

## **Brazilian Government Comments Regarding Credits for Clean Hydrogen and Clean Fuel Production**

*The Embassy of Brazil in Washington, D.C. appreciates this opportunity to provide comments on Additional Clean Energy Tax Provisions of the Inflation Reduction Act, notably on Credits for Clean Hydrogen and Clean Fuel Production (Notice 2022-58).*

### **COMMENTS REGARDING CREDITS FOR CLEAN HYDROGEN**

*Hydrogen will play an important role in replacing fossil fuels in the context of energy transition. Brazil has great potential to become a hydrogen exporter, and some projects related to this goal are already underway in the country.*

*Hydrogen would be produced in Brazil mainly from sources such as wind and solar (through the electrolysis of water), and then exported to the United States and Europe in liquid form.*

*Therefore, IRA provisions on credits for clean hydrogen could present an obstacle for Brazilian exports – not only to the United States, but also to Europe as such measures also encourage U.S. production that is export-oriented.*

### **COMMENTS REGARDING CREDITS FOR CLEAN FUEL PRODUCTION**

*With regard to clean fuels, Brazil is a traditional exporter of ethanol to the United States. Brazil has also exported biodiesel to the United States and has the potential to do so again. In this sense, IRA provisions may present an obstacle to the export of these products to the American market.*

### **GENERAL COMMENTS**

*Considering that the tax provisions would only apply to hydrogen and sustainable fuels produced in the United States, the Brazilian government would appreciate comments from the United States concerning the consistency of these requirements with WTO Agreements, in particular Article III:4 of the GATT 1994 on National Treatment in Internal Taxation and Regulation and Article 3.1(b) of the Subsidies and Countervailing Measures Agreement (ASCM).*