



Trump in high-stakes balancing act between oil and corn ahead of 2020 bid

At a closed-door meeting at the White House on Aug. 19, President Donald Trump looked increasingly alarmed as his top envoy to China delivered evidence of rising Farm Belt frustration over his biofuel policy along with a stark warning: You've got a problem in Iowa.

Terry Branstad, the former Iowa governor and now U.S. ambassador to China, told Trump that while farmers may have remained loyal to him despite the economic pain caused by the more than year-long trade war with China, they would not stomach policies favoring the oil industry at their expense, according to four people familiar with the substance of the meeting.

The administration, he explained, was undermining Trump's support in the battleground of Iowa and Wisconsin, by freeing too many oil refineries from obligations to add corn-based ethanol to their fuel, according to the sources, who requested anonymity because they are not authorized to discuss internal deliberations.

At the near two-hour meeting that also involved Trump's top security and economy advisers, Branstad showed a map of counties that had flipped in Trump's favor in 2016 but were now considered at risk in the November 2020 election. Branstad also listed quotes from Democratic presidential candidates assailing his biofuel policy as a betrayal of corn farmers, and headlines about ethanol plants shutting down across the Midwest, the sources said.

His presentation shocked the Republican president, who was previously assured by his political advisers that he had Iowa "locked."

"This was the first time that the president was made fully aware of how angry these farmers are over this issue and that he could have a serious problem in Iowa and potentially other states where this topic is an issue," said one of the sources.

Before the meeting ended, Trump had already dispatched his Cabinet members to come up with solutions to stem the farm anger, the sources said, setting off a chain reaction that the U.S. corn industry now hopes will mean fresh concessions to help farmers reeling from plunging crop prices and the loss of their biggest export market, China.

CORN VS OIL

The previously unreported details of the meeting underscore the political bind Trump has found himself in as he looks to two of his most prized constituencies – Big Oil and Big Corn - to again propel him into the presidency next year.

It also shows how the biofuel debate, once an overlooked policy backwater, has become a volatile flashpoint as Trump tries to appease these competing interests.

The Renewable Fuel Standard requires oil refiners to blend biofuels like corn-based ethanol into the fuel pool or pay a price, but allows the government to issue waivers to small refineries who can prove compliance causes a hardship. Smaller refiners say the blending mandate creates a high financial burden that threatens their plants, jobs and regional fuel supplies.

Trump's Environmental Protection Agency has handed out 85 such waivers since he took office, up from 23 during the last three years of the Obama administration, saving the oil industry hundreds of millions of dollars but enraging the corn lobby which argues it kills demand.

After a flurry of Cabinet meetings and phone calls that followed the Aug. 19 meeting, Trump sent a tweet last week promising he was working on a "giant package" that would make farmers "so happy."

An announcement is expected as early as next week, followed quickly by a Trump trip to Iowa to celebrate, two of the sources told Reuters. Iowa's Republican governor, Kim Reynolds, is helping to organize the rollout, which could include boosting ethanol blending mandates and expanding the markets for higher-ethanol blends of gasoline, the sources said. The Trump administration is considering increasing the biofuel mandates by 1 billion gallons, or roughly 5%, for 2020, according to a document seen by Reuters.

The White House declined to comment on the matter, but said, "President Trump is committed to ensuring our country not only continues to be the agricultural envy of the world, but also remains energy independent and secure."

Branstad did not respond to requests for comment.

'LET'S FIX THIS, RIGHT NOW'

While corn and ethanol producers had largely blamed former EPA chief Scott Pruitt, an ally of the oil industry and outspoken critic of the biofuel mandate, for the initial expansion of the biofuel waiver program, Trump in early August personally gave his blessing to the agency to approve an additional 31 waivers to small refineries, placing him at the center of the issue.

At one point in last month's meeting, after Branstad drove home his point about farmers' frustration, Trump called EPA Director Andrew Wheeler, U.S. Energy Department head Rick Perry, and U.S. Agricultural Department head Sonny Perdue to say: "Let's fix this, right now," two sources said.

