

# Expanding global ethanol use

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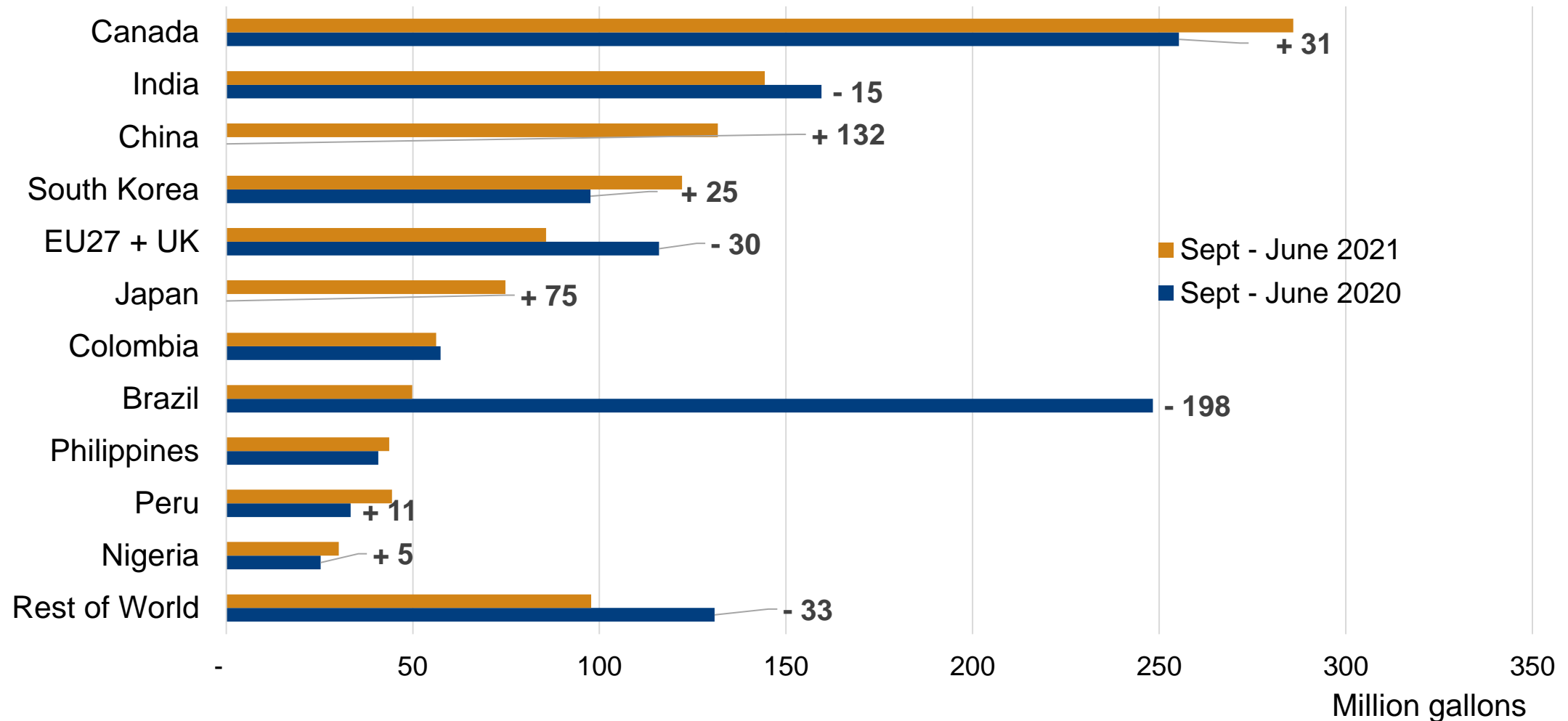
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A global network of professionals building worldwide demand and developing markets for U.S. grains and ethanol.



