

Remarks of Governor Tim Pawlenty Keynote Address World Biofuels
Symposium–China
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Thank you.

I'm delighted to be here in Beijing at the front end of what promises to be a very full and eventful week. And I'm especially pleased to be invited here, to the World Biofuels Symposium, to share some thoughts about what has become a true and driving passion of mine.

There's an old saying that says – there's no education in getting kicked twice by the same mule. Which is just another way of saying that we need to learn from experience.

I hope that we're all beginning to learn the lessons of our outmoded energy policies. It's time to acknowledge that these policies – whether in the United States, in China or in other countries around the world – are outmoded, impractical, expensive, unstable and ultimately unsustainable.

This is not, in my view, an overstatement. From the perspective of global energy production and consumption, it's time for all of us to get educated quickly – or that mule's going to kick us again. And it's going to kick hard.

Back in the 1970s, President Jimmy Carter presided over a serious energy crisis in the U.S. It was uncomfortable and inconvenient for a whole lot of people. And we spent a lot of time sitting in gas lines and wringing our hands. But what did we learn from it? Apparently not much.

Today, 30 years later, oil prices hover around \$60 a barrel and gas is selling for three-bucks-a-gallon. In the U.S. we import more than 60 percent of the oil we use, most of it from a region of the world that is politically volatile and highly unstable.

And here in China – where a gigantic population is coupled with a large projected economic expansion and dramatically increased

energy needs – we’re anticipating a petroleum deficit of trillions of gallons over the next 15 or 20 years.

I think there’s plenty of evidence. That mule’s getting ready to kick.

We need to re-evaluate the way the world produces and consumes energy.

We need a new approach for achieving a more sustainable global energy policy.

We need a very aggressive and very bold initiative that will encourage the production and use of renewable fuels

I’m convinced of this, and I strongly suspect most of you are too. The question is: What should we actually do about it? I have a few ideas about what we, as a community of nations, should and must do to ensure a sustainable energy future.

Let me share a couple interesting quotes that I came across not long ago:

“The use of vegetable oils for engine fuels may seem insignificant today, but such oils may become, in the course of time, as important as petroleum and the coal-tar products of the present time.”

Would it surprise you to learn that Rudolf Diesel, the inventor of the diesel engine, said that almost 100 years ago, back in 1912?

Here’s another one: “The diesel engine can be fed with vegetable oils and would help considerably in the development of agriculture of the countries which use it.”

That’s Rudolf Diesel again, a man who used peanut oil to fuel his first diesel engine in 1897 – and thereby, at least potentially, added great value to an agricultural economy.

What I find so compelling about those quotes is that they are very nearly identical to the rhetoric we’re using today when we talk about renewable fuels. A century after Diesel talked about “vegetable fuels” we are at last talking seriously about ethanol, biodiesel and other renewable fuels.

And we're talking about them in terms that go far beyond the simple desire for cheap gas for our cars – although, to tell you the truth, I wouldn't mind at all paying what I paid to fill up my first car [insert make and model here].

Just for the record, here's what I think about the global conversation we're now having about the production and consumption of renewable fuels:

1. It's good energy policy.
2. It's good economic policy.
3. It's good environmental policy.
4. It's good rural economic development policy.
5. It's good agricultural policy.
6. And it's good national security policy.

If all that is true – and I think it is – then clearly, we have an obligation to move to the next level of leadership in both in our country and globally.

The great attendance – and diverse representation of nations – here at this World Biofuels Symposium offers compelling evidence of what the trend lines are. You probably know better than I do what's being done in Brazil, India, Japan, Malaysia, the European nations – and elsewhere all around the globe.

It's a long overdue response to the problems of fuel production and consumption, environmental concerns, and the need to diversify and create new value for the global agricultural economy.

And the most encouraging thing about it is that this increasingly serious conversation is beginning to be heard nearly everywhere on this planet. I believe that, at long last, the stars are aligned for a global burst of activity in renewable energy. Right now we have the chance to be smarter, faster, more creative and more aggressive – and to seize the opportunities that lie before us.

And so to Minnesota.

Many of you already know that my home state is a leader in the production and use of renewable fuels. We were the first state in the U.S. to require ethanol-blended gasoline, and we've been at it for more than 20 years. Our investment in renewable fuels began in the early 1980s and, about a decade later, we passed a law requiring that most gas sold in the Twin Cities contain a 10 percent blend of ethanol during the winter months. In 1995 that requirement went year-round, and in 1997 we expanded it to include the entire state.

I'm very proud of that record, and I'll talk a little more about that in a minute.

But let me say – once again – what I've been saying for years to anyone who would listen. I am confident in claiming for my state the title of "America's Renewable Fuels Capital." And I often say that Minnesota's nation-leading position in ethanol and biodiesel can make us the Saudi Arabia of renewable energy.

