Billing Code 3390-F4

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Request for Comments Concerning Proposed Modification of Section 301 Action on Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Request for comments and notice of public hearing.

SUMMARY: The United States Trade Representative (Trade Representative) proposes a modification of the tariff action taken in connection with the Section 301 investigation of Brazil's acts, policies, and practices related to digital trade and electronic payment services; unfair, preferential tariffs; anti-corruption enforcement; intellectual property protection; ethanol market access; and illegal deforestation. Brazil has made insufficient progress in eliminating the acts, policies, and practices USTR identified as actionable. The proposed modification to duties on certain sugar products and finished aircraft seeks to create additional leverage to encourage Brazil to eliminate its acts, policies, and practices identified as actionable in the investigation. USTR is seeking public comment and will hold a public hearing regarding this proposed modification.

DATES:

November 27, 2026: Comment period opens.

December 7, 2026: To be assured of consideration, submit requests to appear at the hearing, along with a summary of the testimony, by this date.

December 30, 2026: Submit written comments by this date.

January 14, 2027: The Section 301 Committee will convene a public hearing in Conference Rooms 1 and 2 at 1724 F Street NW, Washington DC, beginning at 10 a.m. If necessary, the hearing may continue on January 15, 2027.

Seven calendar days after the last day of the public hearing: Submit post-hearing rebuttal comments.

ADDRESSES: Submit documents in response to this Notice, including written comments, rebuttal comments, and requests to appear through USTR's electronic portal: https:// comments.ustr.gov/s/. The docket number for written comments and rebuttal comments is USTR–2026–0628. The docket number for requests to appear is USTR–2026–0629**.**

FOR FURTHER INFORMATION CONTACT: For procedural questions concerning comments, contact the USTR Section 301 support line at (202) 395-5725. Direct all other questions regarding this notice to Molly Hofsommer, Chair of the Section 301 Committee; Brittany Hendricks, Assistant General Counsel; or Megan Paster, Assistant General Counsel, at (202) 395-5725.

SUPPLEMENTARY INFORMATION:

I. Background

At the specific direction of the President, on July 15, 2025, the Trade Representative initiated an investigation under section 301(b) of Trade Act of 1974 (as

amended) (Trade Act) into 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. USTR published a *Federal Register* notice announcing the initiation of this investigation. 90 Fed. Reg. 34069 (published July 18, 2025). The Trade Representative requested consultations with the Government of Brazil pursuant to section 303 of the Trade Act (19 U.S.C. 2413(a)). Consultations were held on April 15 and 16, 2026.

On June 1, 2026, the Trade Representative determined that certain of Brazil's acts, policies, and practices at issue in this investigation are actionable under section 301(b) and section 304(a) of the Trade Act; proposed to determine that action is appropriate and that appropriate action would include tariffs on all goods of Brazil, with certain exemptions; and invited comments from the public. USTR published a *Federal Register* notice setting out these determinations and proposals. 91 Fed. Reg. 33854 (published June 4, 2026) (the June 4, 2026 notice).

On July 15, 2026, the President issued a memorandum (Presidential Memorandum) directing the Trade Representative to apply tariffs of 25 percent on all goods of Brazil, with exemptions for certain goods as discussed in section (1)(b) of that Presidential Memorandum. 91 Fed. Reg. 45619 (published July 20, 2026). That same day, the Trade Representative determined, pursuant to Sections 301(b), 301(c), and 304(a) of the Trade Act, and in accordance with the specific direction of the President, that appropriate and feasible action in this investigation included the application of tariffs of 25 percent to all imports of Brazil, with certain exemptions as detailed in Annex I and

II of the *Federal Register* notice publishing the determinations. 91 Fed. Reg. 45516 (published July 20, 2026) (the July 20, 2026 notice).

Brazil and the United States initially engaged constructively on proposals to address the concerns of the United States and move toward the elimination of the acts, policies, and practices at issue in this investigation. Progress was made over the course of multiple meetings throughout 2025 and 2026, including substantive discussions and the exchange of substantive proposals that continued until just prior to the July 20, 2026 notice. However, since the July 20, 2026 notice, discussions have not progressed, and Brazil has made insufficient progress in eliminating the acts, policies, and practices USTR identified as actionable.

Brazil has instead initiated a process under its Economic Reciprocity Law (Law No. 15,122 of April 11, 2025) to investigate whether the U.S. Section 301 action meets the criteria for retaliation pursuant to its terms. Brazil's Executive Management Committee of the Foreign Trade Chamber has determined that the U.S. tariff measures at issue meet the conditions under which Brazil may consider imposing countermeasures under its law. Brazil has created a working group to develop a proposal for countermeasures. Brazil has also initiated World Trade Organization (WTO) dispute settlement proceedings against the United States, requesting consultations and more recently the establishment of a panel to consider its WTO claims against the determinations made and actions taken in this investigation.