# Exports total 1.16 billion gallons, macroeconomics and trade policy remain headwinds

*Japan, China and Brazil the biggest movers in 2021*

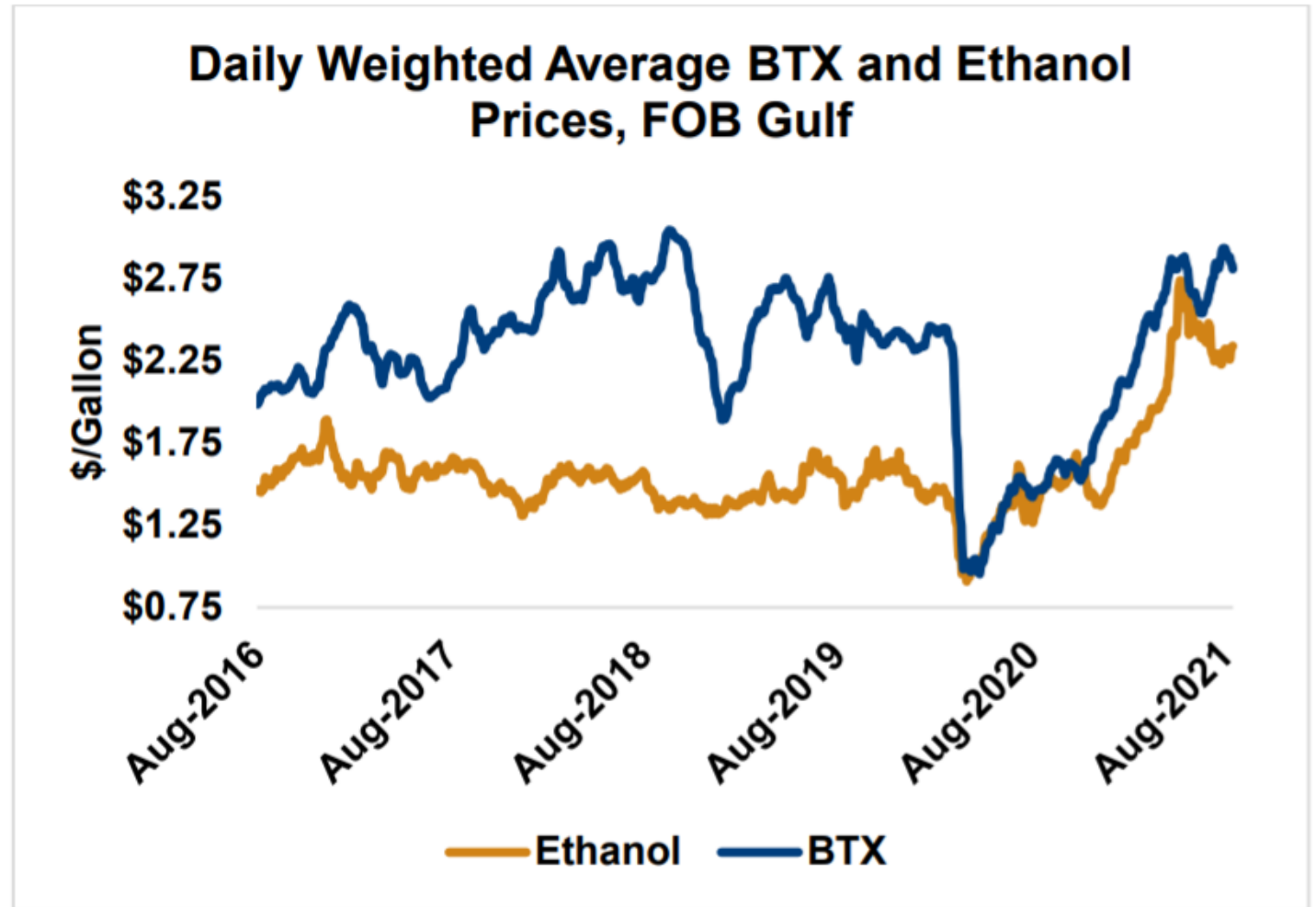


Sources: USDA Global Agricultural Trade System; USGC Estimate for Japan using U.S. Census Data

