

10 April 2020

To: Commissioner for Internal Market Thierry Breton
Commissioner for Economy Paolo Gentiloni
Commissioner for Trade Phil Hogan
Commissioner for Agriculture Janusz Wojciechowski

Re: European renewable ethanol industry: market situation in the times of COVID-19 and perspectives

Dear Commissioners,

I am writing to you on behalf of ePURE, the association gathering the producers of European renewable ethanol for fuel and non-fuel applications, to provide an overview of the current market situation and seek possible solutions.

Following the lockdown measures adopted across Member States in response to the COVID-19 outbreak, our ethanol biorefineries have seen a sharp drop in demand for fuel ethanol, which is typically blended with petrol to meet the EU's renewable energy and climate ambitions and constitutes 80% of our output¹.

In contrast, the demand for industrial grade ethanol used in the manufacturing of hydro-alcoholic gel, sanitizers and other disinfectants, has increased sharply, and our industry has adapted its production lines and has collaborated with authorities and sanitary services to respond to the unprecedented challenge and meet the demand by increased production and donations². We are grateful for the support of EU and national authorities in granting temporary derogations under Article 55 of the Biocidal Products Regulation³.

Our industry is able to meet the demand in Europe, in volume and specifications. However, the increased demand in industrial grade does not come close to compensating for the drop in demand for fuel ethanol. Some of our plants have had to reduce their production.

We are therefore concerned by certain industries' unfounded requests to suspend tariff duties on ethanol imports, alleging shortages of ethanol and competition for end uses. If granted these measures could put in jeopardy our industry which on the contrary needs to prepare for the post COVID-19 resumption of economic activities. More than ever the EU ought to protect our sector that has proved of strategic importance to combat this health crisis and contribute to Europe's independence in food, animal feed⁴, energy and other biomaterials.

Against this background, we respectfully request that consideration is given to measures that will be required to ensure that our sector continues to be viable and is not exposed to more damage when economic activity resumes.

The threat of injury is blatant. Prices in the European fuel ethanol market have dropped from EUR/cbm 600 to below EUR 400 in March⁵. In the US and Brazil, the two major ethanol producers accounting for 55% and 30% of the world's ethanol production respectively, the industry is faced with a similar situation, shut downs, 'force majeure' declarations and record high stocks⁶ which could flood at low prices an already depressed European market.

¹ [European renewable ethanol – Key figures](#), aggregated audited data of ePURE members.

² Examples around the EU of ethanol producers' involvement can be found [here](#).

³ The list of current Article 55 notifications can be accessed [here](#).

⁴ European ethanol biorefineries produce as much ethanol as they produce high-protein animal feed, thereby offsetting EU's reliance on imported protein for animal feed use.

⁵ Source, FO LICHT, 7 April 2020.

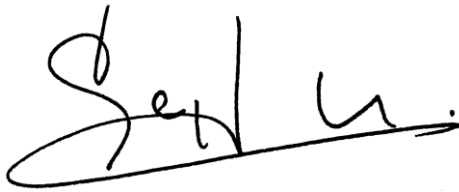
⁶ US fuel ethanol stocks have hit a new all-time high and represent 70% of the EU's yearly fuel ethanol consumption. Source FO LICHT, 9 April 2020.



We will take the liberty to come back to you and your services in the near future to propose temporary solutions aimed at ensuring that Europe's fuel ethanol production capacities are shielded from the threat of damaging imports, while ensuring the continuous supply of the much needed industrial grade of ethanol.

We remain available to provide further information and assure you of the European renewable ethanol industry's determination to help fight this sanitary crisis.

Sincerely,

A handwritten signature in black ink, appearing to read 'Emmanuel Desplechin'.

Emmanuel Desplechin

Secretary General, ePURE