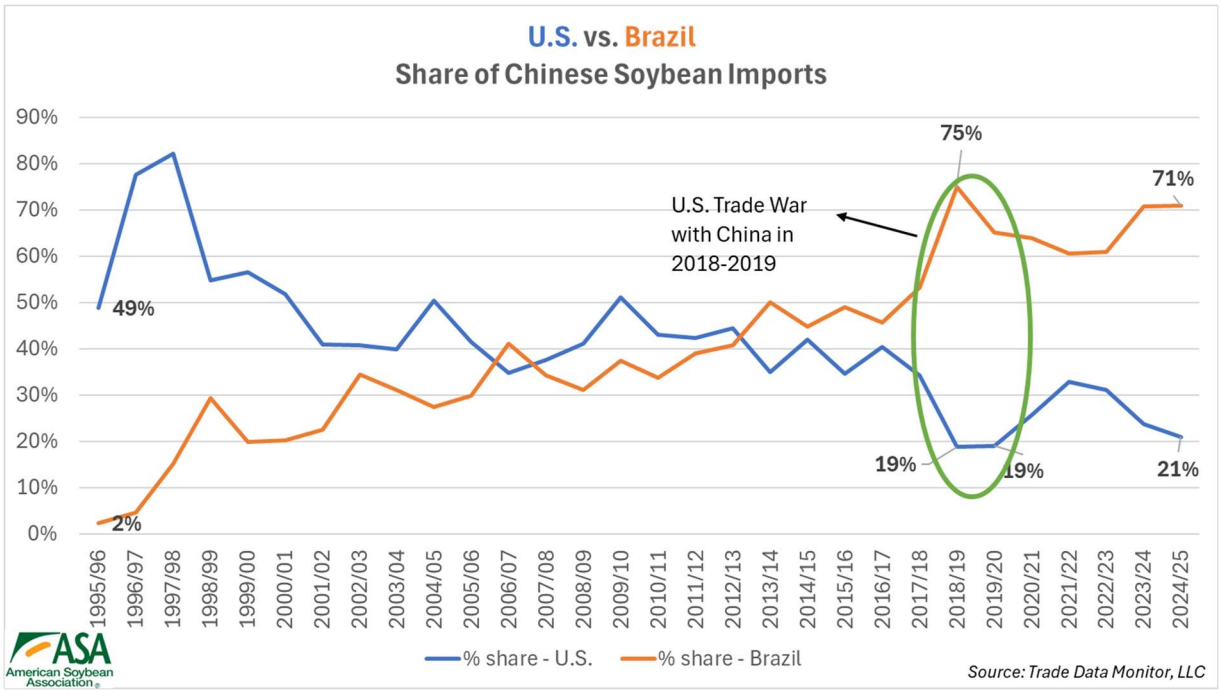
combined with uncertainty in the trade relationship, severely constrained U.S. soybean exports to China.

U.S. exports to China had exceeded a record 36.1 MMT in MY 2016/2017, the last complete marketing year before implementation of the retaliatory tariffs. When tariffs were imposed late MY 2017/2018, we saw an immediate impact, with the year finishing at 28.2 MMT exported to China—a 22% decrease from the previous year.

In MY 2018/2019 and 2019/2020, these exports fell to 13.4 and 16.1 MMT, drops of 63% and 55%, respectively, from MY 2016/2017. In monetary terms, reduced Chinese purchases of U.S. soybeans shrunk the nominal value of U.S. soybean exports to China from $14.5 billion in MY 2016/17 to $4.7 billion in MY 2018/19 and $5.8 billion in MY 2019/20. The smaller sales resulted in losses of 68% in MY 2018/19 and 60% in MY 2019/20 from prior to the trade war in MY 2016/17.

These retaliatory tariffs gave Brazilian soybeans a significant competitive advantage in the world's largest oilseed market. That advantage has directly led to increased production in Brazil to meet Chinese demand. Beyond capturing additional market share in China, Brazil was incentivized to increase its land area in agricultural production and make significant investments in infrastructure.

Brazil's acreage expansion and infrastructure investments from China have done irreparable and long-lasting harm to the U.S. soybean industry. As a result of the trade war and the incentives it provided to Brazil to significantly increase production, the U.S. soybean industry now faces enormous competition with Brazil in every export market, not just China.



Brazilian Deforestation

Prior to 2006, Brazil's soybean acreage expansion was fueled by deforestation in the Amazon rainforest. Up to that point, nearly 30% of new soybean fields in Brazil were established in deforested areas.

The Soy Moratorium was established in 2006 between the Brazilian government, major soybean traders, and environmental groups with the intent to prevent further deforestation of the Amazon rainforest by restricting the sale of soybeans grown on Amazon lands which were deforested after July 2008.

However, the preservation of the Amazon biome is under threat. The guidelines governing Brazil's Soy Moratorium are set to either end or significantly relax in January 2026 following a Brazilian Supreme Court ruling authorizing state officials in Mato Grosso to end tax deductions/incentives for participating companies. In essence, Mato Grosso officials are pressuring Brazilian soybean exporters not to participate in Amazon biome protection plan by withdrawing tax benefits if they do participate in the Soy Moratorium.

