The United States is the world leader in the production, consumption and export of ethanol. The nearly 16 billion gallons of ethanol produced here in 2019 represents 54 percent of global output. In comparison, Brazil accounted for only 30 percent of global production, despite significant growth over the last two years.

U.S. ethanol exports declined modestly in 2019 to an estimated 1.5 billion gallons, second only to the record 1.7 billion gallons shipped in 2018 and representing approximately 10 percent of the ethanol produced in the United States.

For the fifth straight year, Brazil and Canada remained the top two destinations for U.S. ethanol, taking nearly half of our exports. Shipments to Canada have been fairly stable in recent years. However, exports to Brazil fell in 2019 as a result of sizable inventories early in the year, higher ethanol production, the continued implementation of a tariff rate quota, and the restriction of quota volumes during the September-February period. The decline in shipments to Brazil was the main factor causing overall U.S. exports to recede in 2019.

Prohibitive tariffs imposed by China in connection with the trade conflict with the United States caused shipments to fall to negligible levels for most of 2019. On the other hand, longstanding antidumping duties by the European Union, which the U.S. industry had actively worked to overturn, were allowed to end.

Exports to a large majority of the top-ten destinations for U.S. ethanol were higher in 2019. There were notable increases in shipments to India, the third-largest market, as well as to Colombia and South Korea.

U.S. ethanol imports more than doubled from the nearly 80 million gallons received in 2018. Brazilian sugarcane-based ethanol benefitted from the high prices of credits toward the California Low Carbon Fuel Standard and from widening price spreads among categories of RFS credits (RINs) that resulted from small refinery exemptions doled out by the EPA.

Multiple opportunities exist to regain momentum in export growth. A resolution of the trade conflict with China could reopen a large-scale market. Canadian provinces are moving to higher blends. Average blend rates are increasing in India, and there is potential for barriers to the use of U.S. ethanol to be lowered. Considerable market development efforts have been conducted by the U.S. industry in Mexico. Finally, Brazil is likely to remain a top destination, and the U.S. industry remains engaged to ensure that it receives fair treatment as the RenovaBio program is implemented in 2020.

Global fuel ethanol production hit a new record of 29 billion gallons in 2019, with the United States again accounting for over half of the world’s production.