The call to Wheeler forced him to leave a public meeting he had been holding in Fairbanks, Alaska, over a local dispute, the sources told Reuters.

The EPA did not comment on the phone call, but noted that the administration has overseen annual increases in domestic ethanol production and record ethanol exports.

While Branstad's meeting with Trump had initially been meant as an opportunity for him to brief Trump on the ongoing trade negotiations with China, most of the two hours related to biofuels instead, the sources said.

As Iowa's former governor, Branstad was well-placed to pick up the dissent from his agriculture contacts.

The RFS has been an economic boon for corn and soybean farmers in Iowa, the nation's largest producer of ethanol. Iowa's ethanol industry accounts for some 34,000 jobs. The state is also critical because of its early placement in the national process of a nominating a presidential candidate.

"He crossed a line," said Nick Bowdish, chief executive of Nebraska-based Siouxland Ethanol, referring to Trump's granting of additional waivers.

While rural Iowa Republicans are still unlikely to vote Democratic in presidential elections, political strategists say there is a risk they will sit out if Trump's economic policies continue to hurt them. In 2016, Trump's 9.54% victory margin over Hillary Clinton in Iowa was the largest Republican victory in the state since President Ronald Reagan in 1980.

Hoping to peel away rural support from Trump, most of the 20 Democratic presidential hopefuls have pounced on the waiver issue.

