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**Selected Remarks as prepared for  
2018 Iowa Renewable Fuels Summit  
January 30, 2018**

**Year One of the Trump Presidency**

We just finished year one of the Trump presidency. Now, I don't agree with the obsession some in the media have over every little thing Trump says – or tweets – but it's fair to say that much of what our industry went through over the last year and how we approach the future has been impacted by the President and those in his Administration. Further, as other groups have reevaluated perceived threats and opportunities under Trump, it has impacted renewable fuels in many direct and indirect ways. But before we look to the future, let's take just a moment to review where we are. 2017 witnessed record U.S. ethanol production and use, as well as record exports – which is pretty remarkable. The story was not as bright for biodiesel. Due largely to the expired federal tax credit and illegally subsidized Argentinian biodiesel imports flooding the US market, production of biodiesel in the United States took a small step back in 2017.

On the Iowa front, our 43 ethanol plants produced a record 4.2 billion gallons – processing about 1.5 billion bushels of Iowa corn into fuel and feed. That keeps Iowa number one in ethanol production, accounting for roughly 27 percent of US production. Mirroring national trends, ten Iowa biodiesel refineries produced 286 million gallons, just under the record 297 million gallons produced in 2016. Iowa remains the number one biodiesel producer, accounting for roughly 17% of US biodiesel production. Iowa biodiesel producers also benefit from access to a diverse set of feedstocks. Soybean oil was more popular than ever with 74% of the market, but animal fats, distillers corn oil, canola oil and used cooking oil all played significant roles for Iowa production. In other words, biodiesel production in Iowa provided a boost to farmers, ranchers, ethanol plants and even restaurants.

2017 saw the first widespread expansion of the Iowa biofuels industry in a decade. Roughly 300 million gallons of new ethanol capacity came online over the last 12 to 18 months. IRFA estimates that over 200 million additional gallons of capacity remain under construction today. Multiple biodiesel projects were also completed in 2017, increasing capacity by nearly 100 million gallons, up to 400 million gallons. This expansion brings jobs. It brings hope for farmers struggling with low commodity prices. It brings a spark to moribund rural communities. But to be honest, the expansion of production capacity also brings forward a serious question: Where are we going to market all this new biofuel? It is a question the Trump Administration will have a big role in answering.

**On the state of Iowa's renewable fuels industry**

As I stand before you today, I can say that Iowa's renewable fuels industry is ready to more than just survive – it is ready to thrive. We are just months away from wrapping up the largest industry expansion in Iowa in the last decade. We have an overflowing feedstock supply. We have new technologies and new pathways to increase production. We see new domestic and

foreign market opportunities within our grasp. In sum, despite predictions of doom and gloom from some in the oil industry and their friends on Capitol Hill, the biofuels industry in general – and Iowa biofuels producers specifically – are not only going to survive, but they’re going to thrive over the next year and beyond.

It won’t be easy. It never has been. We need some help. Who wouldn’t when competing against an industry that has received over a Century of Subsidies? But the opportunities are there, and it is up to Iowa to help lead the way. We saw this year what Iowa farmers could do even when Mother Nature didn’t cooperate very much. We’ve seen Iowa producers expand and innovate. We’ve seen Iowa elected officials drive the policy debate on the state and federal level. We’ve seen Iowa retailers embrace fuel choice for their customers. And we’ve seen Iowans step up to lead the push for new markets in China, Mexico, and around the globe.

### **The Future: Survive or Thrive?**

I am confident that Iowa biofuels producers are not content to just survive. They want to thrive. As I mentioned at the beginning, this goal could be made easier, or a lot harder, based on forthcoming actions by the Trump Administration. Will the next round of proposed RFS levels signal a flat-lined, survival mode or will they recognize the pent-up opportunities for greater U.S. production of biodiesel and cellulosic ethanol? Will the EPA take the long overdue step of granting E15 the same RVP treatment as all other ethanol blends or will it punt to Congress? As they review the CAFE rules, will EPA open up a pathway for E30 in high octane engines or freeze out this promising solution? Will the Trump trade team continue to work with the industry to open up export markets or will it wreak havoc in existing Canadian and Mexican markets – or both?

Outside of pending Trump Administration actions, will the FTC allow commonsense marketing of E15, or will it become the latest tool of the petroleum monopoly? Will Congress reinstate the biodiesel and cellulosic tax credits, or will it be satisfied with the latest tax goodies showered on petroleum in the recent tax law? Will electric cars be subject to the same scrutiny as biofuels for their overall environmental footprint, or will federal and state regulations continue to pretend that the batteries magically appear out of pixie dust and never require disposal?

The answer to all these questions and more will help determine whether the biofuels industry will simply survive or whether it will thrive – bringing along with it lower fuel prices for consumers, higher commodity prices for farmers, green collar jobs, cleaner air, less carbon, and less foreign oil.

### **Biofuels will thrive**

We may not like the answer to some or even many of these questions. I do worry about them. But I also sleep well at night – because I am confident that the biofuels industry will thrive. Depending on the answers to the questions, it may be an easier or harder path, but the destination is the same. Biofuels will continue to grow and gain market share. Simply put, biofuels have the most positive attributes of any liquid fuel. Biofuels have what consumers are looking for. Biofuels will thrive.