The administration was planning a “giant package” on ethanol to please farmers angry that oil refiners have been freed from obligations to use the corn-based fuel.

President Donald Trump last week said his administration was planning a “giant package” related to ethanol that would please U.S. farmers angry that many more oil refiners have been freed from obligations to use the corn-based fuel. Trump is counting on support from both farmers and the oil industry in next year's presidential election.

The American Petroleum Institute on Tuesday urged the Trump administration to reject proposals floated by U.S. farmers and ethanol producers to boost ethanol demand, the latest development in the clash over bio-fuel policy. President Donald Trump last week said his administration was planning a “giant package” related to ethanol that would please U.S. farmers.

“We are deeply concerned by the RFS (Renewable Fuel Standard) policy changes the White House is currently considering,” said Frank Macchiarola, API's vice president of downstream and industry operations, during a press call on Tuesday. “We hope the administration walks back from the brink of what would be a disastrous political decision that potentially hurts American drivers.”

The Renewable Fuel Standard requires refiners to blend biofuels like ethanol into their fuel, but allows the Environmental Protection Agency to grant waivers to financially troubled small facilities. The EPA announced in August a decision to grant 31 waivers to refineries under the Small Refinery Exemptions program, enraging farmers and ethanol producers who said the move undermines bio-fuel demand. Since then, groups including the corn lobby and the Renewable Fuels Association have urged the administration to redistribute waived volumes from the exemptions into future bio-fuel volume mandates, a proposal API opposes.

"It is simply unfair for the burden of additional volume requirements to essentially be placed on the backs of those parties that have made decisions along the way to be able to comply with the law in the first place," Macchiarola said. The API late Friday submitted comments to the EPA on the proposed 2020 RFS volumes. API's top concern is the ethanol blend wall, or the maximum amount of ethanol that can be blended into gasoline. Most U.S. gasoline contains 10per cent ethanol. Separately, soybean associations from eight states including Nebraska, Missouri and Georgia sent a letter to Trump on Tuesday, saying the refinery exemptions were adding to farmers and biodiesel producers' recent financial hardships. The group asked Trump to direct the EPA to make up for lost volumes caused by the exemptions.