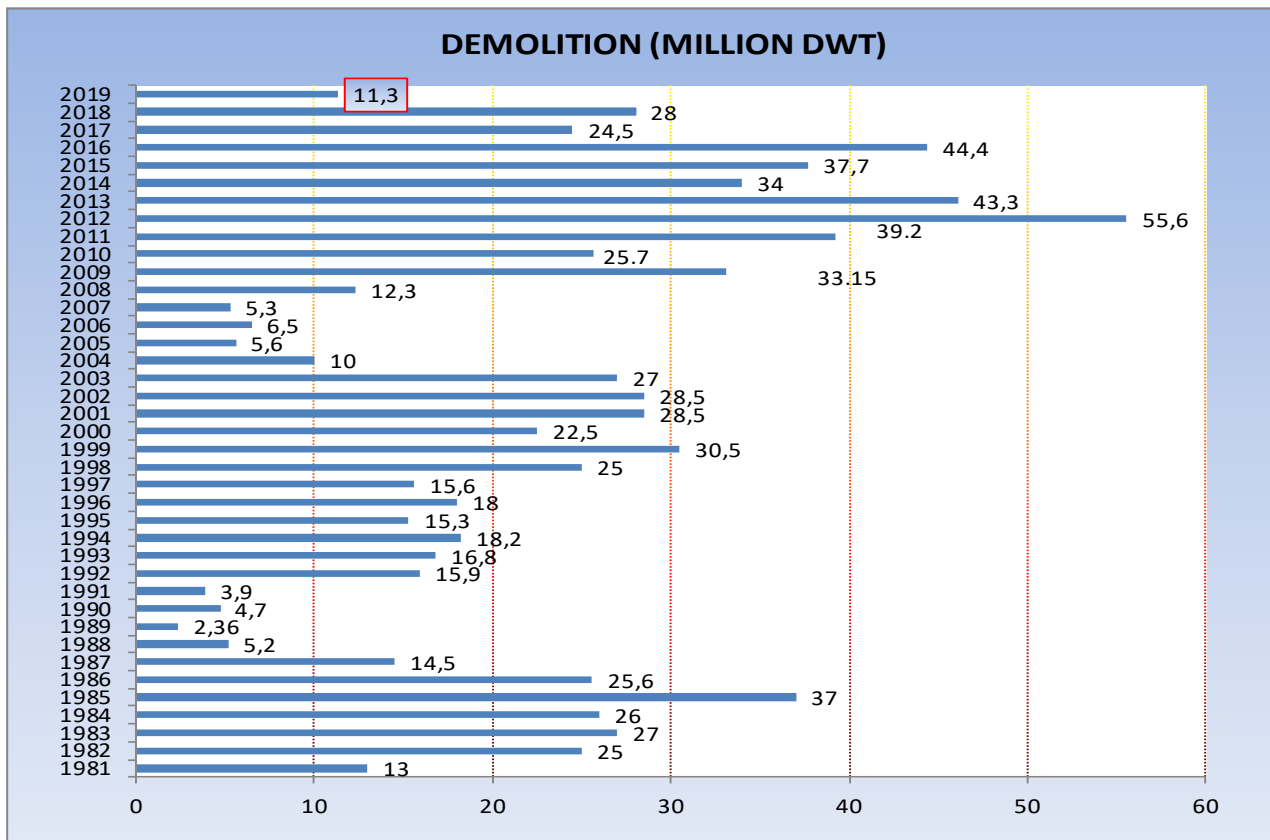
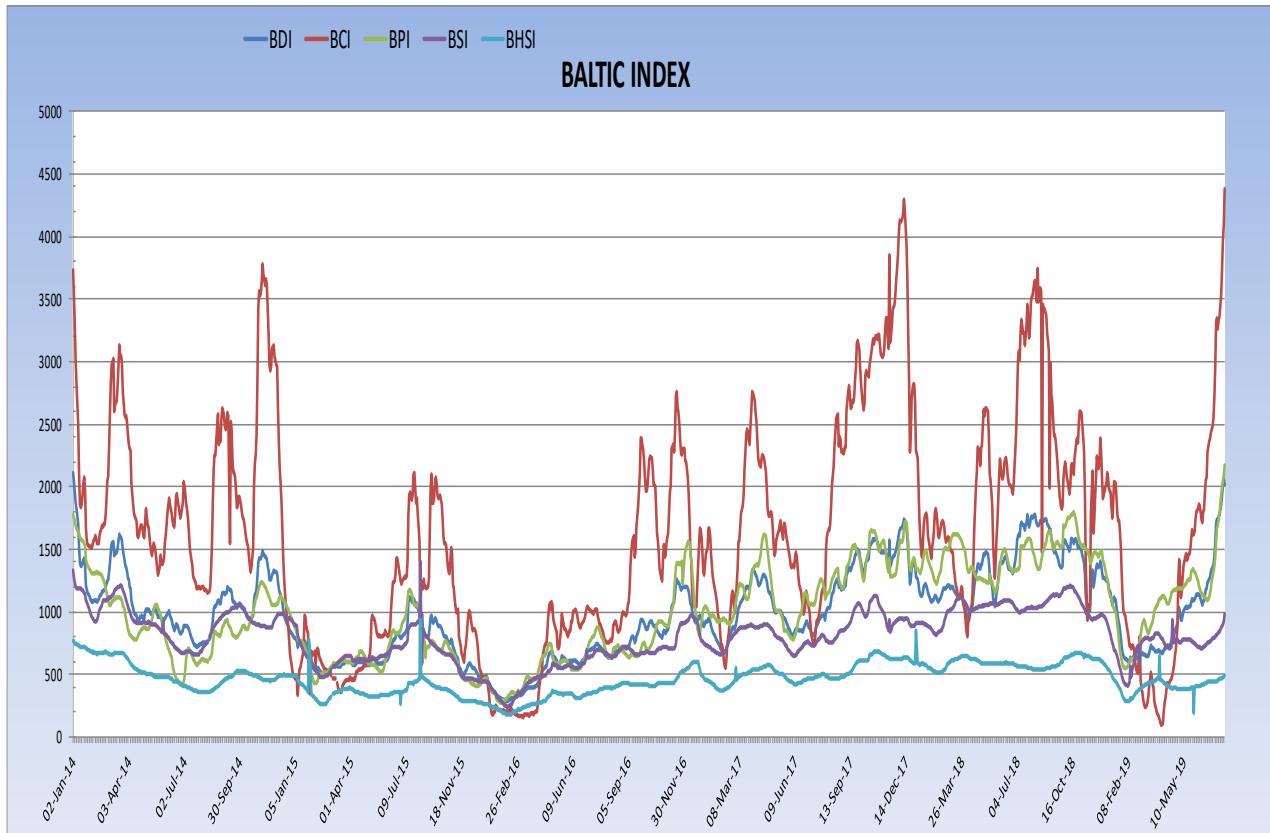
"President Trump has lied to Iowa farmers at every turn," Democratic front-runner Joe Biden tweeted on Aug. 16. "He promised to 'unleash ethanol' but instead all he's done is secretly unleash Big Oil from its renewable fuel obligations."

