



NEBRASKA ETHANOL BOARD

STATE OF NEBRASKA

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PRESS RELEASE

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Ethanol critical to economic activity

Aurora west plant resumes production

A new economic study prepared by IHS Global Insight finds that maintaining policies that encourage domestic ethanol production and use are essential to the U.S. economy.

Undermining the U.S. ethanol industry by eliminating import tariffs and increasing the tax on domestic ethanol would have severe economic consequences for American corn farmers. Dropping the current import tariff on ethanol would create a negative ripple effect, causing corn prices to drop by 30 cents per bushel and eliminating as many as 160,000 full and part-time jobs. Unlike other energy subsidies, incentives for biofuels are scheduled to end this year.

In Nebraska, ethanol production has had another record year, with 1.4 billion gallons of ethanol produced despite plant shut downs and falling fuel prices. Ethanol plants used 525 million bushels of corn, about one third of Nebraska's record corn crop, in 2009. Nebraska's ethanol production capacity will likely exceed 2 billion gallons per year by the end of 2010.

Todd Sneller, administrator of the Nebraska Ethanol Board, said that increased production and plant reopenings confirm the viability of the ethanol industry and its positive impact on the state.

"The ethanol industry has created thousands of good-paying jobs in Nebraska," Sneller said.

"Elimination of the ethanol tariff and biofuel incentives would be a misguided policy considering the significant economic impact generated by this domestic industry. The current policies help create jobs, they keep a domestic industry more competitive and they reduce fuel costs for consumers."

Most ethanol plants that have been idled in the past year have resumed production or restarted construction. The plant in Cambridge began operating again last month after acquisition by Zeeland Farm Services, and Aventine announced that construction at its Aurora West plant has resumed. The plant may be producing ethanol as soon as September.

“Many economists say that the ethanol industry has largely kept the Midwest’s economy afloat during the recession,” Sneller said. “We need to retain policies that help keep the ethanol industry healthy and our economy strong.”

Established in 1971, the Ethanol Board assists ethanol producers with programs and strategies for marketing ethanol and related co-products. The Board supports organizations and policies that advocate the increased use of ethanol fuels – and administers public information, education and ethanol research projects. The Board also assists companies and organizations in the development of ethanol production facilities in Nebraska. For more information, please visit www.ne-ethanol.org.