

# ELIMINATE TRADE BARRIERS FOR U.S. ETHANOL



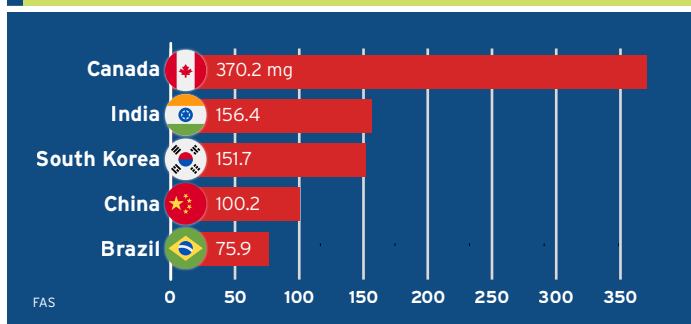
As nations around the globe are looking to achieve their carbon reduction goals, international markets are turning to biofuels as a solution. However, tariffs, technical trade barriers, and insufficient follow-through on trade agreements pose challenges to U.S. exporters looking to fulfill the growing biofuel demand abroad.

**Expanding ethanol use around the world will help countries meet their carbon reduction goals.**

## OVERVIEW

In 2021, U.S. ethanol exports totaled 1.24 billion gallons, down 14 percent compared to 2019, but 2022 is shaping up to be a strong year. We have had the second-best 5-month start to a year, behind 2018, a high-water mark for exports. High oil prices have provided a tailwind for ethanol as an attractive alternative for now, but this may not last forever. We need to stress the importance of ethanol as the most expedient and cost-effective solution for countries to meet their climate change goals. In this inflationary environment, it is important we continue to debunk misinformation around food and fuel prices.

## 2021 TOP 5 EXPORT MARKETS



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## OPPORTUNITIES TO INCREASE EXPORTS

**CANADA:** Our northern neighbor has been and will continue to be the strongest importer of U.S. ethanol in 2022 and beyond. Recently, Environment and Climate Change Canada (ECCC) – after almost 6 years – finalized its Clean Fuel Regulation (CFR). The previous 12-month rolling average has increased 85 million gallons, and more growth is expected as provinces continue to implement stronger biofuel blending goals. By 2030, the demand for ethanol in Canada could double. Most of that additional demand will likely be met by U.S. imports.

**ASK** Continue to track any developments with the Clean Fuel Regulation to ensure a level playing field for U.S. ethanol.

**INDIA:** The second-most populous nation is the second-largest importer of U.S. ethanol – but is only purchasing industrial-grade ethanol due to the country's ban on imports of fuel-grade ethanol. India currently blends around 10 percent ethanol into fuel with an ambitious national blending goal of 20 percent by 2025. To achieve this goal, India will need to allow imports of fuel-grade ethanol.

**ASK** Promote the GHG benefits that ethanol brings to the transportation sector and eliminate the ban on fuel imports.

**BRAZIL:** In March 2022, Brazil lifted its tariff on U.S. ethanol imports for the remainder of the year to help combat high gasoline prices during an election year. This was welcome news; however, we would like the tariff to be permanently lifted since Brazilian ethanol continues to be afforded virtually tariff-free access to our markets, causing a significant ethanol trade disparity.

**ASK** Re-engage Brazilian leadership to bring parity to our ethanol trade relationship.

**JAPAN:** The “Land of the Rising Sun” currently uses ETBE – which is produced in the U.S. and is only allowed to contain up to 66 percent U.S.-based ethanol. We need to raise the allowable limit of U.S. ethanol to 100 percent. Furthermore, 3 percent ethanol blended fuel (E3) is already approved and has no vehicle or infrastructure compatibility issues. We are looking to help Japan develop a road map for direct blending of E3 fuel.

**ASK** Encourage Japan to continue to decarbonize by transitioning to direct blending of ethanol.

**UNITED KINGDOM:** In September 2021 the U.K. moved to an E10 mandate. US exports to the UK are up over 200 percent YOY. Starting in 2027 there is a crop cap which gradually decreases from 7 to 2 percent over a 5-year period.

**ASK** Lower the water spec on ethanol to remain competitive on cost and push back on the crop cap.