

2025 State of the Industry Report
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On the day Jimmy Carter lost the 1980 presidential election in a landslide to Ronald Reagan, he was asked by a reporter: “Where will you go now? What will you do?”

Carter responded without hesitation. “We’re going back home to Plains, of course,” he said. “We’re going back to the farm.”

And so, the Carters returned to their modest home and family peanut business in Plains, Georgia—population 573. And from there, Carter began a remarkable post-presidency career. He worked to find peaceful solutions to international conflicts, advance democracy and human rights, and promote economic and social development.

Carter often said it was the values, ideals, and lessons he learned as a young man on the farm that shaped his worldview and sparked his lifelong desire to serve others. His agricultural roots—including his active involvement in Future Farmers of America—prepared him to lead the country through difficult times with kindness, compassion, and respect. He once told a group of students: “The attitudes that I learned as a member of FFA have permeated my whole life, for the better.” And with tongue in cheek, he added, “My successes you can credit to FFA; my failures you can blame on the fact that I left farming and went into the Navy for a while.”

So, as we celebrate some major milestones this year—the 30th anniversary of the NEC and the 20th anniversary of the Renewable Fuel Standard—we should take inspiration from President Carter and always remember where we came from as an industry. We should take time to reflect on, and learn from, our humble beginnings in agriculture. We should revisit the principles and ideals upon which our industry was founded. We should go Back to our Roots to remind ourselves why we’re all here today.

As many of you know, it was President Carter who planted the seeds that would grow into today’s ethanol industry. In the midst of a national energy crisis in the late 1970s, he created the gasohol program as way to expand domestic fuel supplies and reduce dependence on foreign oil. He set a goal to produce 500 million gallons of ethanol by 1981—and challenged farmers and the companies who founded the Renewable Fuels Association to ramp up production. He worked with Congress to adopt the Energy Tax Act of 1978, which approved 10 percent ethanol blends and established the first-ever tax incentive for mixing ethanol into gasoline.

And while the main objective of Carter’s gasohol plan was to enhance energy security and reduce oil imports, he also knew in his heart that ethanol could be an economic boon for America’s farmers, who were just beginning to face surging interest rates, rising debt, trade challenges, and a growing supply-demand imbalance.

“Our gasohol program will spur investments...and create new markets for our farmers,” Carter said. “Our Nation’s enormous agricultural and fiber resources can be used to help provide a secure source of energy for our future.” Surplus grain, he said, “can be turned into profitable, essential fuels” rather than left to sit in piles across the heartland.

It took longer than expected, but the seeds Carter planted eventually took root and began to grow. Ethanol production topped 500 million gallons in 1984—providing a badly needed shot in the arm for a farm sector facing its worst economic crisis since the Depression. Output continued to inch higher through the 1980s, and the farm economy began showing signs of life toward the end of the decade.

But as the 1990s began, oil prices slumped and stayed below \$20 per barrel for most of the decade. This created extremely difficult economics for the fledgling ethanol industry, even as new oxy-fuel requirements were expected to boost ethanol demand and open the door to broader use of E10.

The 1990s were tough on the ethanol industry. And the decade was even tougher for farmers, who saw grain prices fall below the cost of the production. Demand was stagnant, farm income plateaued, and consolidation accelerated.

Against that backdrop, a hardscrabble group of about 100 ethanol producers, farmers, bankers, and political leaders gathered in Des Moines in 1996 for RFA’s first-ever National Conference on Ethanol Policy and Marketing. Over two days, the group discussed marketing strategies and policy solutions aimed at growing demand, adding value to farm commodities, opening new markets, and improving efficiency through new technologies.

The conference became an annual tradition. It became THE place for the industry to get together to discuss the latest marketplace developments, deliberate new policy approaches, and get business deals done. And the policy ideas discussed at the NEC—including state bans on the toxic additive MTBE and adopting ethanol blending requirements—soon began to take root in Washington, D.C., and state capitals across the country.

In fact, it was at the 2002 NEC that RFA and the American Petroleum Institute announced a compromise that would become the foundation for the Renewable Fuel Standard. Working together, RFA, the National Corn Growers Association, American Farm Bureau, and API almost got the RFS passed in 2003; and again in 2004, when Senate Majority Leader Tom Daschle came up just a few votes short. But a year later in 2005, the political stars finally aligned to enable passage of the world’s first RFS, requiring oil refiners to blend annually increasing volumes of biofuels like corn ethanol and soy biodiesel into the nation’s fuel supply.

