

American Corn Growers Foundation

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For Immediate Release

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Ethanol Ameliorates Midwest Gas Prices by \$1.37 per Gallon, Stops Big Oil From Skewering Consumers At The Pump Ethanol's DDGs Value Makes FOOD VS FUEL Fight A Non Sequitur/Red Herring

WILCOX, Neb. – September 26, 2011 – “A September 19th Progressive Farmer-DTN article citing three land-grant university officials or studies (University of Nebraska Center for Energy Sciences Research, South Dakota State University and Iowa State University) confirms the economic benefits of ethanol to U.S. consumers, taxpayers and cattle feeders,” said Gale Lush, Chairman of the American Corn Growers Foundation (ACGF).

Ethanol Benefits Consumers/Taxpayers by Ameliorating Gasoline Prices, Saving \$112 Billion Annually

Lush noted that Ken Cassman, the director of the Nebraska Center for Energy Sciences Research at the University of Nebraska was quoted saying, “Regardless of our ability to increase production enough to cover projected demand, ethanol has been a huge financial benefit to U.S. consumers.” The article and Cassman cited a recent study by economists at Iowa State University that estimates the use of corn ethanol in gasoline has reduced the fuel’s price by as much as 80 cents per gallon (average nationally) in years like 2009 and 2010. Given gasoline usage in this country, “that’s \$112 billion of annual savings to the consumer,” Cassman explains. “Total subsidies on ethanol, including subsidies on corn, are not more than \$12 billion per year. That’s a 10-1 return to consumers. That’s huge,” Cassman added.

Higher Ethanol Yields Reported by USDA and South Dakota State University Study Shows Ethanol DDGs Beneficial to Cattle Feeders, Making the FOOD VS. FUEL FIGHT a Non Sequitur-Red Herring

Lush added that the Progressive Farmer-DTN article points out some extremely important economic information that goes largely unreported in the mainstream media and press. The article states, “Also significant is the increase in the efficiency with which corn is processed into ethanol. The latest USDA study (released last fall) found that for every BTU (British Thermal Unit) used in the process, 2.3 BTU’s are produced. That is up considerably from 1.76 BTU’s in the previous study done in 2004. Additionally, the amount of corn “diverted” to ethanol from food production is essentially one-third less. That’s because an ethanol production by-product, dry distillers grains (DDGs), is a valuable high-protein cattle feed. As a result, about 23% of the U.S. corn production and 9% of total world grain production is actually being used to make fuel.”

South Dakota State University plant scientist Gregg Carlson reported that “In this country, top livestock producers are mixing DDGs with previously unused or under-used crop residue. As a result, the animals are getting the same, or even more crude protein and total digestible nutrients, than there was in the corn alone. In other words there is no loss of feed, and the feed vs. fuel argument becomes irrelevant.”

“With all the consumer/taxpayer, economic, feed, energy security and job creating benefits now confirmed from corn ethanol production Congress should extend the Volumetric Ethanol Excise Tax Credit (VEETC),” said Lush. “Congress should be using the 400,000 jobs supported by the ethanol industry, along with the great return to taxpayers, as a case study in efficient government subsidies. Congress should immediately extend VEETC, not look for ways to kill it and other key incentives like the Renewable Fuels Standards (RFS).”