Closing the Gap: Identifying New Corn Demand in Iowa

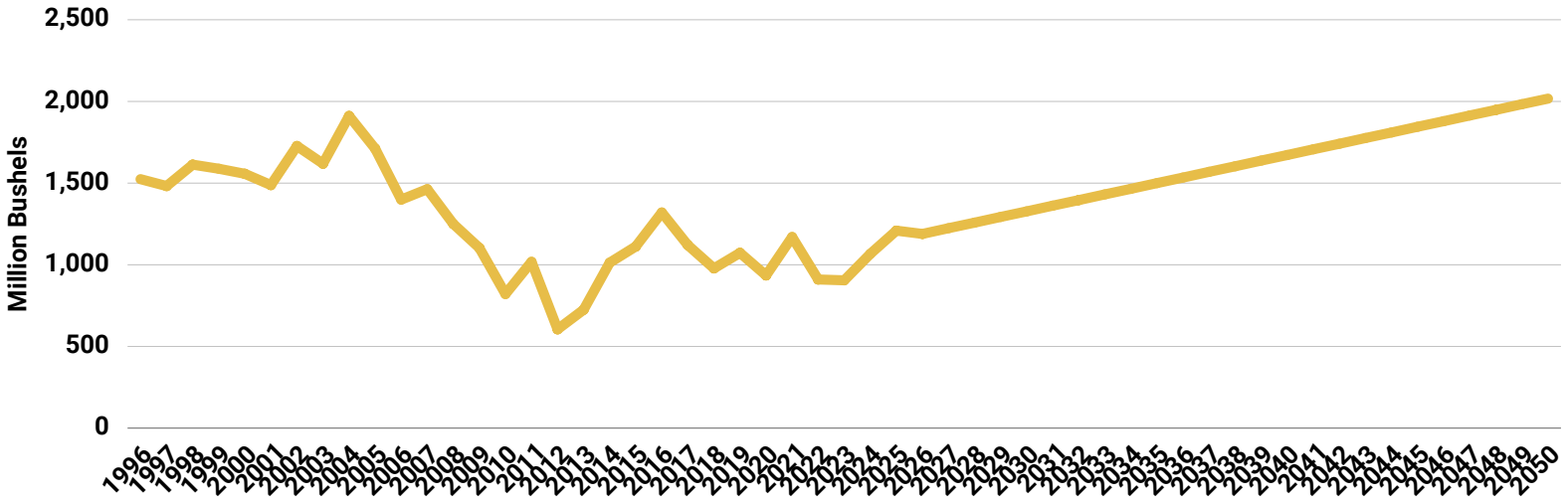
Executive Summary

- **USDA Long-Term Outlook projects a decline in acres to 88.5 million acres planted by 2035 and 80.6 million acres harvested, but increasing yields from 189.7 bu./acre to 200 bu./acre.**
- **Iowa leads the nation in corn production, so declining acreage would be detrimental to rural communities and small family farms.**
- **Without new demand, corn growers will plant fewer acres and sell at prices below profitability.**
- **Iowa's biofuel industry already supports strong economic activity and demand for U.S. corn.**
- **Year-round E15 helps reduce the demand gap but is not a long-term solution on its own.**
- **New and developing markets for ultra-low carbon ethanol are viable options but need policy support.**

The Demand Gap

- Without new demand, and corn acreage held at 2025 level, corn prices likely drop below the $2.42/bu. loan rate.
- Once the ethanol industry in Iowa matured, corn demand stabilized, but without ultra-low carbon ethanol the gap in Iowa is projected to grow significantly.

Gap Between Iowa Corn Production and Iowa Use of Corn for Ethanol



Policies Needed To Address the Demand Gap

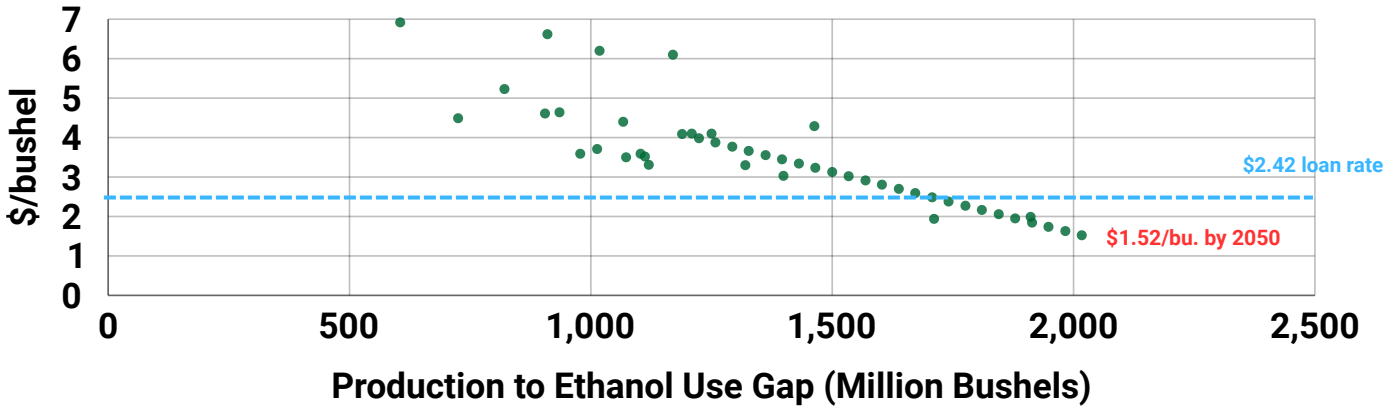
1 **Carbon capture and sequestration to facilitated by the adoption of the safe and economical capture, transport, and sequestration of CO2 from ethanol plants.**

2 **Support regenerative ag practices that recognize carbon reducing impact on corn and ethanol production.**

Iowa delegation to support congressional approval of year-round E15. Domestic and homegrown E15 is ready to be supported and facilitated year-round.

Iowa delegation to support the reinstatement of 45Z production credits for SAF.

Stocks-to-Ethanol Use Gap Projected to 2050



By 2050, without new demand from ultra-low carbon ethanol, the gap could rise to 2 billion bushels, and the price of associated corn is an estimated $1.52/bu.

Year-round E15 in the United States

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

E15 Sales in Iowa and Minnesota:
- **Combined, account for 90% of national sales in 2015**
- **56% of national sales in 2018**
- **30% of national sales in 2025**

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

Even with year-round E15, a demand gap still exists in the long-run indicating a need for new developing markets using ultra-low carbon ethanol.

Addressing the Demand Gaps

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 reduces 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	Projected by 2050, the projected corn used for SAF from ultra-low carbon ethanol could reach approximately 3 billion bushels.