

GOVERNOR HOLDEN'S REMARKS
GOVERNORS' ETHANOL COALITION
CHESTERFIELD
11/14/02

Good afternoon, everyone, and thank you very much for that warm welcome.

Richard, I want you to know that we appreciate all your hard work and dedication and that of the National Corn Growers' Association to the development and expansion of the ethanol industry and to increased renewable fuel use throughout the United States.

As the new Executive Director of the National Corn Growers' Association, Richard brings the confidence and ability that will continue to help guide the work of the Association which began over 20 years ago.

I'm proud that the National Corn Growers have provided leadership in this important industry, and they call Missouri their home.

This morning, I was joined by members of the renewable fuels industry and other distinguished guests for a personal tour hosted by Monsanto of this state-of-the-art research facility to look first-hand into the future of ethanol and biofuels development.

I want to take this opportunity to recognize and thank Monsanto, and especially Jerry Steiner, Brad Krohn and Matt Krause and the management and staff of Monsanto's Chesterfield Village Research Facility.

As Missouri's Governor, it gives me particular pride to see such a facility in my own state, making such a significant contribution to ethanol and other biofuels.

As part of its bio-energy initiative, Monsanto announced a Corn Ethanol Research Team in 2001 to identify high-yielding commercial corn hybrids for the ethanol industry that would improve ethanol yields per bushel and production efficiencies.

Also thanks to Bob Dinneen for his tireless contributions as President of the Renewable Fuels Association throughout the past year.

Bob and members of the RFA have done a superb job in keeping Congress's attention on the Renewable Fuels Standard.

Another great friend of ethanol is Gary Marshall of the Missouri Corn Growers' Association.

Gary and members of the Corn Growers have also been great advocates of the Renewable Fuels Standard and the establishment of an ethanol industry.

I want to thank Missouri's congressional delegation for their enduring support of the Renewable Fuels Standard and the leadership of South Dakota Senator Tom Daschle on that issue.

Even though we were all disappointed that yesterday's actions made it clear we will not get an energy bill out of Congress this year, we hope the bipartisan support for the renewable fuels standard we have seen in this Congress will be reflected in the new one as well.

Thanks to North Dakota Governor John Hoeven for joining me this year as vice-chair of the GEC.

I am confident Governor Hoeven will continue to provide sound leadership as the chairman of the GEC in 2003.

And, finally, welcome to Idaho Governor Dirk Kempthorne, Oregon Governor John Kitzhaber, and Mississippi Governor Ronnie Musgrove, the newest members to the Governors' Ethanol Coalition.

During this past year, energy was the focus for many Americans. Since I stood before you at the 7th Annual National Ethanol Conference held in San Diego, this February, the perils of our dependence on foreign oil have become paramount concerns.

OPEC continues to exert its control by lowering crude oil production quotas through all of 2002.

And because of its actions, the International Energy Agency has noted that the current shortfall in the global supply of crude oil may

threaten economic recovery both in the U.S. and Europe in the months to come.

Oil companies predict that a Middle East war could add at least \$10 dollars to current crude oil prices.

This would push prices near the record of \$42 per barrel witnessed during "Operation Desert Storm" in 1991.

Here in the U.S., inventories of crude oil are at a five-year low and contribute to higher prices for home heating fuels and transportation.

The U.S. Department of Energy predicts that the average winter heating bill will increase by at least 40% for home heating oil this year.

Over half of all the crude oil needed to power vehicles and to operate our businesses and industries are imported.

In 2001 alone, 56% of our crude oil was imported.

Our national security is jeopardized by our need to import crude oil.

In addition to national security concerns, we must consider environmental impacts.

We have made great strides in cleaning our air, but the progress has not been fast enough.

Global warming is no longer a myth.

Burning fossil fuels is widely cited as the greatest contributor to greenhouse gas build up, a major factor in global warming.

Ethanol provides environmental benefits such as a 3.6 million-ton reduction in carbon dioxide emissions during 2001.

In the end, the need for a fundamental change in how we meet our energy needs is clear.