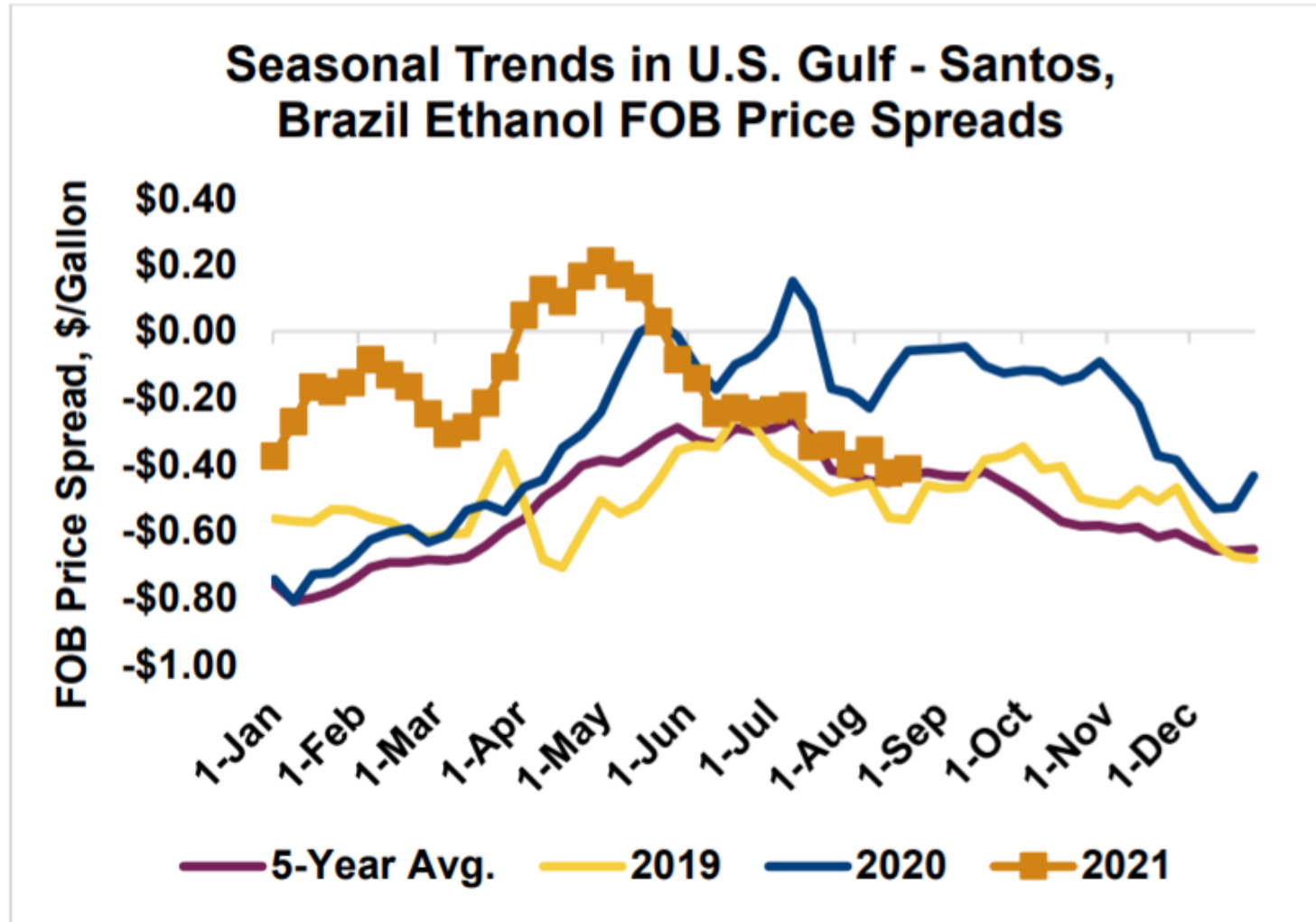
# Price weighs on global competitiveness against petroleum products impacting octane market exports