As it happens, I think that's a pretty good line. I'm kind of proud of it.

But the other day someone showed me an article from a newspaper in Wisconsin, quoting a former state legislator there who is now pushing a bill that would require all gas in Wisconsin to be a 10 percent ethanol blend – a very good idea, by the way.

So anyway, here's this guy in Wisconsin, and he says: "We can become the Saudi Arabia of ethanol."

He stole my line! But what the heck: if imitation really is the sincerest form of flattery, then I guess I'm flattered.

And I say, let's keep the flattery coming. This really is an idea whose time has come.

Wisconsin sits just east and across the river from Minnesota, so I'm happy to see that our neighbors are considering making the change to E-10. When they do, they'll be joining a small but growing fraternity of states that are embracing E-10. Hawaii and Montana joined the club earlier this year, and I know that several other states are considering it.

As I've said repeatedly during my time as Governor, and more recently as chair of the Governors' Ethanol Coalition – or GEC – there's absolutely no reason at all that we shouldn't be able to expand the benefits of ethanol to all 50 states. And I've issued that challenge to the nation's governors.

The GEC is a group of 31 states that's dedicated to increasing ethanol use and decreasing America's dependence on imported energy. Back in September, when the GEC convened its annual meeting in St. Paul, I encouraged all the governors there to bring this message home with them – to enact legislation that will increase homegrown renewable fuels by requiring a blend of at least 10 percent ethanol in their gasoline by 2010.

Based on experience, I know that this is a realistic goal. I know it can be done – because in Minnesota we've done it. In Minnesota today we have 14 ethanol plants, 12 of which are owned by the farmers who grow the corn that they're converting to ethanol. These plants can produce about 450 million gallons of ethanol.

And we've even gone a step farther. Last May I signed a new law that will double Minnesota's ethanol use by 2013 by requiring a 20 percent ethanol blend, E-20.

Minnesotans have embraced ethanol. We lead the nation in the use of renewable fuels. Roughly 120,000 Minnesotans now drive flexible fuel cars designed to burn either gasoline or E-85 (an 85 percent ethanol blend). And we have the largest network in North America of retail stations selling E-85 – about 150 at last count. In fact, to help expand that network even more, I recently signed a bill authorizing a half-million-dollar grant to help filling stations cover the cost of adding E-85 pumps.

And I'm proud to say that just a few weeks ago, on September 29, we notched yet another first. Minnesota is the first state in the nation to require that diesel fuel sold in the state contain 2 percent biodiesel, made primarily from soybeans. We already have three biodiesel plants with a combined annual production capacity of about 63 million gallons, making Minnesota the nation's number one producer of “vegetable oil” for diesel engines.

I can just see Rudolf Diesel smiling.

I believe it's just a matter of time – a short time – before other states and nations follow our lead on biodiesel. There's plenty of precedent: Biodiesels blends already are being used by hundreds of vehicle fleets, including the U.S. military, Yellowstone National Park, and various Minnesota cities and counties.

For all Minnesotans, and for me personally, renewable fuels are serious business. And part of my mission is to raise the visibility of ethanol as a viable and beneficial fuel additive, and to work for the expansion of state and federal energy policies that lead to expanded production and use.

There are encouraging signs. I've already mentioned that several states are considering laws like the ones we have in Minnesota. Meanwhile, ethanol plants are being built and expanded all across the United States – 12 new plants last year alone, 16 more under construction, and three major plant expansions in the works. That's a lot of new capacity.

And just this past August, President Bush signed a comprehensive energy bill that included a requirement to increase the production of ethanol and biodiesel from 4 billion to 7.5 billion gallons (that's up from 15 million to 28 million cubic meters) within the next 10 years.

Historically, as I've said, the world has not been sufficiently serious about developing a sustainable energy policy. But I think the conversation has finally shifted.

Right now America is importing petroleum to meet more than 60 percent of its needs. By 2025, if current trends hold, we'll be importing 77 percent of our petroleum.

And the picture isn't any prettier elsewhere. Here in China, petroleum costs are rising fast and, as new wealth is generated, the ownership of automobiles is exploding. With a population of 1.3 billion people and a rapidly expanding economy, it won't be long before China surpasses the United States as the number one petroleum consumer in the world.

That's why it's so encouraging to learn that the Chinese government has started to focus on energy supply and consumption issues. We're seeing strong, proactive measures to promote the development and use of renewable energy here. Just last February, China passed its first "Renewable Energy Law" calling for increased production and use of renewable energy and biofuels.

At least five China's provinces now mandate the use of ethanol in motor fuels. And five ethanol plants – including the world's largest one, the Jilin Fuel Alcohol Company that many of you visited over the weekend – are now producing hundreds of millions of gallons of ethanol a year to meet the growing demand.

