

March 26, 2015

The Honorable Robert Aderholt
Chairman
Subcommittee on Agriculture, Rural
Development, FDA, and Related Programs
Committee on Appropriations
Washington, DC 20515

The Honorable Sam Farr
Ranking Member
Subcommittee on Agriculture, Rural
Development, FDA, and Related Programs
Committee on Appropriations
Washington, DC 20515

Dear Chairman Aderholt and Ranking Member Farr:

We are writing today to express our strong opposition to the inclusion of language in the Fiscal Year 2016 Agriculture, Rural Development, FDA and Related Programs Appropriation bill prohibiting the use of USDA funds for the installation of ethanol blender pumps and efforts to promote ethanol exports from the U.S. As you know, this funding limitation was requested in a recent letter circulated by Representatives Bob Goodlatte, Peter Welch and Jim Costa.

It is important to note at the outset that there already exists a prohibition on the US Department of Agriculture using grant funds for the installation of blender pumps, which was included in the recently passed Farm Bill. Now, in a blatant effort to shelter the oil and gas industry from any further competition from ethanol, Representatives Goodlatte, et al. are seeking to place limitations on the U.S. Department of Agriculture's efforts to help promote the consumption of American made ethanol at home and abroad; something that agency has been successfully doing with other agriculture and livestock products for decades.

USDA's past, modest efforts to provide funding assistance to fuel retailers to upgrade their infrastructure to offer more biofuels like ethanol have helped provide some consumers greater access to low cost biofuels. However, given the franchise structure of the retail gas industry, and the oil industry's 100-year monopoly on the fuel market, the transition to higher volume biofuel blends has proven to be a very slow and difficult undertaking.

Not satisfied with its efforts to protect Big Oil's control over the domestic fuel market, the Goodlatte letter seeks to strengthen the death grip on the U.S. ethanol industry by also prohibiting the USDA from expending any trade promotion resources for ethanol exports. For the U.S. ethanol industry, exports have provided a valuable market for surplus ethanol. As the industry continues to struggle to expand the number of gasoline stations offering E15 and E85 and thereby overcome the domestic "blendwall" erected by oil refiners, it has been the export market that has helped the U.S. ethanol industry continue to grow, innovate and stay competitive in the face of an artificially constrained market at home. To deny the U.S ethanol industry access to these important trade promotion resources—which remain available to hundreds of other U.S. agricultural products—is simply a biased and one-sided approach that is more concerned with constraining the U.S. ethanol industry than it is with mitigating the supposed impacts of ethanol on food and livestock pricing and availability. Indeed, at least \$23 million in USDA funding has been allocated in 2015 to promote exports from the U.S. livestock, dairy, and poultry industries—the very groups Goodlatte's proposal portends to help.

While the Goodlatte letter claims that corn-based ethanol is negatively impacting American consumers, food and livestock producers, and food availability, there is ample data which shows that that is simply not the case. Corn prices today are below the prices witnessed in 2007 when the Renewable Fuel Standard was expanded and livestock feed costs are at their lowest levels in more than five years. Not surprisingly, U.S. red meat and poultry production is projected to set new records in 2015. Worldwide, more grain is available for food and feed use than at any other time in history. Meanwhile, consumer food prices have advanced more slowly since passage of the RFS than in the 25 years prior to its enactment.

In light of the above, we ask that you vehemently oppose and reject any efforts to include such limiting language in the FY 2016 Agriculture, Rural Development, FDA and Related Programs.

Sincerely,

Renewable Fuels Association
American Coalition for Ethanol
National Farmers Union
National Corn Growers Association
Growth Energy