On the day President George W. Bush signed the bill into law, he highlighted the importance of the RFS to the nation’s agriculture industry. “Every time we use a home-grown fuel, we’re going to be helping our farmers, and at the same time, be less dependent on foreign sources of energy,” he said. “Someday a President is going to pick up the crop report, and they’re going to say we’re

growing a lot of corn and soybeans...and the first thing that's going to pop in the President's mind is, we're less dependent on foreign sources of energy.”

And that is when things really began to change for American agriculture. The 2005 RFS, which was greatly expanded two years later, ushered in a golden era of demand-driven market dynamics, value creation, and unprecedented wealth and investment opportunities for America’s farm sector.

Net farm income roughly doubled between 2003 and 2013, as domestic corn usage rose nearly 40 percent. Government farm payments fell dramatically. Farmers re-invested their profits in new technology and more efficient equipment. Good-paying jobs and prosperity returned to small towns across rural America, bringing a new generation back home to the family farm.

It is not an exaggeration to say that growth in ethanol over the past 20 years, driven by the RFS, helped rescue the farm economy and save rural America.

Meanwhile, ethanol’s ascent under the RFS strengthened U.S. energy security and lowered pump prices for American consumers. Gasoline imports dropped 95 percent from a record high of nearly 10 billion gallons in 2005 to less than 500 million gallons by 2017. And crude oil imports from OPEC fell 80 percent.

Ethanol continues to have an enormously positive impact on agriculture—and the entire U.S. economy.

In 2024, biorefineries bought 5.5 billion bushels of corn valued at \$23 billion and processed it into a record volume of 16.1 billion gallons of ethanol and 37 million metric tons of valuable co-products. In fact, two out of every five rows of corn grown in the United States went to an ethanol biorefinery in 2024—putting ethanol neck-and-neck with livestock feed as the top market for U.S. corn.

The industry’s output added \$53 billion to GDP, generated \$28 billion in household income, and supported more than 310,000 full-time jobs, many of which are directly tied to the agricultural supply chain.

2024 also saw record production of distillers corn oil and captured CO₂, and robust output of distillers grains. The importance of these coproducts to the ethanol industry’s bottom line simply can’t be overstated—in fact, 24 percent of the industry’s gross revenues came from coproduct sales.

On the demand side of the ledger, 2024 was another solid year. Domestic consumption approached 14.3 billion gallons—the highest volume in the post-COVID era—as sales of E15 and flex fuels like E85 continued to grow. And ethanol’s share of the U.S. gasoline pool stood at 10.4 percent.

But the real bright spot for demand in 2024 was the export market. The industry shipped a record 1.91 billion gallons of American-made ethanol to 80 countries last year. Last year’s export volume

represented a 36 percent increase over 2023 levels and shattered the previous record by nearly 250 million gallons. The value of U.S. ethanol exports surged to an all-time high of \$4.3 billion, as shipments to Canada, the United Kingdom, the EU, India, and Colombia all hit record or near-record levels.

Meanwhile, U.S. *imports* of fuel ethanol were nearly non-existent, registering at just 4 million gallons and representing 0.02 percent of U.S. consumption.

Why are exports booming?

Because countries around the world are embracing ethanol for the same reasons we do here in the United States. American ethanol is helping the EU, Canada, and United Kingdom meet low-carbon fuel requirements. It's helping reduce air pollution in countries like India, the Philippines, and Mexico. And it's lowering fuel prices for consumers across the globe—from Bogota and Lima to Singapore to Seoul.

So, 2024 was another good year for the U.S. ethanol industry.

But as we look out toward the horizon, there are storm clouds brewing in rural America—especially for our partners in agriculture.

Farm income has plummeted 24 percent since peaking in 2022 and the total value of U.S. crops is down \$38 billion, or nearly \$20,000 per family farm. Corn prices are \$2 per bushel lower than just two years ago. And at the same time grain prices are down, the farmer's production costs are up. Expenses for seed, fertilizer, fuels, and labor have all hit record highs in recent years.

Meanwhile, property taxes paid by farmers hit record levels. Interest rates remain stubbornly elevated, farm debt is rising, cropland values are falling, and ag machinery sales have fallen in 18 straight months.

What's driving the downturn? Well, it's the same old story: supply is again routinely outpacing demand. Prior to 2021, the annual corn harvest topped 14.8 billion bushels just one time. But since 2021, it's happened three times, including a record-large crop in 2023 and another bin-buster last fall. Thanks to better seed genetics and more efficient practices, farmers are growing more corn per acre than ever before.