II. Proposed Modification of Action

The Section 301 statute (set out in Sections 301 to 308 of the Trade Act) (19 U.S.C. §§ 2411–2418) includes authority for the Trade Representative to modify the action being taken in an investigation. Section 301(b) of the Trade Act provides that "the Trade Representative shall take all appropriate and feasible action authorized under [section 301(c)], subject to the specific direction, if any, of the President regarding any such action . . . to obtain the elimination of [the] act, policy, or practice" covered in the investigation. Section 307 of the Trade Act provides that "[t]he Trade Representative may modify or terminate any action, subject to the specific direction, if any, of the President with respect to such action, that is being taken under [Section 301] if . . . such action is being taken under section 301(b) of this title and is no longer appropriate."

The action taken under section 301(b) of the Act as set out in the July 20, 2026 notice may no longer be appropriate as Brazil has made insufficient progress in eliminating the acts, policies, and practices USTR identified as actionable. Instead, Brazil has shown through its determinations and actions that it will not respond to the Section 301 action at the current level by addressing U.S. concerns with its acts, policies, and practices. The Trade Representative therefore proposes to modify that action to further incentivize Brazil to eliminate the acts, policies, and practices determined to be actionable in this investigation to: (1) replace the Section 301 25 percent *ad valorem* tariff on certain raw and refined sugar products with an additional, specific tariff on certain raw and refined sugar, on a nondiscriminatory basis; and (2) apply a Section 301 duty of 10 percent *ad valorem* on finished aircraft imports from Brazil to increase

leverage to encourage Brazil to eliminate the acts, policies, and practices found to be actionable.

The proposed modification, as reflected in the Annex to this notice, would increase the duties on certain raw and refined sugar entering the United States on a nondiscriminatory basis. Specifically, the Trade Representative proposes to replace the 25 percent *ad valorem* tariff on certain raw and refined sugar entering the United States from Brazil with an additional specific tariff of $0.44 per kilogram (kg) (raw cane) or $0.60 per kg (raw beet or all refined) on raw and refined sugar that enters the United States at the general rate of duty of $0.3387 per kg (raw cane) or $0.3574 per kg (raw beet or all refined) ("high-tier duty rate"), to be applied on a nondiscriminatory basis.

Given the importance of the domestic sugar industry in Brazil, this additional, specific tariff on certain raw and refined sugar entering at the high-tier duty rate would provide increased leverage to encourage Brazil to eliminate the acts, policies, and practices determined to be actionable in this investigation. As sugar is a globally-traded, fungible commodity, and Brazil is the global leader in production and export of sugar, applying such tariffs on a nondiscriminatory basis may be appropriate to prevent arbitrage or back-filling that would reduce the effectiveness of the action.

The Trade Representative also proposes to terminate the exemption for finished aircraft from Brazil, as set out in the July 20, 2026 notice, and instead to apply a 10 percent *ad valorem* tariff on finished aircraft imports from Brazil. As Brazil is the leading exporter of regional aircraft to the United States, and one of the largest manufacturers of commercial jets worldwide, increasing the Section 301 tariffs for finished aircraft from Brazil would provide increased leverage to encourage Brazil to

eliminate the acts, policies, and practices determined to be actionable in this investigation.

III. Request for Public Comments

In accordance with section 307(a)(2) of the Trade Act (19 U.S.C. 2417(a)(2)), USTR invites comments from interested persons with respect to the proposed modifications addressed in Part II of this notice. To be assured of consideration, you must submit written comments on the proposed modifications by December 30, 2026, in accordance with the instructions in Part V below.

USTR requests comments with respect to the following considerations in relation to the proposed modification:

- The probable effects of the proposed modification of the action;
- Whether the products set forth in the Annex to this notice should be retained or removed from the scope of the proposed modification of the action;
- Whether the proposed rates of duty in the Annex would be appropriate to obtain the elimination of Brazil's acts, policies, and practices;
- Whether applying duties to other products, not included in the Annex, would be appropriate to obtain the elimination of Brazil's acts, policies, and practices; and
- Whether applying the proposed modification on a nondiscriminatory basis would be appropriate to obtain the elimination of Brazil's acts, policies, and practices.

