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**February 25, 2000
Agricultural Outlook Forum 2000
Remarks of Lynn Jensen, President,
National Corn Growers Association**

**A Bio-Based Future:
Blue Sky or Opportunity**

On August 12, 1999, President Clinton signed Executive Order 13134. In his remarks that day, President Clinton called for a three-fold increase in the use of biofuels and bio-based products by 2010. This is a lofty goal, and one that grabs the attention of farmers who are looking for ways to expand their economic opportunities. The Administration's bio-energy and bio-based products initiative is particularly exciting to corn growers because three of our top priorities that build on our mission to increase opportunities for corn growers are: expanding the use of ethanol, commercializing new uses for corn through collaborative efforts with government, academia, industry, and

creating opportunities for our members to participate in value-added agriculture.

The Administration and Congress have also been working to provide a broad foundation for the entire value-added industry. These efforts included Executive Order 13134 as well as S. 935 introduced by Indiana Senator Richard Lugar, and H.R. 2827 Introduced by Illinois Representative Tom Ewing. These efforts in the Administration and Congress point out the importance of a coordinated research and development effort for bio-fuels and bio-based products and for public/private partnerships that can bring research results to the market. Many agricultural organizations are being successful in their efforts to bring new products to the market. A recent success for NCGA is the announcement by Cargill/Dow on their plans to produce PLA, a plastic polymer made from corn at their Blair, Nebraska facility. This is an excellent example of how basic research in agriculture

becomes a marketable product. PLA can be used in a wide variety of consumer products and will be competitive based on its performance and price. This technology will also have a significant impact on corn demand. NCGA supported early applications research on PLA.

N-C-G-A is also working with the Department of Energy on a project to improve the commercial production of polyols, basic chemical building blocks that could prove significant in replacing petrochemical feedstocks with agricultural ones. This is one example of a project from a broader program based on using renewable resources from agriculture to produce a wide variety of chemical building blocks. Research on new processing technologies will allow corn and other crops to be used to produce other new monomers, polymers (plastics) and solvents that can then be used in many consumer goods. These programs benefit growers by providing stable, high value

markets for their corn and they benefit all of us by providing a renewable source of consumer goods to supplement our petroleum supplies.

Experience shows that farmers are ready to accept the challenge of new value-added opportunities. Certainly that is the mid-set within N-C-G-A. As we have seen in the nearly 10 years since the passage of the 1990 Clean Air Act Amendments, the ethanol industry's response to increasing market demand for ethanol has been met by farmer-owner cooperatives. Today there are no fewer than 22 farmer-owner cooperatives with more than 800,000 members producing in excess of 450 million gallons of ethanol annually. The total farmer investment in these facilities exceeds \$1 billion and results in billions of dollars in economic activity for the rural communities in which they are located. The first lesson we learn from this brief overview of farmer-owned ethanol cooperatives is, farmers are ready, willing, and

able to invest and participate in value-added agriculture.

Farmer-owned cooperatives have been the fastest growing segment of the fuel ethanol industry because of the policy environment that sets the rules of the market. The Clean Air Act Amendments of 1990 established the reformulated gasoline and oxygenated fuels programs. These programs have grown to represent about 40-percent of the ethanol industry's total annual production. In 1998, Congress reaffirmed its commitment to farmers and the ethanol industry by extending the ethanol excise tax exemption through 2007.

However, none of these new opportunities will really help farmers unless there is a real effort to coordinate the research and development; and a real commitment to developing tax, investment, energy, and environmental policies that support commercialization of bio-fuels and bio-based products. Right

now we are seeing a failure to connect current policy with a vision of the future. Congress is now debating various pieces of legislation that are aimed at making fundamental changes in the Clean Air Act reformulated gasoline program. There are those who want to change the program and retain a role for ethanol and other renewables in the program, but there are also those who would have you believe that ethanol should have no role in the program and that the industry should be relegated to the trash heap of history. The same people who oppose ethanol are also the people who brought us toxic lead, dangerous and unhealthy air and now contaminated water supplies across the country.

Within the last year we have again witnessed a major increase in oil prices. Oil has moved from about \$11 per barrel last year to more than \$30 per barrel today. Gasoline, diesel, and home heating oil prices are once again moving to levels that have a

significant impact on the household budgets of millions of Americans and the livelihoods of every small business that relies on energy and transportation services. But instead of embracing an environmentally friendly, domestic, renewable resource, some members of Congress are fighting to make us more dependent on oil and its products.

Some of you in this room are saying “ yeah, but that’s corn ethanol they are after on the Hill, not my stuff, not my wonderful products or my outstanding program”. I am here to tell you that you are wrong. There are forces within big oil who are opposed to our efforts to develop a bio-based future. They believe that there is no room for bio-based products in the petrochemical and fuel industry. They will work hard and they will use every pretense to argue that bio-fuels and bio-based products are not in the national interest. We disagree, and we believe that every American who is facing economic hardship

because oil prices have increased by almost 170-percent in the last year also agrees. Creating a bio-based economy is vitally important to the national interest of the United States.

So today I am calling on everyone in the Administration and all of the friends of bio-fuels and bio-based products to take a stand against those who want to keep us in the 20th century instead of leading us into the 21st century, and for the progressive thinking of support for bio-fuels and bio-based products. Thank you.