Heading into the 2020 election, Trump will undoubtedly work hard to give Iowa farmers something to be happy about since they have been asked to bear the brunt of his trade wars, said Republican strategist Alex Vogel, who has served as a lawyer for the Republican National Committee and former Republican Senate Majority Leader Bill Frist.

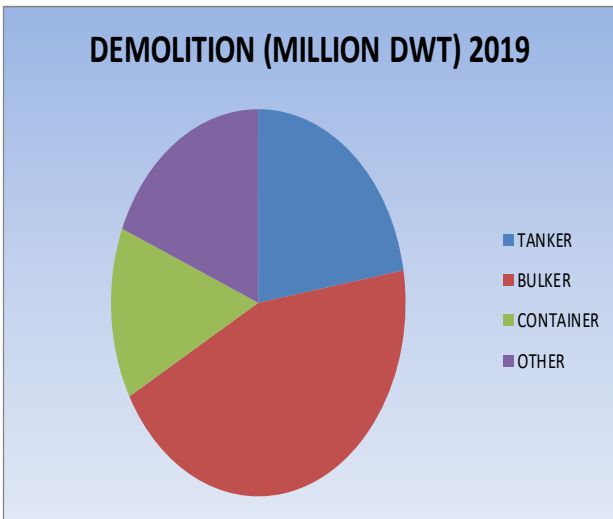
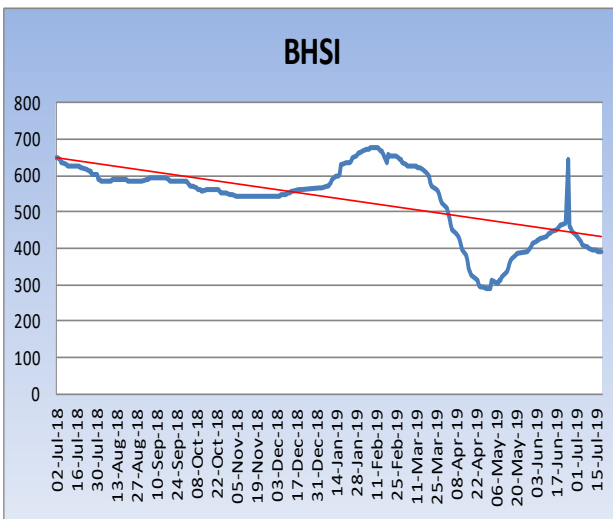
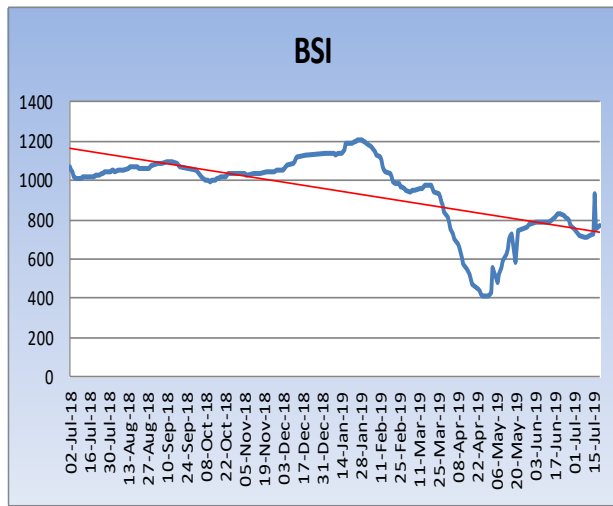
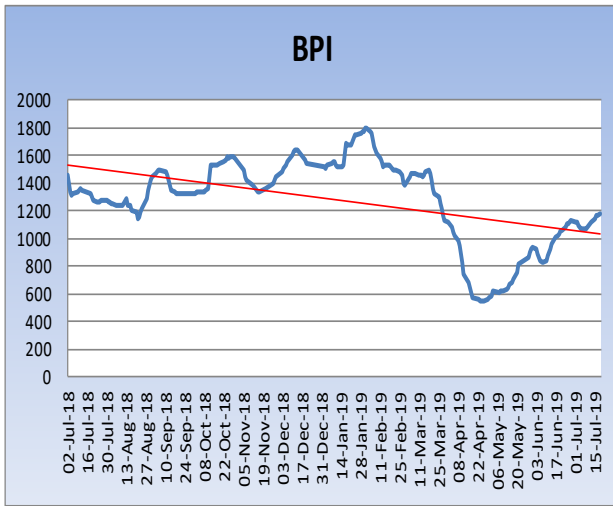
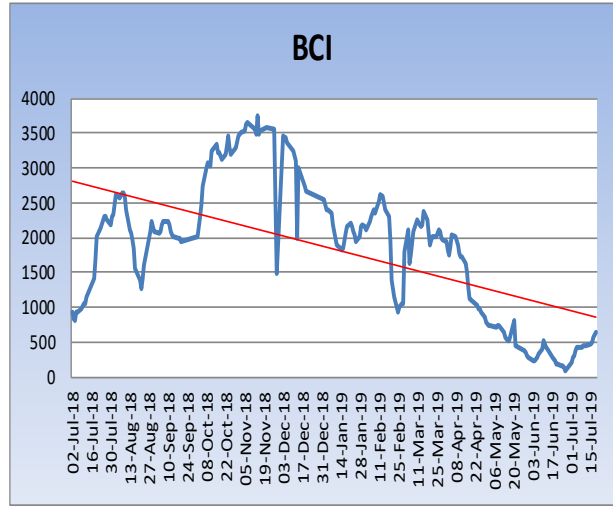
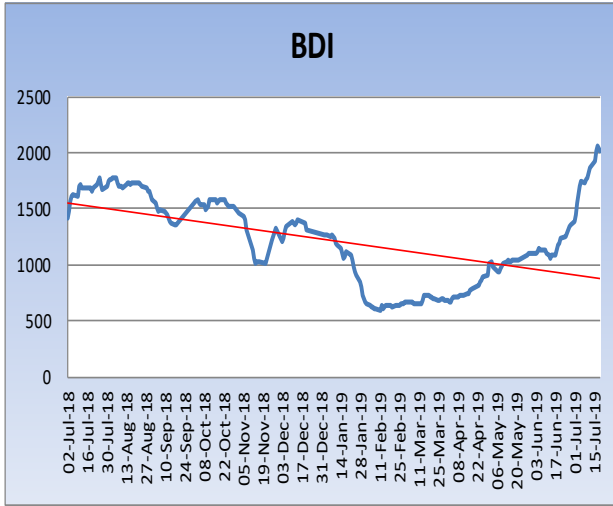
"It's really hard, if not impossible, to come up with solutions that make Iowa farmers and the energy industry happy on the RFS," Vogel said. "The president has a fair amount of capital built up with the energy industry, so I suspect he will lean toward the farmers on this one."

