

U.S. Department of Commerce
Renewable Energy and Energy Efficiency Advisory Committee
Charter 6, 2020-2022 ● Recommendation Fact Sheet

Recommendation 3 (Approved on October 14, 2021) on *Global Renewable Ethanol Market Development and Access: Encourage Commerce to provide support to the interagency process for global ethanol market development*

We recommend that the Secretary support interagency initiatives to expand U.S. ethanol exports by focusing on addressing key constraints, including:

- Tariff disparities between renewable energy products (ethanol) and non-renewable energy products resulting in reduced global tariffs on ethanol;
- Trade Disputes in Key Priority Markets (India, Brazil, China, and Mexico as examples);
- Pending and/or Stalled Free Trade Agreements;
- International Clean Fuel Standards;
- Lack of policy enforcement in key markets;
- Insufficient recognition of ethanol’s Greenhouse Gas (GHG) reduction benefits in the net zero carbon emissions policies of our trade partners; and
- Need for greater interagency collaboration between the International Trade Administration and the Foreign Agricultural Service.

Sub-Committee:

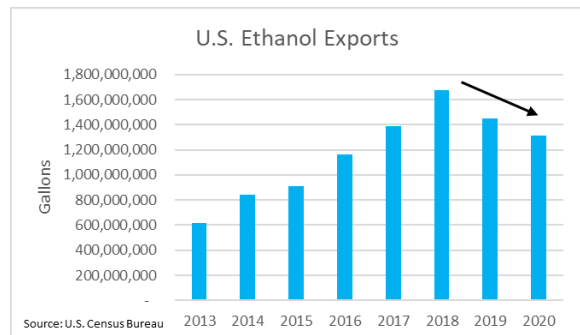
Trade Promotion & Market Access

Background Information:

In addition to being the world leader in ethanol production, over the last decade the U.S. ethanol industry has become the world’s leading exporter of ethanol. For U.S. ethanol producers, the international market for ethanol has provided much needed economic boosts and has helped drive and maintain competitiveness during challenging times for the industry. However, the recent rise in trade disputes in several key markets for ethanol, have proven to be devastating for the U.S. ethanol industry.

Key Ethanol Statistics:

- U.S. ethanol exports experienced five consecutive years of growth beginning in 2013 at 616.6 million gallons (mg) and peaking in 2018 at 1.67 billion gallons (bg), a cumulative increase of 172%. However, ethanol exports dropped 13% in 2019 to 1.46 bg with 2020 ethanol exports also lower at 1.33 bg.
- Top markets for U.S. ethanol exports 2017-2020: Brazil, Canada, India. Canada was our top market from 2009-2016, except for 2011 when exports to Brazil grew more than tenfold.
- U.S. imports of fuel ethanol more than doubled in 2019 (to 200 mg) as Brazilian ethanol benefited from the California Low Carbon Fuel Standard credits.



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- Net exports of ethanol receded to 1.26 bg in 2019 (down from 1.60 bg in 2018 and 1.31 bg in 2017) due to a moderate decline in exports and a significant rise in imports. Still, the U.S. was a net exporter for a tenth straight year.

Expected Effect on U.S. Export Competitiveness:

Expansion of U.S. ethanol exports by making the global landscape more competitive.

Specific Agencies Responsible for Implementation:

U.S. Department of Commerce

U.S. Department of Agriculture, Foreign Agricultural Service

U.S. Trade Representative

U.S. Department of State

Measures of Success:

1. Eliminate tariff disparity between energy products. Indonesia as an example has a tariff rate of 30 percent for ethanol, 5 percent for MTBE, and 0 percent for gasoline, benzene, toluene, and xylene. The tariff rate for ethanol should be reduced to 0, reflecting ethanol's role as a renewable energy product that can be readily blended with gasoline. Indonesia is used as one example of this tariff discrepancy; a full list is being compiled.
2. Eliminate fuel ethanol import ban in India. India currently bans ethanol from being imported into that market for fuel use. With an upcoming new policy of E20 by 2023, up from an average 6 percent blend rate, India would be an importer of fuel ethanol if the ban were not in place.
3. Return tariffs on ethanol to historic low rates. Brazil recently implemented a 20 percent tariff on U.S. ethanol exported to that market. From 2012-2017, the U.S. had open access to the Brazilian market with no tariff. China raised their tariff on ethanol from 5 percent to 30 percent in January 2017, the raised rate impacts U.S. market access.
4. Ensure policy enforcement for ethanol use in international markets like India and Nigeria. India has previously not enforced blending policies that impact U.S. market access. Nigeria developed an ethanol policy in 2007 that has yet to be implemented.
5. Promotional workshops that support the narrative of ethanol as a mechanism to support countries in meeting their net zero carbon emission objectives. Asia EDGE was a previous example of what format these type of promotional activities could take.
6. Establish a Working Group on bioenergy trade issues under the Memorandum of Understanding interagency collaboration between the International Trade Administration and the Foreign Agricultural Service.