And I promise you, that demand is only going to grow.

Not long ago the Chinese ambassador joined me for breakfast at the governor's residence in St. Paul. I was wearing my salesman's hat that day, trying to persuade the ambassador that my state's agricultural technology and farm implements were the best things going, and boy did I have deal for him.

The ambassador stopped me in mid-pitch, smiled, and said something like this:

You know, we have 1.3 billion people in China – and 800 million of them live in rural areas, essentially doing the same subsistence agriculture that they've done for centuries. If we introduce technology into rural China, and displace 800 million people too quickly, we've got a problem. We're not ready for that. Our cities are not ready. We don't have the housing or infrastructure. We don't have jobs. We simply can't move 800 million people out of subsistence agriculture and into world of 21st-century technology overnight.

But then he went on to say: We're going to do it in an orderly and planned manner. And once that happens, and we unleash 800 million folks who are now empowered, not as subsistence farmers but as new consumers with increasing wealth and prosperity – then we're going to build factories for those 800 million new consumers.

He was basically saying, "You ain't seen nuthin' yet."

He was telling me, in other words, that demography is destiny. And we might as well get ready for it. Because ready or not, this great nation that I'm visiting this week is poised to dominate the world's economy. And in the hypercompetitive, highly mobile, technology-driven world we live in today, that means energy – lots and lots of energy.

Today I've tried to emphasize the urgency I feel about developing a bold, aggressive new global policy to meet the skyrocketing demand for energy that looms just over that near horizon.

And I think it's both historically and symbolically significant that this important Biofuels Symposium is being held here in Beijing – the political and economic heart of China. Because, as this nation emerges as the economic power it's destined to become, it will be especially important to get the energy strategies right. And everyone in this room today has an opportunity to help ensure that all nations, not just the United States and not just China, get it right.

To the extent that Minnesota's experience with biofuels can serve as an example, I'm happy to oblige.

To the extent that I can carry this message to this auditorium – and hope that you'll carry it back to wherever in the world you feel most at home – I'm again happy to oblige.

The world is changing rapidly. And it will continue to change in ways that we may not be able to control.

No one has done a better job chronicling the course of those changes and what they mean to Americans than Minnesota native and New York Times columnist Tom Friedman. His book *The World is Flat* is so useful and informative that I've concluded it should be required reading for everyone – especially for anyone who needs to think clearly about global trends. And I believe that one of Friedman's insights is particularly helpful in considering the global energy situation.

Basically, he argues, the ultimate genius that brought the United States to the forefront of the world's economies is Americans' ability to innovate. It's our creative imagination that allows us to be

first on the block in so many ways. It's our ability – our particular genius – to envision a future and then invent ways to get there.

Friedman calls America a Great Dream Machine.

That's just what we need to do now – except that it can't be just an American Dream Machine anymore. The energy crisis is global. The need to be creative transcends national boundaries, even hemispheric boundaries. We need, as the community of nations, to envision our energy future and then tap into our collective imagination to find bold and innovative new ways to meet the exploding demands that we're already seeing.

We need to be able to see an opportunity where most others fail to see it – for example, in that six-pack of beer you bring home after work.

The Coors Brewery saw that opportunity in Aurora, Colorado, and is now distilling the waste residuals from beer-making to process 1.5 million gallons a year of ethanol. The experiment has been so successful that Coors has opened a second plant on the same site, doubling ethanol production at the brewery, partly by gathering millions of gallons of spilled beer and putting it directly into the process via an underground pipeline.

“We've basically taken a waste stream and turned it into a revenue stream,” a Coors official told a local newspaper.

Now that's innovation.

I wish I could say it happened in Minnesota, but really, there's room here for everybody. Even Colorado. And if it gives us an excuse to have another beer in good conscience, and for a worthy cause, well, who am I to argue with that?

I realize that I'm probably preaching to the choir here. You're here, most of you, because this your worthy cause. I applaud the work you're doing and congratulate you for the great progress that's being made worldwide.

Tom Friedman is right: America has always been a Great Dream Machine, always creating, always innovating, always first on the

block. But it truly is a global economy now – competitive, yes, but collaborative as well – and we all have a stake in charting a new course to a sustainable future.

We're in this together. And I believe we have no choice but to work collectively to find an energy solution that reduces our dependence on fossil fuels and on unstable sources of oil.

A solution that's sustainable, affordable, efficient and clean.

A solution that leads to cleaner air for our children and grandchildren to breathe.

A solution that adds value and market share to the world's struggling agricultural economies.

A solution that makes economic sense.

And a solution that leads, finally, to energy independence.

Thank you.