



April 1, 2020

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Secretary Perdue,

The U.S. biofuels sector is suffering unprecedented economic hardship as the COVID-19 outbreak has dramatically curtailed motor fuel consumption. Already, roughly one quarter of the ethanol industry has idled production in response to collapsing demand. As the U.S. Department of Agriculture (USDA) considers actions to mitigate the economic damage inflicted on the farm sector by COVID-19, we urge your agency to utilize the Commodity Credit Corporation (CCC) to provide relief to the biofuels sectors.

The biofuels industry has been hit especially hard by the sharp decline in fuel demand across the country, as residents follow local, state, and federal guidance to practice social distancing and minimize travel. Nearly every gallon of U.S. gasoline contains at least 10 percent ethanol. Analysts expect demand for gasoline, and by extension ethanol, to fall 40-60 percent during the pendency of shelter-in-place and stay-at-home orders. Just since March 1, approximately 3.5 billion gallons of annualized ethanol production has been idled (equivalent to 1.2 billion bushels of annualized corn demand), while additional facilities have stopped buying corn and are taking steps to idle operations. Meanwhile, the value of biodiesel has dropped by \$1.03 since the beginning of the year. The crisis' impact on fuel demand reduces opportunities for biodiesel blending. Of the 10 biodiesel facilities that shut down last year, only one has been able to reopen, due to market conditions. This illustrates the potential impact of this market shock for farmers across the country, as we move into spring planting season. This market uncertainty is having devastating effects on our farmers and producers at the worst possible time for rural America.

With these realities in mind, we ask that USDA use its CCC authority to directly assist biofuel producers. As you know, the CCC was created to stabilize, support, and protect farm income and prices. CCC also helps maintain balanced and adequate supplies of agricultural commodities and aids in their orderly distribution. Not only is ethanol itself an agricultural commodity, but it is indisputable that farm income and prices for corn and other crop commodities are directly linked to the health of the ethanol industry.

We believe it would be an appropriate use of CCC funds to offset a portion of biofuel producer feedstock purchases during the first quarter (January 1, 2020, to March 31, 2020). We believe this would fit the uses identified in the recent replenishment of CCC funds included in the Coronavirus Aid, Relief and Economic Security (CARES) Act. This funding would provide a much-needed capital injection for these key agriculture processors and help keep these vital markets open to farmers. Alternatively, CCC funds could be used in other ways to provide direct assistance to biofuel

producers to help them retain their highly skilled employees and remain prepared to ramp up production (and corn grind) quickly when market conditions improve.

As you know, ethanol plants purchase two out of every five bushels of U.S. corn. Biodiesel and renewable diesel producers currently use over 8 billion pounds of soybean oil a year, creating demand that adds 13 percent to the cash price of a bushel of soybeans, which equals \$52 in additional income per acre for the average U.S. producer. Already, we have seen a significant drop in the price of corn and soybeans because of the decline in demand. Keeping our plants open and workers onsite supports the price, market, and income of the farming sector – key tenets of the CCC authority USDA oversees.

Thank you for considering our request and we look forward to working with you on easing the economic damage caused by COVID-19. We are happy to answer any questions you might have.

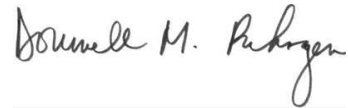
Sincerely,



Emily Skor
Chief Executive Officer
Growth Energy



Geoff Cooper
Chief Executive Officer
Renewable Fuels Association



Donnell Rehagen
Chief Executive Officer
National Biodiesel Board



Kevin Ross
President
National Corn Growers
Association



Rob Larew
President
National Farmers Union



Dennis J. Slater
President
Association of Equipment
Manufacturers