

Biofuels Fact Sheet

Midwestern governors have long been national leaders in efforts to produce more homegrown energy. With worldwide energy demands growing domestic renewable fuels, such as biofuels, increase energy independence, promote economic growth, encourage the development of advanced fuels and protect the environment.

Drives Economic Development

- In 2007 alone, The Renewable Fuels Association (RFA) cites that the ethanol industry *added* \$47.6 billion to the nation's GDP, \$12.3 billion into the pockets of American consumers, generated nearly \$3.6 billion for state and local governments, and generated a \$1.2 billion *surplus* for the federal treasury. Farm program payments were also *reduced* by \$6 billion.
- The ethanol industry provided employment for over 238,000 workers in all sectors of the U.S. economy in 2007. Local household incomes, according to the RFA, have increased more than \$100 million due to this increase in good paying jobs.
- Distillers grain, stover and local/farmer investments into biofuel plants provide for additional value to crops and farmers' harvests—further expanding economic benefits of biofuels
- Gasoline containing 10 percent ethanol would save the average household \$150-\$300 a year and overall, the U.S. would save \$28 billion - \$49 billion annually.

Ensures a Cleaner Environment

- The transportation sector accounts for about a third of total U.S. emissions of carbon dioxide – one of the most abundant greenhouse gas (GHG).
- DOE recently showed a 19 percent reduction in life-cycle GHG emissions from corn based ethanol in relation to petroleum – with cellulosic ethanol projected to decrease life-cycle GHG emissions by 86 percent.
- Unlike oil, ethanol is naturally biodegradable, water soluble, and non-toxic.

Supports Next Generation Biofuels

- Biofuels from corn, soybeans, sugar, wheat, and sorghum are only the start of biofuels use for energy. These “first generation” biofuels are already being built upon to move towards second and third generation fuels—including cellulosic ethanol and energy from garbage and municipal waste.
- A DOE and USDA study found that 1.3 billion tons of U.S. biomass feedstock is potentially available for the production of biofuels.

Provides for Energy Security

- Biofuels can be entirely produced and processed from domestic crops and its use, and that of other alternative fuels, can displace a significant amount of foreign petroleum—reducing the U.S. trade deficit.
- Without the blending of biofuels, both DOE and USDA estimate that the U.S. would use 7.2 billion gallons more in 2008 – a 5 percent increase – in order to maintain current travel levels.

Enhances Engine Performance

- Not only does ethanol-blended fuel keep car fuel system clean, but it also is the highest performance fuel on the market. DOE cites a 113 octane rating for pure ethanol—and a 105 octane rating for an 85 percent ethanol blend, or E-85.
- With continually improving technology, techniques and yields, ethanol has a positive energy balance. USDA and DOE cite that for every gallon of corn ethanol, as much as 67 percent more energy is produced than used to make the ethanol.

Lowers Energy Prices

- The U.S. Departments of Energy (DOE) and Agriculture (USDA) estimate that only 4-5 percent of the increase in food prices is associated with biofuels production—with 95-96 percent of the increase coming from *other* factors.
- Ethanol is commercially available through its blending with gasoline in the refining process. DOE estimates that gasoline prices would *increase* \$.20 - \$.35 per gallon without blending.
- The demand for food is increasing around the globe due to higher incomes, population growth and depreciation of the dollar. Drought and dry weather have contributed to lower global production and reduced stocks—in addition to countries imposing export restrictions on commodities. The skyrocketing cost of gasoline is increasing the costs of producing, transporting, and processing food.
- The Farm Foundation found that not only is the increase in corn prices being driven by the high oil prices, but that price volatility for commodity markets is increasing due to increased trading volume—often by those with only a financial interest and having no intent to take delivery of the agricultural commodity.

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