

US, EU officials disagree on ethanol's status in \$750bn energy trade deal

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Quantum Commodity Intelligence - US and EU officials are at odds over whether Sunday's \$750 billion energy trade deal would include ethanol, with Americans suggesting Europe will buy the fuel but EU officials denying that is the case.

EU officials told Quantum the recently agreed trade deal with the US would not include provisions for "sensitive agricultural products," such as ethanol, despite a communication from US officials that suggested EU purchases of US ethanol are included in the \$750 billion agreement.

US President Donald Trump and European Commission President Ursula von der Leyen said Sunday the two sides had agreed to a preliminary trade deal in which European goods will be subject to a 15% tariff and the EU will buy \$750 billion worth of American energy.

"The president is taking bold action to secure FAIR trade deals for America and our farmers," said US Secretary of Agriculture Brooke Rollins.

"Here's what it means for US ag: 15% tariffs on most European imports and...[the] EU to purchase \$750 billion in US energy, including ethanol."

EU ethanol associations have said that opening up the bloc to more US ethanol could be damaging to local production, although an EU spokesperson told Quantum that the deal did not include any ethanol provisions.

Ethanol prices in northwest Europe have traded at multi-year lows in recent months, as high imports from the US have bolstered inventory levels even as rising uptake of higher ethanol blends across the continent has supported demand.

Eurostat data for January-May showed EU ethanol imports averaging 148,184 mt per month, up 12% on the year and the highest monthly average volume on record.

Of that volume, intake from the US averaged 59,186 mt over the first five months of this year, or 40% of the total, which was also the highest share of overall imports on record.

Correspondingly, Quantum-assessed spot T2 ethanol barges FOB ARA averaged €612.25/cbm in the second quarter, compared to €676.50/cbm in Q1 and €706.75/cbm in Q2 2024.

The US is the world's largest producer and exporter of ethanol.

Policies

European ethanol association iEthanol outlined a series of policies that it said would help to support local producers in light of the potential opening up of the EU market to more US ethanol.

The association said that the EU should mandate a minimum 4% share of crop-based ethanol in road transport energy consumption to be met by fuel produced either in the EU or countries with which the bloc has a free trade agreement.

The overall 7% crop cap should be retained, with the remaining 3% open to US ethanol, provided sustainability criteria and traceability requirements are met, iEthanol said.

The association also argued that the US ethanol above the 7% cap could be permitted, provided it was 'second-generation' ethanol derived from waste feedstocks listed in Annex IX of the Renewable Energy Directive.

Association ePure, which also represents the ethanol industry, also said that further safeguards were needed to protect the local industry.

"EU renewable ethanol is a sensitive agricultural good and EU ethanol producers already face higher energy costs - as much as ten times what US producers pay - and stricter sustainability criteria than their US counterparts, who also benefit from state support and tax credits," ePure told Quantum.

"Making further concessions to the US would be devastating to the EU bioethanol industry."

US view

US ethanol trade group, the Renewable Fuels Association, has welcomed the announcement by the Trump administration.

"We thank President Donald Trump and European Commission President Ursula von der Leyen for reaching this important agreement over the weekend, and we

are encouraged to see US ethanol mentioned as part of the deal," said RFA CEO Geoff Cooper.

"The US ethanol industry looks forward to working with our partners in Europe to continue growing the global production and use of renewable fuels, which are simply more reliable and more affordable than many other energy alternatives."

In early July, the UK introduced an annual duty-free quota for 1.4 billion litres of US ethanol, eliminating a 19% tariff for imports under the quota.