Impact of COVID-19 on the Advanced Liquid Biofuels Sector

U.S. Policy Response and Long-Term Vision

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Our Long-Term Vision/Strategy/Support For Advanced Liquid Biofuels Has Not Changed

Despite Short- and Medium-Term Disruptions and Challenges for Biofuels
Support for Advanced Liquid Biofuels Builds Off Conventional

• Market Demand
• Infrastructure Support
• Enabling Legislation, Regulations
Positive Observations

• Industrial demand steady

• Demand for diesel fuel has not been as affected since demand for freight transportation did not fall as steeply as demand for personal transportation.

• Hand sanitizer – new marketing opportunity

• Air quality improvement - *environmental benefits of biofuels*
COVID-19 Market Demand

- Stay at home orders – overnight demand changes
- Gasoline demand decreased 50 percent in the United States
- Half of U.S. ethanol industry was offline or operating under capacity
- Reduced foreign demand for U.S. ethanol.
- Storage constraints
Pricing Constraints

• The COVID-19 demand contraction has eliminated ethanol’s usual discount to gasoline and increased biodiesel’s premium to diesel fuel.

• Weak margins and static gasoline demand continue to constrain U.S. ethanol production.

• Ethanol producer margins were (just) above zero in only 2 of the last 12 weeks, at $0.01 in the weeks ending Aug 21 and Sep 4.
Infrastructure Support

- To significantly increase sale and use of higher blends of ethanol and biodiesel by USDA announced $100 million competitive grants
Enabling Environment

• Support programs for advanced biofuels have not altered

• Average blend rate slightly above year-ago levels

• Trade Restrictions
  – Need to continue open and fair biofuels trade

• Delays in global blending, use initiatives
Thank you