But the cruel downside of that impressive productivity—over the long term—is a growing surplus and lower commodity prices. And as crop budgets are being prepared for 2025, many farmers are facing the possibility of a third straight year of negative margins.

So, the new Trump administration and new Congress have a choice to make: they can either throw more money at the problem in the form of ad hoc farm payments...OR they can help farmers *grind* their way out of this conundrum—literally.

Removing bureaucratic regulatory constraints on ethanol would allow biorefineries to grind more corn into more ethanol and boost demand for farmers. Taking the regulatory shackles off renewable fuels would serve as a market-oriented, budget-conscious, America-first approach to staving off the next farm crisis. It's the right thing to do.

As the head of the Illinois Corn Growers Association told House Ag Committee members last week, “the corn farmer’s first priority is to derive profit from the market, not from the government.” Indeed, farmers want open markets, not open checkbooks.

Breaking down the barriers that prevent increased ethanol use would unlock vast new market opportunities for corn growers, just as the RFS did 20 years ago.

And here’s the good news. On Day One of his presidency, just hours after being sworn in, President Trump signed an executive order focused on “Unleashing American Energy.” It lays out a framework for removing “burdensome and ideologically motivated regulations” that have impeded development, weakened national security, and restricted consumer choice. Trump’s order specifically mentions biofuels as an American energy source that needs to be unleashed.

And in another order issued on Valentine’s Day, Trump said biofuels are an “amazing national asset” that can help “make America energy dominant.”

So, how can the Trump Administration and Congress unleash the power of ethanol to enhance national security, reduce energy costs, and boost America’s farm economy?

As you might imagine, we have a few ideas and thoughts on that!

And it all starts with **E15**.

It’s been 14 years since EPA approved the use of E15.

But E15 has been slow to gain a foothold in the marketplace, even though it costs less at the pump and burns cleaner than regular E10 gasoline. In fact, just 3 percent of retail stations nationwide offer E15 today—more than a decade after its introduction.

Why?

Because senseless, outdated EPA regulations have tied up E15 in red tape and discouraged broader adoption in the marketplace.

EPA applies more restrictive volatility standards to E15 in the summertime, forcing most retailers to stop selling the fuel between June 1 and September 15 each year.

EPA regulations also make it difficult for retailers to demonstrate the compatibility of their existing equipment with E15. Almost all existing underground storage tanks and dispensers are fully

compatible with E15, but antiquated regulations have led many retail station owners to believe expensive equipment upgrades are needed before they can sell E15.

And EPA still requires station owners to post menacing bright orange warning labels on E15 dispensers.

President Trump recognized the absurdity of these regulations the first time he was in office. He directed EPA to revise its rules in 2019 to allow year-round E15 sales nationwide. In June of that year, he visited RFA member company Southwest Iowa Renewable Energy to celebrate this victory for common sense. Trump then instructed EPA to make it easier for retailers to use their existing equipment for E15 and remove or change the frightening E15 pump label.

Unfortunately, both of those actions were undone. Oil refiners sued the Trump EPA over its decision to allow year-round E15, and it was overturned by the D.C. Circuit Court. And the Biden administration failed to advance the infrastructure compatibility and labeling changes that Trump's team had proposed.

But we didn't give up. We rolled up our sleeves and went back to work. We collaborated with Iowa Governor Kim Reynolds and seven other Midwest Governors to pursue a creative legal approach that would allow year-round E15 in their states. And we brokered a deal with API that would serve as the catalyst for legislation to permanently resolve this issue nationwide—once and for all.

As you probably know, that legislation came within a hair's breadth of passage in December. Thanks to the spade work of our coalition and the expert maneuvering of our supporters in Congress, we were in position to finally get year-round E15 as part of the Continuing Resolution bill at the end of last year. But in the eleventh hour, the E15 language was stripped out of the bill—along with just about every other policy rider. All because Elon Musk and some far-right congressmen objected to the size and cost of the original bill.

But here's the irony—the year-round E15 measure was budget-neutral. It wouldn't have cost a penny. In fact, over the long term, it would have saved taxpayer money by reducing pressure on the farm program.

That near-miss in December really stung. But it hasn't discouraged us. Our industry allies and advocates in Congress are more galvanized and more motivated than ever before to get this legislation passed. Last Thursday, the year-round E15 legislation was reintroduced in both the House and Senate by a determined group of bipartisan lawmakers. They'll again be looking for any—and every—opportunity to include the E15 measure in upcoming must-pass legislation.

