

United States Senate

WASHINGTON, DC 20510

February 27, 2019

The Honorable Robert Lighthizer
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Lighthizer,

Thank you for your efforts to strongly enforce trade rules and curb unfair practices that harm American farmers and ranchers. We write to urge you to take action to resolve a longstanding trade barrier U.S. agricultural producers face when exporting wheat to Brazil.

Brazil agreed to establish a 750,000 metric ton (MT) duty-free tariff-rate quota (TRQ) for wheat under the Uruguay Round agreement. However, since that time, Brazil has failed to live up to its commitment to the detriment of U.S. farmers. Rather than open the TRQ, Brazil continues to apply a 10 percent tariff on U.S. wheat, with the option of increasing the rate to as high as the 55 percent World Trade Organization (WTO) bound rate.

The tariff, which does not apply to nations within the South American Mercosur trade bloc, puts U.S. wheat exports at a competitive disadvantage. Argentina, Brazil's largest wheat supplier, has benefited from the tariff disparity between Mercosur and non-Mercosur countries. In northern Brazil, where about a quarter of the country's milling capacity is located, transportation costs from the U.S. Gulf are comparable to costs from Argentina. It has been estimated that equal tariff treatment under the TRQ would result in approximately \$75 million in additional annual U.S. wheat sales to Brazil.

The new Brazilian President Jair Bolsonaro has indicated a desire to have a closer working relationship with the United States. Resolving this longstanding trade issue would be a demonstrable action to strengthen the economic ties between our countries.

Kansas is the largest wheat producing state in the nation. As Kansas farmers continue to face low prices and declining revenues, it is critical that Congress and the Administration work to grow export markets for U.S. agricultural commodities. By challenging Brazil's failure to implement the wheat TRQ – including launching a trade enforcement action at the WTO if necessary – you have the opportunity increase U.S. wheat exports to the country.

It is critical for the U.S. to continue to hold foreign countries to trade obligations. For too long, Brazil has avoided its commitment to establish a TRQ for wheat. We look forward to working with you to make certain U.S. wheat farmers have access to the Brazilian market.

Sincerely,



Jerry Moran
U.S. Senator



Pat Roberts
U.S. Senator