

# COVID-19'S DEVASTATING IMPACT ON ETHANOL



In response to the unprecedented, nationwide COVID-19 pandemic, shelter-in-place orders are keeping drivers off the road and crashing demand for gasoline and ethanol. This is crippling our nation's ethanol plants and disrupting markets for coproducts we make.

## ECONOMIC SITUATION

Since the start of the health crisis, half of the biofuels industry went offline. May statistics:

- Demand for gasoline dropped by 50%
- Production down to **9.46 billion gallons** annualized

This is 59% of full capacity (>16 billion gallons per year)

- Ethanol stocks at **1.02 billion gallons**, nearing record highs
- Ethanol price down to **\$1.09**, bushel of corn down to **\$3.21** (near 10-year lows)
- In April, ethanol margins were a staggering **-\$0.37 per gallon**

## SBA'S PAYCHECK PROTECTION PROGRAM

Our plants that qualify as a small business (typically those with <500 employees) applied to this program. We appreciate Congress replenishing the program after PPP ran out of funds.

## HEROES ACT

The HEROES Act (H.R. 6800) includes a vital assistance measure for the biofuels industry. It provides financial support on a per gallon basis to qualified biofuel plants for production between January 1, 2020 and May 1, 2020. We hope this will be included in a final package as Congress continues to negotiate an additional relief package.

## OUR ASK:

- Congress should direct the U.S. Department of Agriculture to provide direct, emergency assistance to the biofuels industry.
- Provide short-term financing and credit assistance. Many ethanol companies qualify for SBA's Paycheck Protection Program, but not all.

## ETHANOL CO-PRODUCTS

A vital market for farmers, 40% of domestic corn crop goes into ethanol production. Our plants also produce alcohol for hand sanitizer, animal feed, and carbon dioxide as coproducts. Any interruption creates negative ripple effects across the economy, and we need to keep our supply chains intact and our ethanol facilities viable.

## CARBON DIOXIDE (CO<sub>2</sub>)

About 50 of the nation's 200 ethanol plants produce one of the most efficient and local sources of 99 percent-pure CO<sub>2</sub>. This is used as a preservative for meatpackers, carbonation for food and beverage companies, and a treatment measure for municipal water facilities. When these plants slowed production to match the drop in ethanol demand, CO<sub>2</sub> users had difficulty sourcing enough to meet increased demand from our grocery stores.

## HAND SANITIZER

During the crisis, many ethanol plants reoriented production capabilities to provide alcohol into the hand sanitizer market including donations to hospitals and first responders. FDA temporary guidance specifies that alcohol may be used for hand sanitizer if it meets U.S. Pharmacopeia (USP) or Food Chemicals Codex (FCC) grade requirements, or a plant may provide laboratory analysis to FDA for a case-by-case evaluation.