And everyone in this room can help us push E15 over the goal-line. In a few minutes, you'll hear from the National Corn Growers Association about a campaign they've launched to advocate for passage of this legislation. I encourage you to participate.

But we also still need to resolve the ambiguity around E15 infrastructure compatibility. Fortunately, there's good news on that front as well. Last fall, Trump made clear that his vision for expanding E15 at retail stations still includes "letting them use the existing pumps." Talks are already under way with EPA about reviving the infrastructure and labeling proposal from the final days of the first Trump administration.

The bottom line is this: If Congress and the administration take action to allow year-round, nationwide sales of E15 *through existing infrastructure*, it will be an absolute game changer for American agriculture.

Another way the administration can unleash the power of American ethanol is to double down on the RFS. As we've discussed here this morning, the RFS has fundamentally transformed agriculture. And if properly implemented, it can drive further growth and evolution across the farm belt.

By law, Biden's EPA should have published *final* 2026 renewable volume obligations—or RVOs—by November 1 last year. But they missed that deadline and the standards haven't even been *proposed* yet. So, Trump's EPA will need to work very quickly to get the 2026 RVOs proposed and finalized in time for next year.

To truly stimulate demand and reinvigorate agriculture, the RVOs for 2026 need to grow beyond the 2025 levels—for each category of renewable fuel. EPA should also continue the practice of issuing RVOs for multiple years all at once to provide more certainty for all supply chain participants.

Exactly where the future RFS volumes for each category should be set is currently the subject of much conversation and analysis within the industry. But one thing is clear: if we are to be successful, stakeholders representing agriculture, ethanol, biodiesel, petroleum, and retail will need to be as aligned as possible in our advocacy efforts.

We are also watching closely for clues on how this administration will handle small refinery exemptions, or SREs. Dozens of new SRE petitions have been filed in recent months and dozens more are being reconsidered by EPA in response to recent court decisions. There are now 139 SRE petitions spanning 10 compliance years that are pending. Together, these petitions represent roughly 5.5 billion gallons of renewable fuel blending requirements. Let me say that again...5.5 billion gallons are at stake with these petitions!

Moving forward, we strongly believe EPA should continue the judicious and careful approach that it has taken to SRE petitions over the past four years. But if any petitions *are* granted, the exempted volumes should be restored and redistributed to ensure finalized RVOs are kept whole. Fortunately, near the end of the first Trump term, EPA adopted an approach to setting RVOs that would require the reallocation of any exempted volume obligations. If any SREs are granted, we hope the new Trump EPA follows this approach.

What else can the Trump administration do to unleash ethanol and boost the ag economy? Well, it can follow through on its commitment to end EPA regulations that force automakers to dramatically increase the production of battery electric vehicles and phase down production of liquid-fueled vehicles.

We were pleased to see Trump direct his agencies to “eliminate the ‘electric vehicle (EV) mandate’ and promote true consumer choice.”

And we agree that the quickest way to achieving our environmental goals is to stop picking winners and losers and level the playing field for all low-carbon fuels and vehicles.

Now, I will say it again: we are not opposed to electric vehicles—heck, RFA even owns a plug-in hybrid! And we certainly believe they have a role to play in the future transportation mix. But any regulations focused on GHG emissions need to be fair and honest in how they account for the carbon impacts of different fuels and vehicles. They need to be science-based and technology neutral.

Let’s set the standard, then let consumers and the marketplace determine the best ways of meeting carbon reduction objectives.

When compared to a typical battery electric vehicle, we have shown that a flex fuel vehicle running on E85 can provide similar—or better—GHG performance at a lower cost. High-octane E25 and E30 in high-compression ratio engines can also deliver superior performance. If given the same opportunity and a fair regulatory framework, we are confident that higher ethanol blends—and the vehicles designed to use them—can play an instrumental role in affordable decarbonization of the nation’s auto fleet.

You’ll hear more about our efforts to challenge EPA’s tailpipe rule and level the playing field this afternoon from Matt Morrison.

Strengthening trade and expanding export opportunities is yet another way President Trump can support renewable fuels and boost farm income. Exports created \$13 billion in GDP and supported 11 percent of all the jobs affiliated with our industry in 2024.

And think about this—the 1.9 billion gallons of ethanol exported last year created demand for 670 million bushels of corn—roughly equivalent to the annual crop harvested in Kansas or Ohio. That’s also more corn than we ship each year to Japan—the second-leading corn export market.

President Trump has specifically acknowledged the vast potential we have to increase global exports of ethanol, which would lift demand and value for our nation’s corn growers. Last fall he

said, “we won’t just increase ethanol production in our own country, we will make it our mission to export ethanol all over the world.”

