Iowa Renewable Fuels Association

The Demand Gap for Corn: Actions Needed to Address it Now

IOWA CORN

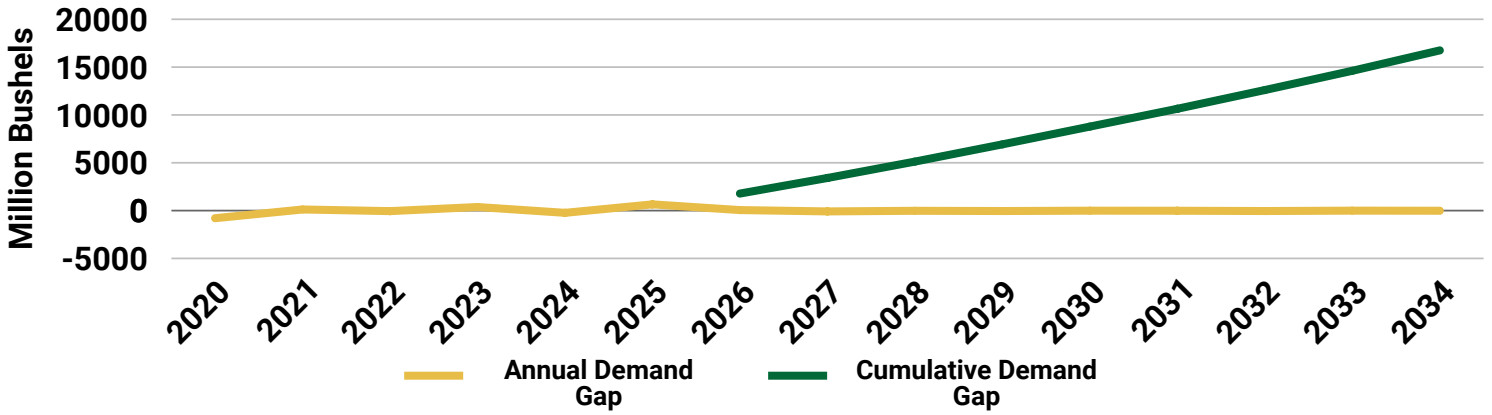
Executive Summary

- USDA long-term outlook cuts corn acres by 10% over the next decade - this is detrimental to U.S. corn growers.
- New demand is imperative or corn growers will grow fewer acres and sell at prices below profitability.
- Nationwide, year-round E15 narrows the demand gap, but is not a sufficient long-term solution.
- Implementing year-round E15 now allows for additional time for infrastructure and industrial development for ultra-low carbon market.

The Demand Gap

1. With corn acreage held at 2025 levels, the rise in the cumulative demand gap continues to build year-after-year. Without new demand, this results in an average 1,872 million bushels per year generating a **cumulative 18,000 million bushels in cumulative demand gap by the end of 2034**. Production outpacing demand as ending stocks build likely results in maximum ARC-CO/PLC payments.
2. Without acreage reduction, total annual ARC-CO/PLC cost is $13.8 billion and a 10-year total cost of $131 billion. Only 60% of corn production covered by ARC making this is a conservative viewpoint.

Annual and Cumulative Corn Demand Gap 2020-2034



Policies Needed to Address the Demand Gap

1

Congressional Approval of Year-round E15

Permanent waivers in 7 states is not sufficient - domestic and homegrown E15 is ready to be supported and facilitated year-round.

2

Reinstate 45Z Production Credits for SAF

At levels prior to the OBBBA; modify current 45Z structure to avoid unintended disincentive to use ethanol as a feedstock for SAF, not just as fuel itself.

3

Finalize rules for 45Z that recognize carbon reducing impact of regenerative ag practices.

Year-round E15 in the United States

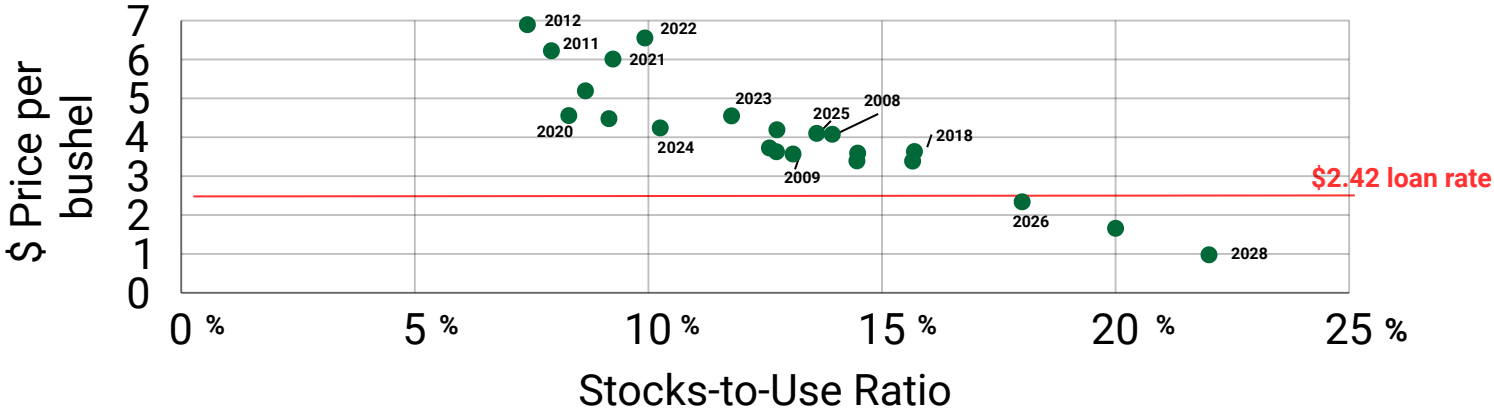
Led by Iowa and Minnesota, EPA-approved waivers granted to seven states.

Current E15 adoption is concentrated to the Midwest indicating an untapped nationwide market opportunity.

Following California's approval, E15 can be legally sold nationwide.

- **E15 adoption in Iowa and Minnesota prove this to be a viable pathway for the United States, nationwide E15 is possible and imperative for corn growers.**
- **Even with year-round, nationwide E15, the demand gap still remains driving the need for new markets using ultra-low carbon ethanol.**

Stocks-to-Use Ratio



Stocks-to-Use ratio could climb from 25% in 2026 to 104.3% in 2034 - a 1% increase in this ratio could result in a projected $0.34/bu. decline in annual average corn price.

Addressing the Demand Gap

1. Fill demand gap with traditional ethanol by increasing the blend ratio in standard regular gasoline from E10 to E15
2. Satisfying market demand for ultra-low carbon ethanol

Year-round E15	Transition to year-round, nationwide E15 reduced the demand gap while the transition allows time for demand for ultra-low carbon ethanol to be developed.
Marine Fuel	Significant market opportunity for U.S. made renewable fuels, 2025 ethanol production totaled 16.1 billion gallons while ships subject to IMO regulations consume 70-80 billion gallons/year.
SAF	The projected corn used for SAF from ultra-low carbon ethanol could reach approximately 3 billion bushels by 2050.