



By Electronic Mail

April 28, 2022

The Honorable Tony Fernandes, Esq
Deputy Assistant Secretary
Trade Policy & Negotiations Division
Bureau of Economic & Business Affairs
Department of State
2201 C Street, NW, Room 4652
Washington, DC 20520

Dear Secretary Fernandes:

As global supply chain disruptions induced by the COVID-19 pandemic and war in Ukraine continue to drive inflation and high costs for producers and consumers, I write on behalf of America's food, beverage, household cleaning and personal care companies, many of whom are deeply concerned that export controls by other countries around the world will contribute to greater costs for U.S. manufacturers and consumers, hurt international producers and pose geopolitical impacts that hurt U.S. interests abroad.

The consumer packaged goods industry, which makes the everyday essential products, is particularly vulnerable to these types of trade restrictions. They further compound its current supply challenges with domestic supplies limited and other sources affected by war, natural disaster and other complications.

The latest and perhaps most impactful of these export controls is Indonesia's recently announced ban on palm oil exports. This unexpected policy change has hugely destabilized global markets and is fueling a broader rise in edible oil prices — already up 46% over last year — that will ultimately hurt U.S. consumers and even Indonesians.

Indonesia is the world's largest producer of palm oil products, producing 59% of the global market, and the country's decision has triggered higher costs for all edible oils including palm, soy, sunflower and rapeseed at a time when prices are already high due to war in Ukraine and supply chain disruptions around the world. Because palm and other edible oils are an essential component of many CPG products, for which there is often no substitution, removing the Indonesian market will inevitably add to cost pressures and impact the availability, affordability and accessibility of household basics.

In the case of Indonesia's palm oil export ban and other protectionist export controls, it is now more important than ever that the State Department seek appropriate interventions with foreign governments to reopen markets and adhere to international trade relationships. These protectionist policies hurt everyone, including foreign producers whose access to global markets is now limited. Proactive diplomacy is one of the few tools available to U.S. policymakers seeking to counter inflation and address issues that are top of mind for consumers.

Consumer Brands Association
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Powering every day.



Likewise, this diplomacy may have more dramatic implications if it helps stave off unrest and maintain global cooperation. As the cost of edible oils increases around the world, challenges like the Indonesian export ban also stand to have real geopolitical ramifications. In many countries, but especially in Asia, Africa and the Middle East, these edible oils sourced from countries like Indonesia and Ukraine are essential to diets. Coupled with soaring grain prices, you start seeing significant ramifications to basic meal and food costs, which are a historic trigger for unrest and political disruption. Stabilizing oil and commodity markets is a national and international security concern just as much as it is an economic one.

Our industry has worked hard throughout the pandemic and subsequent supply chain challenges to meet record-breaking consumer demand and shield consumers from inflationary pressure. Consumer Brands has previously worked with the Biden administration on policy solutions to these challenges and appreciates your continued concern and action to address export controls and stabilize soaring costs. Border closures and hoarding are not a viable strategy in today's age of global supply chains, and we encourage the U.S. government to express its willingness to work with its foreign counterparts and global producers to find avenues that protect all consumers and meet international demand.

Sincerely,

A handwritten signature in blue ink that reads "Rhonda Bentz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rhonda Bentz
Executive Vice President, Public Affairs