Ethanol -SW

***** DRAFT RADIO ADDRESS *****

Americans today ask a lot of our farmers. We expect them to feed our nation and much of the world. We ask them to farm in a sustainable way that protects our environment. And, we rely on them to help secure America's continued status as the world's superpower.

In return, our farmers ask our nation to help them develop innovative programs and new technologies that enable them to meet all of these goals. One investment that has paid off is the public investment in the ethanol industry.

Ethanol is a clean-burning, made-in-America fuel that has created thousands of jobs and provided a multi-billion-dollar boost to many of our farmers and rural communities.

At a time when many small farms and rural communities are struggling, we see strong, steady growth in farm incomes when corn growers unite to form co-ops that produce and sell ethanol. In fact, the bulk of the U.S. ethanol industry's growth today comes from family farms joining together in this way in states like Iowa, Minnesota and South Dakota.

But the gains from ethanol go well beyond those easily measured in dollars. In the past decade, scientific innovations have allowed us to dramatically reduce the cost of producing ethanol, strengthening its prospects as a viable, mass marketable fuel. And the more we produce and use home-made fuel, the less reliant our nation is on foreign countries for oil.

Ethanol is also good for the environment. In fact, new research shows that ethanol can reduce greenhouse gas emissions by 40% compared to traditional fuels. As we more fully understand the heavy toll of carbon-based fuels on our environment -- particularly our air quality -- it makes sense that we invest in clean fuels that allow us to pass on a healthy environment without sacrificing our quality of life.

In short, the more ethanol we produce and use, the stronger our farm incomes and rural communities, the cleaner our environment, and the more fuel-independent our nation. That is a triple win for all Americans.

But despite all the benefits of ethanol, there are still some in Washington who want to eliminate this important program.

The Republican leadership of the House of Representatives continues to attack the ethanol program. In 1995 and 1997, they tried to weaken and eliminate the program and lost. In 1998, they are at it again.

Congress is currently debating a massive transportation bill. President Clinton and I want this bill to extend the federal tax exemption for ethanol until 2007. And a strong, bipartisan majority of the Senate agreed with us and included a seven year extension in their transportation bill.

But the transportation bill developed under the leadership of House Republicans would essentially eliminate the ethanol program.

That would be a terrible mistake. Without strong federal support, investments in this growing industry will dry up and ethanol's promise to our nation will evaporate -- costing farmers and rural towns billions of dollars, and thousands of hard-working Americans their jobs.

President Clinton and I are strongly opposed to the House Republican effort to eliminate the ethanol program and we challenge the leadership of the Republican party to do what is right for America's farmers.

This week, as Congress comes back from their recess, farmers across the country will head out into their fields for spring planting. With a little help from Mother Nature, our nation's corn growers will have a crop that's 'knee high by the fourth of July.'

These farmers may have to worry about the weather and the markets; they shouldn't have to worry about Washington. They deserve a strong vote of support for our nation's ethanol program. It's the right thing to do for our farmers, our environment, and a bright, clean, healthy and secure future for all Americans.

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Ethanol — 40

Who Do You Want In Charge of America's Energy Security?

America's Farmers

...or This Guy?

AP/Wide World Photos

from OL&L

Don't Leave Ethanol in the Hands of Big Oil

The facts are clear. Earlier this week, OPEC and non-OPEC member nations created a 13 percent rise in oil prices, generating the biggest one-day percentage gain since the Gulf War. And House Ways and Means Committee Chairman Bill Archer (R-TX) wants to help them keep their monopoly.

Big Oil does not care about the well-being of Americans, but farmers do. Reducing America's demand for foreign oil by 100,000 barrels every day, farm-produced, corn-based ethanol provides Americans energy stability in tumultuous times. Plus, the ethanol tax incentive program creates jobs, boosts farm income and cleans our polluted air.

Today, ethanol's future is in serious jeopardy. With the ethanol tax incentive program set to expire in just two years, the Senate reauthorization of the Highway Bill includes an extension of the tax credit to 2007. However, when the House Ways and Means Committee marks up its Highway Bill provisions today, Chairman Archer wants to kill this all-important incentive and tie the hands of Conference Committee members who would normally deal with such an issue. By capturing any post-2000 offset dollars for an ethanol extension, Archer intends to protect Big Oil's interests at the expense of American farmers. Big Oil and OPEC have proven time and again they do not have America's best interests at heart.

Think about it. Who do you want in charge of America's energy security?

Don't Let Bill Archer Railroad the Ethanol Industry.

