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• **International alliances with Brazil, Canada, Mexico, Sweden and Thailand** •

April 8, 2004

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Bush:

The Governors' Ethanol Coalition, which represents 30 governors throughout the nation, would like to reiterate our strong support and sense of urgency for passage of the Renewable Fuel Standard (RFS) during the 108th Congress. Creating an RFS provides a logical roadmap for reducing consumer fuel prices, increasing energy security, stimulating rural economies and generating jobs. Domestically produced renewable fuels such as ethanol and biodiesel can help meet a percentage of our nation's fuel needs.

The RFS fuels agreement accomplishes a number of objectives and is supported by the ethanol and oil industries, agricultural groups, the environmental community, consumer groups and states. First, it provides refiners with increased flexibility which will reduce fuel costs in the marketplace. Second, it provides both agriculture and the renewable fuels industry with significant domestic growth opportunities. Third, it will help add over 200,000 new jobs and will protect the environment through a ban on MTBE and strong antibacksliding language. A majority in Congress support the RFS fuels agreement, and we urge you to do what you can to ensure that this important legislation is enacted into law this year.

We also strongly support the Volumetric Ethanol Excise Tax Credit (VEETC) which mitigates a serious flaw in the existing alcohol fuels tax credit. The existing motor fuel tax credit reduces federal highway trust funds for states that use renewable fuels like ethanol. This is obviously counterproductive for a country that is trying to create new jobs, improve its infrastructure and reduce its dependence on imported oil. It is critical to the states that VEETC is enacted into law this year.

In the meantime, we must not undermine the existing Federal Reformulated Gasoline (RFG) Program with its oxygenate requirement. This program has improved air quality in every ozone non-attainment area across the country. California and other states have already addressed concerns about MTBE by using ethanol, thereby protecting drinking water supplies without lessening the air quality benefits of the federal RFG program. Importantly, replacing MTBE with ethanol in these states has been a seamless transition without negatively impacting consumer gas prices.

The Federal Reformulated Gasoline Program requires both performance standards for emissions and requires oxygenates. This combination yields significantly greater air quality benefits than either would alone. Historically, the U. S. Environmental Protection Agency has recognized the air quality benefits of oxygenates and ethanol in gasoline, including reduced emissions of fine particulate matter, carbon monoxide, hazardous air pollutants, air toxics, and ozone precursors. Simply waiving the use of oxygenates in RFG, without sufficient air quality protections as provided in the RFS fuels agreement, could result in serious environmental backsliding. The passage of the Renewable Fuel Standard would be a simple solution to this complex problem.

Please accept our thanks for your leadership on energy issues and your support for ethanol and biofuels specifically. We urge you to impress upon Congress the importance of passage of energy legislation, including the RFS and VEETC, this year.

Sincerely,



Rod Blagojevich, Chairman
Governor of Illinois



Tim Pawlenty, Vice Chairman
Governor of Minnesota