If we are to protect the environment for our children and grandchildren, we must fundamentally change how we meet our energy needs.

The economic benefits of ethanol also cannot be ignored.

In my own state of Missouri, we have two farmer-owned ethanol plants in Craig and Macon.

The farmers who have invested in these cooperatives have provided a needed economic boost to the rural economies there that will pay dividends for years to come.

And they have created a model for other value-added agribusinesses in our state using soybeans, rice, beef, pork, and poultry.

These plants have contributed \$173 million dollars in increased economic activity in rural Missouri, and have added more than 1800 new jobs.

They have generated nearly \$18 million dollars in additional tax revenues.

And the economic benefits have spread far beyond the farmer-owners of the plants.

Corn producers in surrounding counties have seen corn prices rise as much as \$0.50/bushel.

Studies suggest that Missouri has the capacity to open three more plants.

These additions would generate another 9,000 new jobs and nearly \$90 million dollars in tax revenues.

These recent studies document nearly a one billion dollar total impact—and prove what the industry has believed all along:

Ethanol can bring renewal to agriculture and rural Missouri and benefit the entire state economy.

Benefits are even more remarkable on a national level.

On the national level, the United States ethanol industry has provided more than 40,000 jobs and will increase household income by more than \$12.6 billion dollars over the next five years.

Its demand for corn increases net farm income by \$12 billion dollars annually.

And it will create a \$4 billion dollar net gain to the taxpayers over the next five years.

All of these benefits support our farmers and develop our rural economies.

As chairman of the GEC during 2002, I have addressed the strong contributions that ethanol and bio-fuels have and continue to make to our economy, our environment, and our energy security.

As you may recall, I set out with a goal to replace a significant amount of the oil we use as transportation fuels with clean, renewable ethanol.

I believe that we have met that goal.

The U.S. ethanol industry set another all-time monthly production record during September 2002, according to the latest data released by the U.S. Department of Energy.

The ethanol industry is on track to produce an annual record of nearly 2 billion gallons this year.

There are currently 66 ethanol plants in operation in our country with the capacity to produce over 2 1/2 billion gallons per year.

Three additional plants are slated to come online by the end of this year, contributing an additional 15 million gallons of ethanol output.

We must maintain this momentum.

Americans have demanded more alternative fuels – and we have delivered.

More ethanol is being produced and used today than ever before.

Even without immediate action on the energy bill, the outlook for ethanol is strong.

Ethanol will still be used in reformulated gasoline until Congress adopts the fuels agreement.

In fact, California will be using more ethanol in the near future without the renewable fuel standard.

All but one major California refinery has announced its intent to use ethanol as a blend stock for gasoline products.

This year, great strides have been made to make ethanol more accessible to American consumers.

Through the tremendous efforts of our partners at the National Ethanol Vehicle Coalition, there are more ethanol outlets located throughout the U.S.

The National Ethanol Vehicle Coalition made great progress in its efforts to advance the use of E85 vehicles by securing a \$2 million dollar appropriation from the U.S. Congress.

More than \$1.2 million of this federal appropriation will be used to construct additional E85 fueling sites, with approximately \$800,000 dedicated to marketing and promoting E85 fuel usage on a local level.

These funds were the first-ever direct appropriation provided by the U.S. Congress to advance E85.

The GEC and all of its partners within the ethanol industry will continue to work on Capitol Hill and with our industry partners across the country to turn sound energy policy into economic and environmental benefit for our citizens, our industry, and our nation.

Together, we have built this industry through teamwork and determination.

But our work is not complete.

Through new policy and new technology, the demand for ethanol will be greater than ever.

And that is as it should be.

For if we are to shape a safer, healthier, and more secure energy future for the generations to come, ethanol is a critical part of that future.

Finally, I want to express my personal thanks to all of you for your hard work in making the renewable fuels industry what it is today.

It has been a privilege and distinct pleasure to serve as Chairman of the Governors' Ethanol Coalition for 2002.

Thank you for all your help in making this a productive year for our coalition.

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