So, rest assured, RFA will work cooperatively with our partners around the globe—many of whom are here this week—to grow the world market for ethanol and increase opportunities for fair trade. And we’ll continue working closely with the Trump administration to ensure the impacts on ethanol of potential trade policy changes are well understood.

At the end of the day, all we’re asking for is a level playing field. If biofuel producers in other nations have free and open access to the U.S. market—which they generally do—then American biofuel producers should have free and open access to their markets.

But if other countries put restrictive trade barriers in place that block U.S. biofuels, then it seems only fair that our government would consider reciprocal treatment. That’s why RFA is supporting President Trump’s announcement last week that he intends to implement a reciprocal tariff on imports of Brazilian ethanol.

For almost a decade now, we have spent precious time and resources fighting back against an unfair tariff regime imposed by Brazil’s government on U.S. ethanol imports. At the same time, our country has openly accepted—and even incentivized—ethanol imports from Brazil. It’s past time to level the playing field.

Hopefully, this will get Brazil back to the table for serious conversations about a return to the free and fair ethanol trade relationship our two countries enjoyed in the past.

Unleashing American ethanol will also require decisive action and clarity on biofuel tax credits, specifically the 45Z clean fuel production credit.

The Treasury Department finally issued preliminary guidance on 45Z just days before the Inauguration. The Department of Energy also released its 45Z GREET model and USDA released a carbon intensity calculator and interim rule on climate smart agriculture practices.

So, all the pieces to the 45Z puzzle that we’d been waiting on for two years were finally dumped out on the table in the last few days of the Biden administration. And the folks at USDA and DOE did some really excellent technical work on this package. The modeling tools released in January are rooted in sound science and current data. They confirm that today’s corn ethanol substantially reduces GHG emissions and is well on its way to net-zero carbon.

But here’s the problem: all the 45Z pieces pushed out by the Biden administration require further regulatory action before biofuel producers can comfortably rely on them for generating tax credits.

So, now it's up to the Trump administration to take those puzzle pieces and either put them together...or put them back in the box. It still isn't clear how—or whether—the new administration will move ahead with the 45Z package it inherited from the Biden team, and Trump's Treasury Department hasn't dropped any hints about their intentions.

At the same time, House and Senate Republicans are writing budget bills that will advance the GOP's top agenda items, including extension of the 2017 Trump tax cuts. But to accommodate the budgetary impacts of those tax cuts, Congress will need to cut federal spending. And some House Republicans are aggressively pursuing an overhaul—or full repeal—of the Inflation Reduction Act's energy tax credits, potentially including 45Z, as a way to cut spending.

Other House Republicans, including many from the Midwest, are encouraging a far more judicious approach to IRA reform that would spare—and potentially improve—the 45Z tax credit. You'll hear from one of those Republicans, Iowa Congressman Randy Feenstra, this afternoon. They argue that the credit isn't just about reducing carbon emissions; it's about creating good jobs in rural America; it's about American energy security; and it's about opening new market opportunities—like sustainable aviation fuel and CCS—for our nation's farmers.

Candidly, Congress and the administration have a lot to sort out when it comes to our nation's tax policy, and that includes the future and fate of IRA tax credits.

And if there's one thing we know, it's that markets hate uncertainty. Let me say that again...markets absolutely despise uncertainty.

But realistically, it may be a while before we have the answers we need on 45Z. That's why, in the meantime, RFA believes Congress should consider reinstating the suite of biofuel tax incentives that expired in December, including the second-generation biofuel producer tax credit. Temporarily bringing those credits back would provide a bridge to 45Z and give the industry more certainty.

Wherever the tax policy rollercoaster takes us this year, RFA will remain highly engaged with members of Congress and new administration officials. And RFA's principles haven't changed. We'll continue to advocate for tax policies that create durability and certainty, provide fair opportunities for broad participation, offer market-based structures, and follow sound science.

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So, that's how the new administration and Congress can unleash the power of ethanol and strengthen American agriculture. Opening the marketplace to larger volumes of ethanol would reduce fuel costs for consumers, enhance energy security, and help stave off the looming farm crisis.

Two decades ago, adoption of the RFS created a robust market for renewable fuels, rescued family farmers from economic peril, and sparked the most prosperous era in the history of American agriculture.

Now, with farmers facing a new round of severe financial challenges, it's time to turn to ethanol once again to lift rural America and secure our energy future. It worked before, and it can work again! It's time to go back to our roots! Thank you!