## Prices 8/18/21 per gallon

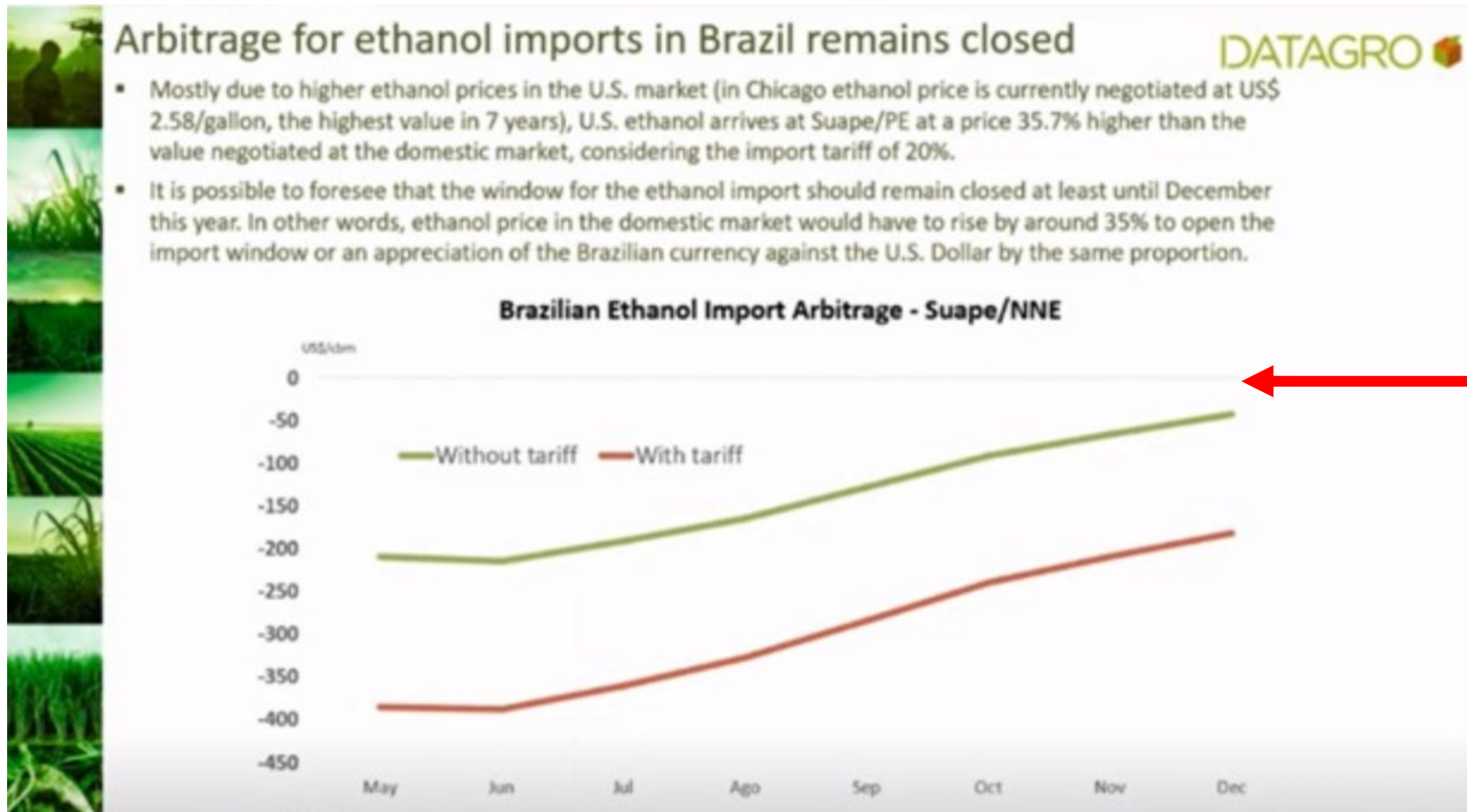
Ethanol FOB Gulf	\$2.34
MTBE FOB Gulf	\$2.09
Weighted BTX	\$2.81