In commenting on the proposed modification, USTR requests that comments address specifically whether the products under the tariff subheading are necessary raw materials that if subject to the proposed additional tariffs could lead to the unavailability of domestic supply; and whether additional tariffs would cause serious dislocations in the supply of the products and economy-wide disruptions, or other similar factors.

Additional instructions on how to submit written comments are provided in Part V below.

IV. Hearing Participation

The Section 301 Committee will convene a public hearing on January 14, 2027, in Conference Rooms 1 and 2 at 1724 F Street NW, Washington DC, beginning at 10 a.m. To testify at the hearings, you must submit a request to appear using the electronic portal at *https://comments.ustr.gov/s/*, following the instructions in Part V below.

Requests to appear must include a summary of testimony, and may be accompanied by a pre-hearing submission. USTR will announce details of the hearing at a later time. All submissions must be in English. To be assured of consideration, USTR must receive your request to appear and summary of the testimony by December 7, 2026.

V. Procedures for Written Comments

You must submit requests to appear at the hearing or written comments using the appropriate docket on the portal at *https://comments.ustr.gov/s/*. All submissions must be in English.

Interested persons wishing to provide testimony at the hearing must submit a notification of intent and summary of testimony using the docket entitled "Request to Appear at the Hearing Concerning Proposed Modification of Section 301 Action on Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation," docket number USTR-2026-0629.

To submit written comments, including rebuttal comments, use the docket on the portal entitled, "Request for Comments Concerning Proposed Modification of Section 301 Action on Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation," docket number USTR-2026-0628.

You do not need to establish an account to submit comments. The first screen of each docket allows you to enter identification and contact information. Third-party organizations such as law firms, trade associations, or customs brokers, should identify the full legal name of the organization they represent, and identify the primary point of contact for the submission. Information fields are optional; however, your comment or request may not be considered if insufficient information is provided.

Fields with a gray Business Confidential Information (BCI) notation allow for inclusion of BCI that will not be made publicly available. Fields with a green (Public) notation will be viewable by the public.

After entering the identification and contact information, you can complete the remainder of the comment, or any portion of it by clicking "Next."

If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact the USTR Section 301 support line at (202) 395-5725 to discuss whether alternative arrangements are possible.

You can view submissions on USTR's electronic portal at *https://comments.ustr.gov/s/*.

PROPOSED ANNEX

HTSUS	Description	Current General Duty Rate	Current Section 301 Duty Rate (BRAZIL)	Proposed Additional Duty Rate (NONDISCRIMINATORY; to replace current Section 301 Duty Rate)
1701.12.50	Beet sugar, raw, in solid form, w/o added flavoring or coloring, nesoi, not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS	$0.3574/kg	25%	$0.60/kg, nondiscriminatory
1701.13.50	Cane sugar, raw, specified in subheading 2 to Ch. 17, solid, w/o added flavor or color, not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS	$0.3387/kg	25%	$0.44/kg, nondiscriminatory
1701.14.50	Other cane sugar, raw solid form, w/o flavoring or coloring, nesoi, not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS	$0.3387/kg	25%	$0.44/kg, nondiscriminatory
1701.91.30	Cane/beet sugar & pure sucrose, refined, solid, w/added coloring but not flav., not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS	$0.3574/kg	25%	$0.60/kg, nondiscriminatory
1701.99.50	Cane/beet sugar & pure sucrose, refined, solid, w/o added coloring or flavoring, not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS	$0.3574/kg	25%	$0.60/kg, nondiscriminatory
1702.90.20	Cane/beet sugars & syrups (incl. invert sugar); nesoi,	$0.3574/kg	25%	$0.60/kg, nondiscriminatory

	w/soluble non-sugar solids 6% or less soluble solids, not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS			
2106.90.46	Syrups from cane/beet sugar, nesoi, w/added coloring but not added flavoring, not subject to GN 15 or add. U.S. note 5 to Ch.17 of the HTSUS	$0.3574/kg	25%	$0.60/kg, nondiscriminatory

HTSUS	Description	Current Duty Rate (Brazil)	Proposed Duty Rate (Brazil)
8801.00.00	Balloons and dirigibles; gliders, hang gliders and other non-powered aircraft	0%	10%
8802.11.01	Helicopters of an unladen weight not exceeding 2,000 kg	0%	10%
8802.12.01	Helicopters of an unladen weight exceeding 2,000 kg	0%	10%
8802.20.01	Airplanes and other aircraft, of an unladen weight not exceeding 2,000 kg	0%	10%
8802.30.01	Airplanes and other aircraft, of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg	0%	10%
8802.40.01	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	0%	10%

Jennifer Thornton

General Counsel,

Office of the United States Trade Representative.