

ELIMINATE TRADE BARRIERS FOR U.S. ETHANOL

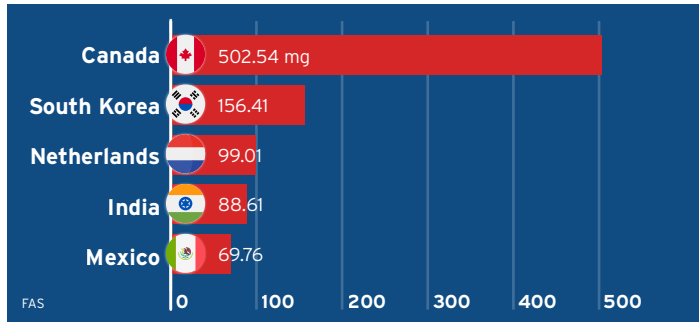


Biofuels are the most cost effective and expeditious solution for nations looking to achieve carbon reduction goals and improve their energy security. But tariffs, technical trade barriers, and inaccurate carbon intensity scores pose challenges to U.S. exporters looking to satisfy growing biofuels demand across the globe.

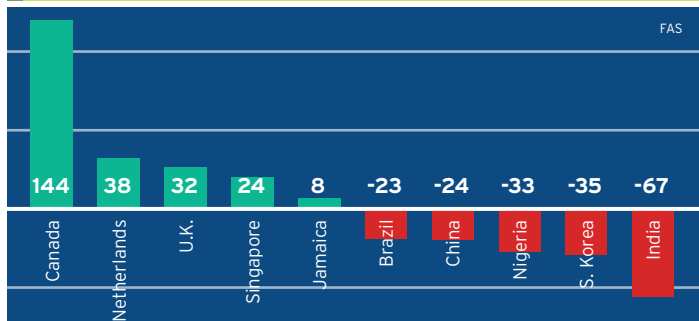
OVERVIEW

The U.S. ethanol industry exports roughly 1.5 billion gallons of ethanol annually and purchases 500 million bushels of corn to satisfy that export demand. The value of that ethanol is \$4 billion, and the value of the corn purchased is \$3 billion. The U.S. ethanol industry also exports 11 million metric tons of dried distillers grains (DDGS), a nutrient-rich animal feed made during ethanol production, worth about \$4 billion.

2022 TOP 5 EXPORT MARKETS



2022 WINNERS & LOSERS



OPPORTUNITIES TO INCREASE EXPORTS

CANADA: The number one importer of U.S. ethanol is expected to continue to grow. In 2022, Environment and Climate Change Canada (ECCC) finalized its Clean Fuel Regulation (CFR). The CFR will rely heavily on the use of low-carbon biofuels like ethanol as they move toward a 15% renewable content by 2030.

ASK We need guidance on land use and biodiversity (LUB) requirements for compliance as well as specifics related to farm level data and GPS requirements under the CFR before January 1, 2024, when the regulation goes into place.

INDIA: India is blending over 10 percent ethanol into fuel with an ambitious national blending goal of 20 percent by 2025. However, to achieve this goal, India will need to allow for the import of fuel grade ethanol, which is currently banned. The nation only imports industrial grade ethanol.

ASK Adhere to their E20 and eliminate the ban on fuel grade ethanol imports.

BRAZIL: On February 1, 2023, the Brazilian Foreign Trade Chamber reinstated an import tariff on American ethanol shipped to Brazil. This tariff increase is especially concerning given the duty-free treatment Brazilian ethanol exports receive in the U.S. market. Additionally, Brazilian ethanol producers have access to our Renewable Fuel Standard and California's Low Carbon Fuel Standard program, which recognize the inherent value of low-carbon biofuels. Despite years of effort, not a single U.S. ethanol producer has been qualified for Brazil's biofuel program, RenovaBio. Even if qualified, U.S. producers would need to be certified because default carbon intensity (CI) scores are 2.5 times worse than typical CI scores.

ASK Eliminate the tariff and allow U.S. producers fair access to the RenovaBio program .

JAPAN: Currently uses ETBE to provide oxygen to their fuel - which is produced in the U.S. and was allowed to contain up to 66 percent U.S. based ethanol. Effective April 1, Japan's government officially lowered the U.S. ethanol CI score, raising the ceiling on U.S. ethanol to 100 percent for ETBE production. The next step is to develop a road map for direct blending of E3 fuel since it is already approved and has no vehicle or infrastructure compatibility issues.

ASK Encourage Japan to continue to decarbonize by transitioning to direct blending of ethanol (E3).

UNITED KINGDOM: In September 2021, the U.K. moved to an E10 mandate. Since then, U.S. exports to the U.K. have increased considerably. Starting in 2027 there is a cap on crop-based biofuels which gradually decreases from 7 to 2 percent over a 5-year period. This will reduce the amount of U.S. ethanol that can compete for this market. The UK also has a restrictive water spec that increases the cost of ethanol.

ASK Remove the limits on crop-based biofuels and increase the water spec.