...and competing ethanol producers

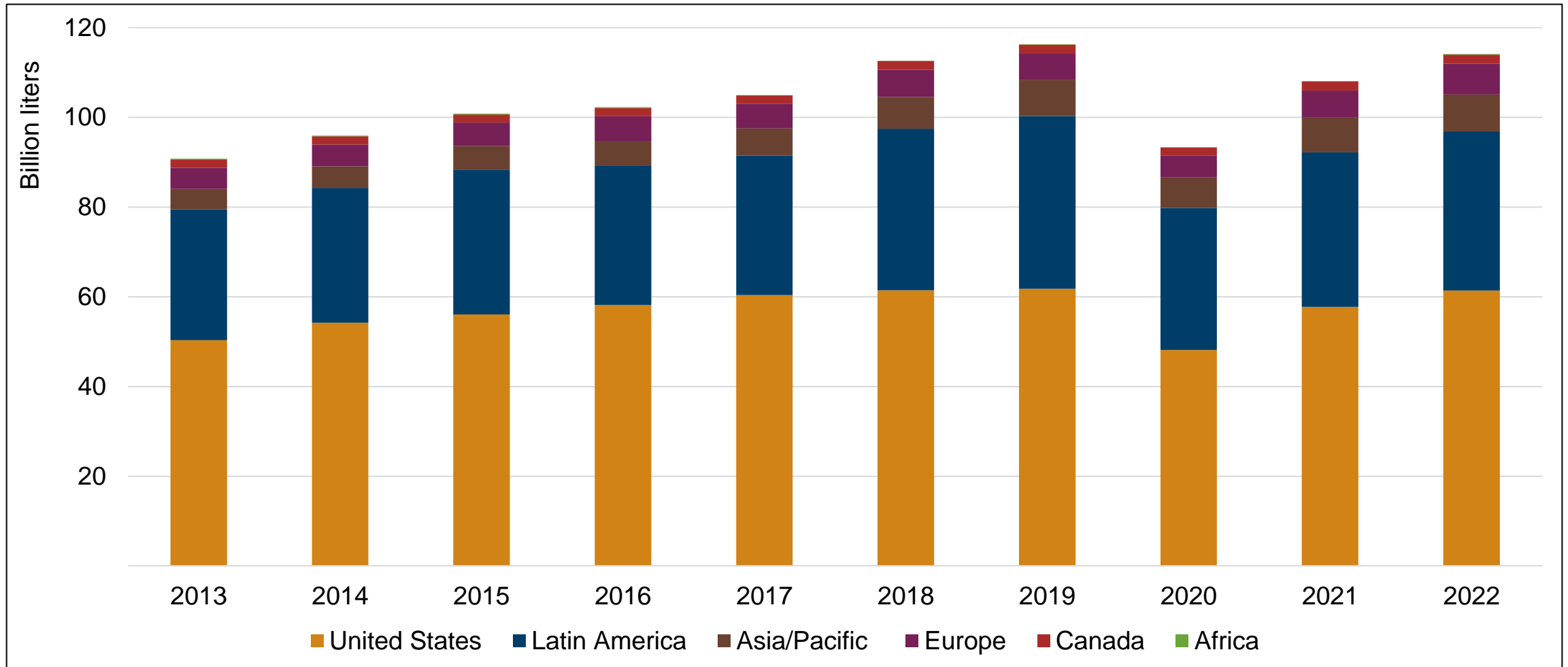


# Trade policies like Brazil's 20 percent tariff compound the problem



This is when trade happens  
*Even by December, access is a challenge with **NO tariff***

