

December 18, 2019

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President,

America is enjoying an unprecedented economic expansion. U.S. farmers and rural communities deserve to share in the benefits.

We applaud the historic progress on the United States – Mexico – Canada Agreement, which will rebuild important foreign markets for American agriculture. We look forward to the finalization of more trade agreements in the future and the recovery of additional overseas markets. But right now, we need your help in repairing a crucial domestic market for farmers and rural communities – the U.S. biofuel industry.

You are a strong champion for our nation’s farmers, rural America, and the biofuel industry. Too often, though, your administration fails to faithfully follow through on your promises.

For example, despite your commitment to expand Renewable Fuel Standard (RFS) biofuel requirements in 2020 and ensure the annual volume obligation for biomass-based diesel is met, the Environmental Protection Agency’s proposal fell short. EPA artificially cut the estimate of small refinery exemptions in half. As a result, markets are treating EPA’s fulfillment of your promise with skepticism, and the economic situation for farmers is not improving.

The U.S. biodiesel industry sustained tremendous damage from EPA’s free-for-all on small refinery exemptions over the past three years. According to Professor Scott Irwin of the University of Illinois, the lost demand averaged two-thirds of a billion gallons each year.¹ That’s a tremendous loss to a small industry.

The lost demand forced 10 U.S. biodiesel producers to shut their doors and lay off workers.² The industry continues to cut back investments.³ EPA’s proposal is not providing confidence to biodiesel companies or helping them restart production and rehire employees. That will have an ongoing impact on U.S. soybean growers.

¹ Irwin, S. “[Clearing the Logjam on the RFS and SREs: A Simple Proposal](#).” *farmdoc daily* (9):175, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 19, 2019.

² Eller, D. and Rodriguez, B. “Another renewable fuel plant closes as Iowa leaders wait for White House biofuels fix.” [Des Moines Register](#). September 24, 2019. Kelly, S. “‘Hanging by its fingernails’: U.S. biodiesel industry struggles without subsidy.” [Reuters](#). Nov. 15, 2019.

³ “Renewable Energy Group halts improvement project at Seneca plant.” *Morris Herald-News*. Nov. 17, 2019.

The U.S. Department of Agriculture paints a very rosy picture for U.S. agriculture in a recent report, projecting net farm income will increase this season.⁴ However, USDA's estimate includes \$22.4 billion in government payments, primarily from the market facilitation program assistance you authorized in response to trade retaliation. Without those payments, farm income would be declining. Payments are a temporary solution; they do not help farmers cultivate robust markets over the long term.

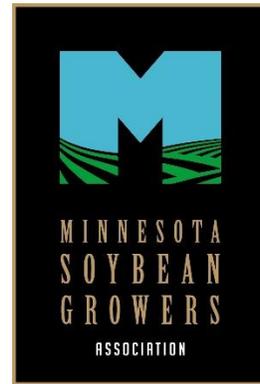
The reality is that farm income this season is still one-third below what it was in 2013. Soybean prices and sales continue to fall due to the market disruptions. EPA's proposal for the 2020 RFS and estimate of small refinery exemptions is not a strong enough signal to the crop market. Increased biodiesel and renewable diesel production could help put the soybean market back on track by adding significant value – around 11% – to every bushel of soybeans.

The biodiesel industry is one of the most vital markets for U.S. soybean farmers. EPA's small refinery exemptions dealt a severe blow to the industry; the agency should therefore help the industry recover. The industry is capable of continued sustainable growth of several hundred million gallons every year. We ask that you direct EPA in the forthcoming final rule to expand the requirement for biomass-based diesel for 2021 and include the best estimate of exempted gallons, based on an average of actual past exemptions.

Sincerely,



⁴ USDA Economic Research Service. 2019 Farm Sector Income Forecast. November 27, 2019.
<https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/>.





CC:

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