

August 15, 2019

The Honorable Angus Taylor, MP
Minister for Energy and Emissions Reduction
John Gorton Building
King Edward Terrace
Parkes ACT 2600
Canberra, Australia

Dear Minister Taylor,

Several published media reports suggest that the Australian government is seeking access to the U.S. Strategic Petroleum Reserve as a hedge against potential oil supply disruptions that appear increasingly likely given the volatile situation in the Strait of Hormuz. Whether or not those negotiations succeed, I am writing to offer a cleaner, cheaper, and free-market alternative to Australia's increasing dependence on imported oil for its transportation fuel needs – U.S. produced renewable fuel ethanol.

As a party to the Paris Agreement within the United Nations Framework Convention on Climate Change, it is clear Australia is committed to reducing carbon emissions. Yet carbon-reducing biofuels represent less than 2 percent of your country's liquid transportation fuel supply today. That is in part because Australia imposes a general tariff of 5 percent and a customs tax of A\$0.401 per liter on all imported ethanol. These severe measures have made fuel ethanol imports generally uncompetitive with gasoline and domestically produced ethanol in Australia. Moreover, because Australian-produced ethanol is not yet cost competitive with gasoline, the current policy has discouraged expanded ethanol use and denied consumers cost savings at the pump.

Today, U.S. ethanol is at least A\$0.15 per liter below the U.S. wholesale price of gasoline, providing consumers with significant savings at the pump. It is also much cleaner than gasoline, significantly reducing exhaust emissions and air toxics while also providing on average a 43 percent reduction in lifecycle greenhouse gas emissions. When the U.S. effort to expand ethanol production and use in our country began in earnest, we were 63 percent dependent on imported oil for our liquid transportation fuels; today we are just 27 percent dependent on imported oil in part because of the tremendous growth in ethanol production and consumption.

Ethanol's economic and environmental benefits can accrue to Australian consumers, too, as your own ethanol industry develops; but in the meantime, removing the high tariff and exorbitant customs tax could help address your immediate energy security concern while creating the market demand necessary to encourage investment in building out a robust Australian industry. It is a win-win strategy.

Removing—or at least significantly reducing—the tariff and customs tax barriers to imported ethanol does not necessitate a complex negotiation with the U.S. government over our Strategic Petroleum Reserve. Nor would it take much time. U.S. ethanol is available today for export to Australia. It does not need to be refined, nor will it take as long to deliver as would any petroleum product emanating from the strategic reserve.

U.S. ethanol can help provide near-immediate relief to your transportation fuel supply shortages with the added benefit of providing Australia with a tangible demonstration of its commitment to carbon reduction.

On behalf of the U.S. ethanol industry, the Renewable Fuels Association stands ready to work with you on a path toward energy security, consumer savings, carbon reduction, and the economic stimulus derived from a growing domestic biofuels industry.

Sincerely,

A handwritten signature in black ink that reads "Geoff Cooper". The signature is written in a cursive, flowing style.

Geoff Cooper
President & CEO

cc: Gregg Doud, Chief Agricultural Negotiator, Office of the US Trade Representative
Ted McKinney, Under Secretary of Agriculture for Trade & Foreign Agriculture
Affairs