# Global ethanol demand down 6 percent in 2021 from 2019 record – recovery in 2022/3 (?)



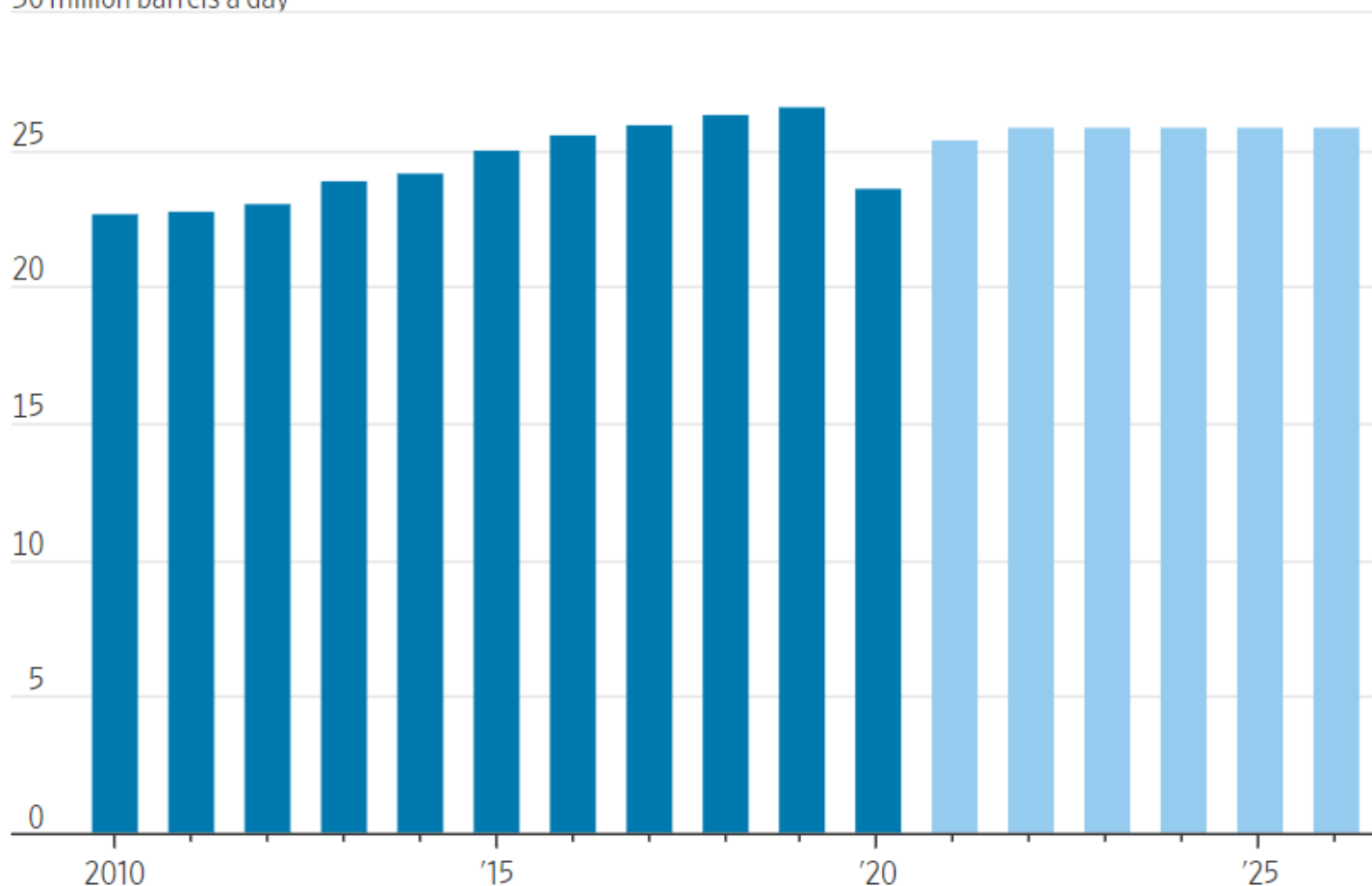
In Mid March, IEA published a report forecasting peak gasoline demand has already been reached.

Things to consider:

- Not the first time peak gas/oil has been forecasted
- Uncertainty in the policies and support for electrification globally
- Low blend rates globally that can be filled
  - **India** > 6 percent
  - **Japan** > 2 percent
  - **China** > 2.5 percent
  - **Canada** > 7 percent
  - **Indonesia** 0 percent

## Global Gasoline Demand

30 million barrels a day



Note: Data for 2021 and later are forecasts.

Source: International Energy Agency



# Macroeconomic headwinds and trade policy weigh on exports in 2021

*MY 2019/20 was 4<sup>th</sup> largest export year at 1.36 billion gallons*

## Macroeconomic headwinds

- limited trade priority direction from U.S. administration

## Trade policy

- Brazil – 20 percent tariff on U.S. ethanol, RenovaBio
- China Phase 1 & 2, 30 percent MFN rate, national policy delay
- India – lack of trade agreement, U.K. & Kenya FTA's are unresolved
- Mexico – E10 decision on June 1, reverted back to E5.8
- COVID-19 related policies
  - EU – surveillance mechanism initiated, November 2020
  - Colombia – blend rate reduction now through December 2021

# 2021 Priorities and new opportunities

## Elevating ethanol within a renewed climate narrative

- *USDA – 50 percent by 2022; EH&E – 46 percent reduction; Argonne*
- *Interagency roundtable on these benefits*

## Creating tariff parity with other energy products

- *Trade & Investment Framework Agreements (TIFA)*
  - *Vietnam, Indonesia, India, others*

## Identifying and eliminating barriers to trade

- *fuel tender bans, fuel import bans, reduced blend rates*

## **New opportunities**

- *UK E10 September, India E20 by 2023, Canada E10 in 2021, Japan expanding ETBE in 2023, Philippines & Vietnam*