

# SMALL GRAINS UPDATE MEETINGS JANUARY 15-19

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# PRESENTATION TOPICS - CORN

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- INFRASTRUCTURE
- EDUCATION/PROMOTION
- AG-AUTO-ETHANOL CONSORTIUM
- TRADE

## USDA BIOFUELS INFRASTRUCTURE PARTNERSHIP (BIP) GRANT PROGRAM

- APPROVED – USDA FUNDING = \$8 MILLION
- APPROVED – PARTNER MATCH = \$6.11 MILLION

### GRANT GOAL:

- 120 STATIONS, 465 DISPENSERS, 90 TANKS

### GRANT ACHIEVEMENT:

- **165 STATIONS, 774 DISPENSERS, 44 TANKS**
  - TANK FARM – BLENDING & DISTRIBUTION
    - WATERFORD OIL (NORTHFIELD, MN)
    - RAINY LAKE OIL (INTNL' FALLS, MN)
    - NORTHDALÉ OIL (BEMIDJI, MN)
- 256 E15 Stations (2017)
  - 2013 – 42,000 gal. (1<sup>st</sup> E15 station)
  - 2017 – 7.5 million gal. (9 months reporting)



# ETHANOL EDUCATION & PROMOTION



## Education and Promotion

*Educate and promote ethanol as a fuel choice in Minnesota.*

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### Education and Promotion:

- NASCAR (Performance Engine), Crappie Masters (Marine Engine), and E15 National Branding Research.
- MEG Corp. reached 896 Minnesota Tech school students in 2017.
  - School Curriculum 1<sup>st</sup> Quarter of business saw 275 students! **ON PACE FOR 1100!!**
- KARE 11 “Grow with KARE” Belinda Jensen & Bobby Jensen co-host
  - E15 project produced 17.5 million impressions via TV - Digital Ads & Facebook.
- ALA E15/E85 promotion accounted 50+digital billboards, 800 total traffic & weather radio spots over 20 weeks, Pandora over 10 weeks, Gasbuddy & mobile displays over 20 weeks.
- 2017 Flexfuel directories and POS marketing materials were produced.

# AG-AUTO-ETHANOL ALLIANCE

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## Ag-Auto-Ethanol Alliance

*Develop long term technical strategy for Ethanol.*

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### **AG-AUTO-ETHANOL ALLIANCE:**

- ASTM High Octane Low Carbon(HOLC) Fuel Spec(100 RON)
- Oak Ridge National Labs engine testing for 25% ethanol blend on two high compression engines from GM & Ford.
- Wayne Fueling Systems Produce 25% compatible pumps
  - Continued negotiation Gilbarco & Bennett
- Mid-Term Review 2022-2025 (Accepted Technologies)
- HOLC Cert Fuel (Defines composition of the fuel)
- HOLC Credit program for Autos to build 25% High Compression Engines

# Market Development

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## Biofuel Market Opportunity

*Biofuel infrastructure, logistical solutions, and environmental standards to grow markets in MN & abroad.*

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### Additional Work:

- U.S. Grains Council international ethanol expansion plan: 2016: 850 million gal. 2017: 1.2 billion gallons 2.3 billion gallons by 2025-2026. Partner funding increases goal to 3.2 billion gallons. **Growth of 170% since 2015.**
  - **Focus Markets: China, India, Mexico, Japan**
  - **Staff buildup for growth – Technical, Policy, Marketing (7-Positions)**
  - **Increased International Legal Personnel (Anti-Dumping Duties & Tariff's)**
  - **International Research, Creation of Ethanol Association's, Adding Policy & Communications Advocates)**
  - **Rapid Response Funds for Litigation action.**
- Ongoing work developing sustainability metrics in partnership with biofuel facilities in Minnesota to gain access to international and California markets while developing an environmental story for Minnesota farm families.

# Market Development

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## MCGA International Visits in 2017:

- Doug Albin – Taiwan (Dried Distillers Grains (DDGS) for Human Consumption)
- Harold Wolle – Cuba (Senator Tina Smith & Dozen Minnesota influencers talk Agriculture trade)
- MCGA Hosted Government visitors:
  - China – Hong Lei (Consul General)
  - Canada – Khawar Nasin (Consul General), Steven Buchta (Trade Commissioner), Matthew Lapointe (Trade Policy Analyst)
  - Mexico – Garardo Guerrero Gomez (Consul General), Mely Romero (Mexico Ag Minister)
  - Japan – Kimihiko Eura (Senior Food Security Expert)
  - Kazakhstan – Gulmira Issayeva (Deputy Minister of Agriculture), Erzhan Kazykhanov (Kazakhstan Ambassador to United States)

# Market Development

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## Market Development:

Industry Hosted Groups: **Many Partners!!**

- **Japan** Starch Company (CHS)
- Egg Layer Association of Sonora **Mexico** (Corn Plus, POET, U of M)
- Pork Producers Association of Sonora **Mexico** (Corn Plus, Bill Drager Pork, U of M)
- Chandrashekhar Private of **India** (Land O' Lakes, RPMG)
- **South Korea** Corn Purchasers (CFS Coop, Sioux City Grain Inspection, Compeer Financial)
- Middle East/North Africa Corn Purchasers (**Morocco, Egypt, Algeria and Tunisia**) (Ag Partners Cooperative)
- **Ecuador** Poultry & Pork Association (U of M, Riverview, LLP, Chippewa Valley Ethanol)

## Market Development

*Develop markets for corn and its co-products.*

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### Industry Market Development:

- Market Development: Industry Growth
  - **Al-Corn Clean Fuel in Claremont** expansion from 50 million to 130 million gallons.
  - **Bushmills Ethanol in Atwater** expansion from 65 million to 100 million gallons.
  - **Green Biologics in Little Falls** saw first shipments of N-butanol and Acetone begin. Also, commercialized GreenFlame Lighter Fluid.
  - **Gevo in Luverne** has an agreement to produce iso-octane for jet fuel with Haltermann Carless.

# IMPORTANCE OF TRADE AGREEMENTS

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- Corn & corn co-products (Ethanol, DDGS, Corn Gluten Feed, Etc.) exports are responsible for 33% of our farmers gross income today.
- Current trade agreement with Mexico (NAFTA) offers duty free market access. If agreement is dropped, Mexico can apply up to 37% tax on corn & corn co-products that allows Brazil & Argentina to compete with our products.
- Current trade agreement (NAFTA), we have seen a 7-fold increase in corn product exports since 1994.
- 2017 corn export value to Mexico & Canada was worth \$2.7 billion to U.S. economy.
- Total exports under NAFTA worth \$38.1 billion to U.S. economy.
- NAFTA supports 14 million U.S. cross-sector jobs.

# QUESTIONS? SMALL GRAINS UPDATE 2018

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