<https://www.reuters.com/article/us-usa-election-trump-biofuels/trump-in-high-stakes-balancing-act-between-oil-and-corn-ahead-of-2020-bid-idUSKCN1VR15J>

SALE & PURCHASE							
BULK CARRIER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
XING YUAN HAI	34.443	2015	NAMURA IMARI	MAN-B&W	GREEK BYRS	17.000.000	494
XING NING HAI	34.443	2015	NAMURA IMARI	MAN-B&W		17.000.000	494
XING ZHI HAI	34.443	2015	NAMURA IMARI	MAN-B&W		17.000.000	494
XING JING HAI	34.443	2015	NAMURA IMARI	MAN-B&W		17.000.000	494
SCOTER	56.837	2012	YANGFAN GROUP CO LTD	MAN-B&W	UNDISCL. BYRS	Low 11.000.000	
PINTAIL	56.880	2011	YANGFAN GROUP CO LTD	MAN-B&W	CHINESE BYRS	High 10.000.000	
BULK SUCCESS	175.656	2014	JINHAI HOLDING SHIPTRADING CO LTD	MAN-B&W	CLIENT OF BERGE BULK	25.000.000	142
HARRIETTE N	176.213	2011	SHANGHAI WAIGAOQIAO SH	MAN-B&W	CHINESE BYRS	24.000.000	136
ALIZAY 1	48.309	1997	TSUNEISHI SHBLDG - FUK	Mitsubishi	UNDISCL. BYRS	Undiscl. Price	
LEONARISSO	56.877	2010	JIANGDONG SHIPYARD	MAN-B&W	UNDISCL. BYRS	10.300.000	181
BOMAR AMBER	58.110	2012	TSUNEISHI ZHOUSHAN SHB	MAN-B&W	NORWEGIAN BYRS	15.000.000	258
ERGINA LUCK	73.976	1999	TSUNEISHI SHBLDG - FUK	B&W	UNDISCL. BYRS	6.500.000	88
K. GARNET	55.705	2010	IHI MARINE UNITED INC.	Wartsila	GREEK BYRS	12.000.000	215
MEDI VALENCIA	56.014	2008	mitsui tamano	MAN-B&W	SR SHIPPING	12.100.000	216
SAM PHOENIX	34.264	2011	ZHEJIANG JINGANG SHIPB	MAN-B&W	GREEK BYRS	Low-Mid 8.000.000	
SHANTHI INDAH	45.681	1996	HASHIHAMA SHBLDG - TAD	B&W	INDONESIAN BYRS	Low 3.000.000	
UNDERDOG	74.444	2006	HUDONG-ZHONGHUA SHIPBU	MAN-B&W	CHINESE BYRS	8.500.000	114
TANKER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
ENERGY PROTECTOR	51.319	2004	STX SHIPBUILDING - JIN	MAN-B&W	UNDISCL. BYRS	11.000.000	214
SUNRISE ECO	8.626	2004	SHIN KURUSHIMA IMABARI	MAN-B&W	INDONESIAN BYRS	7.800.000	904
CHEMBULK SYDNEY	14.271	2005	ASAKAWA	MAN-B&W	UNDISCL. BYRS	6.800.000	476
ERNEST N	43.563	2009	HYUNDAI HEAVY INDS - U	MAN-B&W	CLIENTS OF EASTERN PACIFIC	Undiscl. Price	
JENNY N	43.538	2009	HYUNDAI HEAVY INDS - U	MAN-B&W			
GEORGE N	43.601	2009	HYUNDAI HEAVY INDS - U	MAN-B&W			
CONTAINER	DWT	BLT	PLACE	TEU	BUYER	\$ mil	\$/dwt
KMTC PORT KELANG	28.473	2004	HANJIN HI & CONST - BU	1.860	UNDISCL. BYRS	6.500.000	228
PAMINA	67.247	2005	HYUNDAI HEAVY INDS - U	5.047	CLIENTS OF FEEDERTECH	9.150.000	136
Ro-Ro / MPP / Ferry / Reefer	DWT	BLT	PLACE	TYPE	BUYER	\$ mil	\$/dwt
DEMO	TYPE	DWT	BLT	LDT	\$ LT / ldt	\$	PLACE
WAN HAI 205	CONTAINER	23.902	1990	7.124	355	2.529.020	AS IS TAIWAN
WAN HAI 203	CONTAINER	23.729	1990	7.071	355	2.510.205	AS IS TAIWAN
ARCTIC PEARL	GENERAL CARGO	45.295	1986	11.011	387	4.261.257	INDIA
SIR ROBERT BOND	RO-RO/PASSENGER	3.726	1975		370		INDIA
ANKLESHWAR	TANKER	147.563	1994	22.258	368	8.190.944	AS IS COLOMBO



12 MONTHS STATISTICS



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