

# WEATHERING THE PERFECT STORM

Over the past several years, these pages have typically been replete with examples of record-setting performance as the U.S. ethanol industry continued its unprecedented growth. Such is not the case for 2020. As the global pandemic crushed gasoline demand here and abroad, demand for ethanol fell precipitously. Annual U.S. ethanol production fell to less than 14 billion gallons for the first time in seven years. At the height of the pandemic-induced market turmoil, more than half of the industry’s production capacity was idled. From just March through November, more than 2 billion gallons of demand had been forgone, representing more than 700 million bushels of lost corn demand and revenue losses to the industry of more than \$3.8 billion.

Exports of ethanol fell as well, as the combination of lower world-wide transportation fuel demand and increased protectionism drove exports to a disappointing 1.3 billion gallons, a five-year low. While the decreased demand caused by the pandemic is understandable, the rising protectionism is inexcusable. U.S. government efforts to remove trade barriers in China, Brazil, and elsewhere proved futile as countries chose to sacrifice consumer savings in favor of pleasing special interests.

But the U.S. ethanol industry is nothing if not resilient. Despite the difficult market environment and the public health crisis, many ethanol plants not only survived, but thrived. They added technology allowing them to produce the high-purity ethanol used in hand sanitizer and expanded CO2 capture to meet the rising demand for uses like producing dry ice for transport and storage of the COVID-19 vaccine. Indeed, while 2020 was one of the hardest years in the industry’s history, it may also turn out to be the U.S. ethanol sector’s finest hour. Ethanol producers were a beacon of hope for their communities and the nation, responding to the crisis and stepping up to be part of the solution in new and innovative ways.

2021 offers an opportunity to turn the page. A vaccine gives hope for a return to a more normal economic environment. And a new Administration and Congress seemingly focused on reducing carbon emissions could provide exciting new market opportunities for renewable fuels like ethanol both here and overseas.

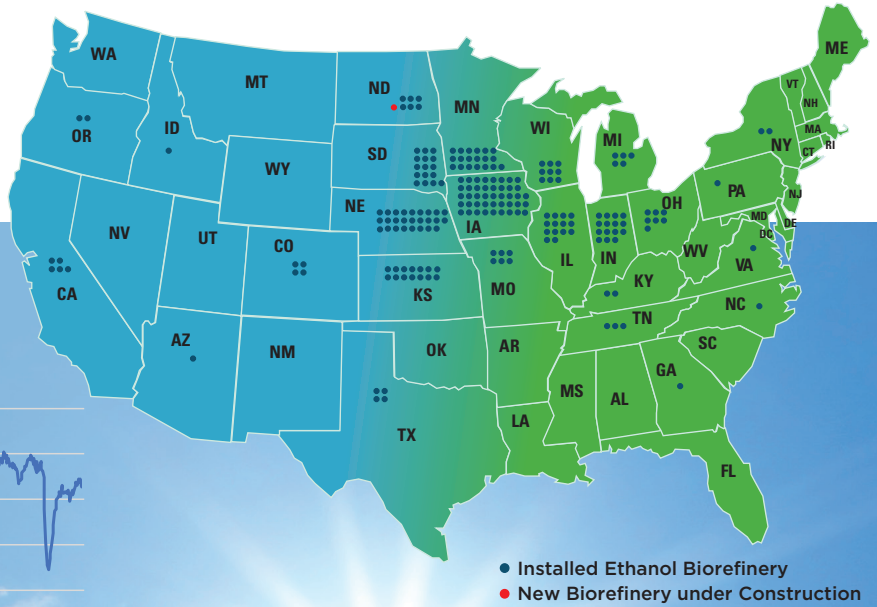
The U.S. ethanol industry, led by the Renewable Fuels Association, is ready for the challenges ahead, whatever they may be. More importantly, we remain poised to seize the opportunities the public discourse about climate change will provide, building new domestic and global demand for ethanol’s Essential Energy.

## U.S. ETHANOL PRODUCTION CAPACITY BY STATE (Million Gallons per Year)

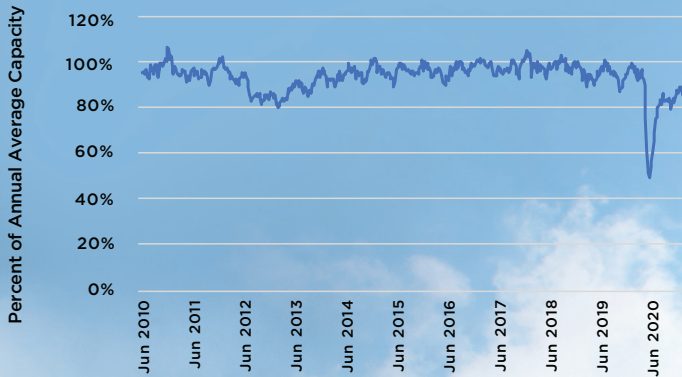
	Existing Production Capacity	Capacity Under Constr./Expansion	Installed Ethanol Biorefineries	Biorefineries Under Constr./Expansion
Iowa	4,593	-	43	-
Nebraska	2,296	-	26	-
Illinois	1,867	-	14	-
Minnesota	1,384	-	19	-
Indiana	1,337	-	15	-
South Dakota	1,223	-	16	-
Ohio	676	-	7	-
Kansas	615	-	14	-
Wisconsin	603	-	9	-
North Dakota	542	16	6	1
Texas	395	-	4	-
Michigan	350	-	5	-
Missouri	287	-	6	-
Tennessee	237	-	3	-
California	217	-	5	-
New York	165	-	2	-
Colorado	143	-	4	-
Georgia	120	-	1	-
Pennsylvania	120	-	1	-
Idaho	60	-	1	-
North Carolina	57	-	1	-
Arizona	55	-	1	-
Kentucky	50	-	2	-
Oregon	42	-	2	-
Virginia	2	-	1	-
<b>TOTAL U.S.</b>	<b>17,436</b>	<b>16</b>	<b>209</b>	<b>1</b>

Source: RFA

**U.S. ETHANOL BIREFINERIES BY STATE**

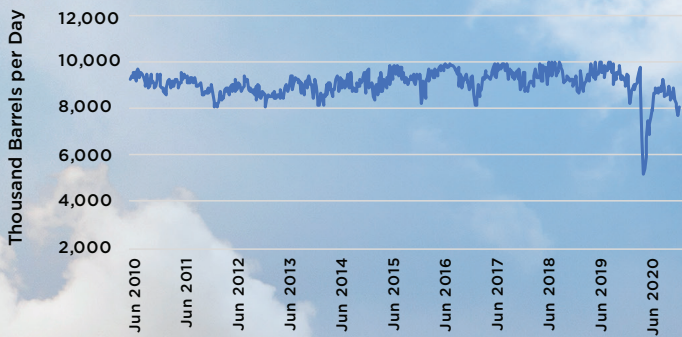


**WEEKLY U.S. ETHANOL INDUSTRY CAPACITY UTILIZATION**



Source: U.S. Energy Information Administration

**WEEKLY PRODUCT SUPPLIED OF FINISHED MOTOR GASOLINE**



Source: U.S. Energy Information Administration

**“The threat of climate change is a present and growing danger, and we must promote sustainable agriculture solutions that are economically viable, ecologically just, and support the social fabric of our rural communities. Transitioning away from fossil fuels toward ethanol and biofuels can create jobs and foster economic opportunities in our rural communities.”**

**- U.S. Rep. David Scott (D-GA), Chairman of the House Agriculture Committee**