Without these tax benefits that otherwise would be available, large soybean traders sourcing soybeans from Mato Grosso, where over 53% of the state's territory lies within the Amazon biome, will have little incentive to ensure soybeans are grown on deforested versus non-deforested land. The lax regulations paired with rising soybean demand from China as it seeks alternative sources to U.S. soybeans are likely to incentivize Brazilian producers to expand soybean acreage into the Amazon rainforest in 2026.

As outlined previously, Brazil has managed to escape scrutiny on much of its soy expansion by converting native land to pasture first. After the livestock have depleted the land, these degraded acres can then be put into crop production without counting as conversion of native ground. The ability to count land in this manner creates a loophole to put native land into crop production without serious scrutiny.

Further, a USDA Global Agricultural Information Network (GAIN) report published by the Foreign Agricultural Service projects Mato Grosso will face 5.5 million hectares (13.6 million acres) of new deforestation if the state's legislature passes a law which could reduce mandatory vegetation preservation to 35% from the current level of 80%. If the law is signed by Mato Grosso's governor following a judicial review, the Amazon biome is likely to experience more deforestation for the expansion of soybean acreage.

In addition, more productive farm ground is being discovered in Brazil with potential deforestation ties. A separate GAIN report cited several forecasting agencies have recently discovered additional Brazilian soybean acres through satellite imagery and geoprocessing technologies, compounding potential acreage increases in the absence of the Soy Moratorium by the beginning of MY 2025/26.

Brazilian soybean production continues to grow and threaten the viability of U.S. soybean exports on the global market. U.S. soybean crops are produced with fewer fertilizers, pesticides and acres compared to Brazil while maintaining higher yields. Not only can U.S. soybean farmers produce a higher-quality product, but they can do it with fewer environmental impacts than their Brazilian counterparts.

Tallow Imports and U.S. Biofuels Policy

Brazilian tallow imports into the U.S. began to rise in 2023, due to an increase in demand for biomass-based diesel to meet U.S. federal and state policies enacted to reduce greenhouse gas emissions. Brazilian tallow shipments to the U.S. were non-existent in 2020 but comprised 39% of annual U.S. tallow imports by 2024 as renewable diesel producers capitalized on policies incentivizing low carbon fuel stocks for production.

The largest driver of demand for tallow imports are state-level low carbon fuel standard (LCFS) programs, which typically provide higher credit value for fuels produced using tallow. This affords the feedstock significantly lower carbon intensity scores, even though the cattle may be grazed on deforested land in other countries. Of note, Brazil went from exporting 21.5 million pounds of tallow to the U.S. in 2021 to 747.1 million pounds in 2024. Even more alarming, according to a USDA Economic Research Service (ERS) special article included in the 2025 Oil Crops Outlook, in MY 2023/24, 95% of all Brazilian tallow exports went to the U.S.--up from 10% in MY 2022/23[1].

Policy Recommendations

While we appreciate USTR's investigation into Brazil's trade practices, ASA acknowledges the fact that traditional trade remedies such as tariffs or fees on Brazilian imports will not address harm to U.S. soy. In lieu of traditional tariff remedies associated with Section 301 investigations, ASA offers the following policy recommendations:

1. Finalize as proposed the Environmental Protection Agency's (EPA) proposed rule for 2026-2027 Renewable Volume Obligations (RVOs), which includes renewable identification number (RIN) credit generation reductions for fuels made with imported feedstocks and robust RVOs for biomass-based diesel that is produced in the United States from domestic feedstocks.
2. Protect domestic food demand for soybean oil by ensuring demand is not destroyed by non-science-based regulations via the Make America Health Again (MAHA) movement, including other regulatory reviews like the Food and Drug Administration's (FDA) assessment for foods generally recognized as safe (GRAS) and new definitions for dietary components like ultra-processed foods.

[1] U.S. Department of Agriculture. Economic Research Service. *Oil Crops Outlook Special Article: Estimating Biomass-Based Diesel Feedstock Availability in Marketing Years 2018/19-2023/24,* contributors Maria Bukowski, Bryn Swearingen, Todd Hubbs. Washington, D.C. February 2025. https://ers.usda.gov/sites/default/files/_laserfiche/outlooks/110935/OCS-25b.pdf

3. Prioritize soybeans in trade negotiations with China that includes the removal of China's retaliatory duties on U.S. soybeans and, if possible, significant soybean purchase commitments.
4. In trade negotiations with other countries, prioritize addressing market access barriers that restrict U.S. soy exports and seek tariff advantages for U.S. soy.
5. Ensure global trading partners do not allow Brazil to utilize legal loopholes regarding the definition of deforestation (legal vs. illegal) and continue to pursue accountability in accurate reporting and enforcement of deforestation laws.

Shoring up market opportunities for U.S. soy will help support U.S. soybean farmers and the U.S. soy industry even as Brazil continues to increase production and cannibalize export markets for our crop. An all-of-government approach that supports U.S. soy through both domestic and trade policies can support U.S. agriculture while USTR continues this Section 301 investigation.

Conclusion

The U.S. agriculture industry does not exist in a silo. While Brazil will continue to be the largest competitor of U.S. soy, actions taken by the U.S. government can protect domestic markets, expand trade opportunities and support a soybean crop that is more sustainable. ASA appreciates the work of USTR in identifying potentially unfair trade practices in Brazil, and we stand ready to further engage with the administration on this topic. Thank you for the opportunity to provide these comments.

Sincerely,

Caleb Ragland, President
American Soybean Association