National Corn Growers Association
(202) 628-7001

March 26, 1998

NEWS

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Communications News Room 460-A
Washington, DC 20250-1300
Internet: News @usda.gov Phone: 202-720-9035
World Wide Web Home Page: http://www.usda.gov

Release No. 0134.98

Statement

OF
U.S. AGRICULTURE SECRETARY DAN GLICKMAN ON BILL TO END ETHANOL TAX EXEMPTION

"At a time when American farmers and ranchers are suffering from poor railroad service in large parts of the western United States, it is troubling that the House Ways and Means Committee would approve an amendment to the ISTEA bill that would effectively require agriculture to pay for tax relief for the railroad industry by allowing the ethanol excise tax exemption to expire. Ethanol improves farm income, creates jobs in rural America, reduces U.S. reliance on foreign oil, and is good for the environment. All good reasons the President, Vice President, and I support extending the ethanol excise tax exemption through 2007. In addition, American farmers and ranchers are losing money and international competitiveness because of inadequate service by U.S. railroads. I am disappointed that America's farmers and ranchers are being asked to foot the bill for railroad tax relief."

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NOTE: USDA news releases and media advisories are available on the Internet. Access the USDA Home Page on the World Wide Web at *http://www.usda.gov*

THE WHITE HOUSE

Office of the Vice President

For Immediate Release:
Thursday, March 26, 1998

Contact:
(202) 456-7035

STATEMENT BY VICE PRESIDENT GORE ON HOUSE COMMITTEE ON ETHANOL

I am disappointed by the failure of the Ways and Means Committee to include, in the pending transportation legislation, a proposal that would have extended the existing tax relief for ethanol fuel through the year 2006. The use of ethanol fuels can mean cleaner air, less carbon dioxide emissions, more energy security, and more jobs for American farmers.

However, this issue is far from dead. The Administration strongly supports this extension, and the President and I will continue to work hard at every opportunity as the transportation bill moves through the legislative process.

Speaker Newt Gingrich Quotes on Ethanol

"We need to send a signal for the investments that are potentially there, particularly for smaller producers, to make the investments to create the jobs to continue the process of expanding ethanol's contribution to our nation's energy budget and to a cleaner environment... It's a program that I am very deeply commited to... It's good for America's farmers, it is good for American energy production and it is good for America's environment.

Let me also say that at a time when we are concerned about potential decline in demand because of the Asian financial crisis, I can't imagine a worse time to send a signal to America's corn farmers that we're going to abandon them. So we will be working side by side, and I'm very confident that Senator Grassley and Congressman Nussle will be - between the three of us, we'll be able to have a very successful conference."

3/26/98 Press Conference
Washington, D.C.

"I was very, very supportive of Congressman Jim Nussle and Senator Chuck Grassley in fighting to extend ethanol in the last Congress. I have twice actively fought against efforts to kill ethanol. I find it fascinating that the big oil interests who certainly thought they should have all sorts of advantages in the depletion allowances, etc. suddenly decide they are against any kind of government intervention. My impression from talking to a wide range of people, not just Jim Nussle, but across the board, Tom Latham here, Denny Hastert in Illinois, the combination of the environmental side-effects, and the impact on American agricultural income and the impact on American substitute for foreign oil, that it's a very good program. And my expectation is the program will continue and expand.

I think it's very likely it will continue. It's going to be a huge, huge fight. The Chairman of the Ways and Means Committee is deeply opposed to this program and he and I have had very strong dialogue about it, but I would certainly support its continuation."

3/1/98, *Iowa Press*, Iowa Public Television

"Clearly across the entire Midwest there's real concern about ethanol and what happens to ethanol... ethanol provides a competitive product that is better for air quality than other products..."

10/95

NEWS FROM THE HOUSE DEMOCRATIC LEADER

For Immediate Release:
March 25, 1998

House Democratic Leader Richard A. Gephardt
H-204, U.S. Capitol

Gephardt Statement on the Introduction of the Family Farm Safety Net Act of 1998

WASHINGTON – "Today we urge two steps to restore the farm safety net – and preserve opportunity for America's family farmers. First, we are introducing legislation to restore the farm safety net shredded by the Republicans in the 1996 Farm Bill. House Republicans want to *end* the farmer safety net. Democrats want to *mend* it.

Over the past two years, America's farmers have watched large harvests and the Asian crisis push down grain prices as much as 40%. University of Missouri economists tell us that, as prices continue to fall, real net farm income could fall more than 8% this year. The producers here today are concerned. First, that the existing safety net is inadequate. Second, that even these protections, inadequate as they are, are scheduled to be phased out in a few short years.

This bill restores a sensible safety net by giving farmers a better chance to market their grain for a fair price. This bill utilizes a market-oriented tool farmers understand: the marketing loan. Marketing loans have generally provided a safety net ensuring producers 85% of a commodity's 5-year average price. The 1996 bill slashed the safety net by cutting these rates sharply. Our bill will again establish loan rates equal to 85% of historic price levels – providing more income stability. Our bill boosts loan rates. Corn and soybeans up $.30 per bushel. Wheat up $.59 per bushel. Cotton up $.04 per pound. It restores a minimum wage for America's farmers.

We must take other steps to repair the safety net as well. We need an emergency price floor for dairy farmers in all regions of the country. We also need Congresswoman Clayton's bill to ensure hard-working farmers access to federal credit cut off by the Republicans.

Second, we must extend the ethanol program. Tomorrow the Ways and Means Committee will act on the highway bill. We call upon the Republican Chairman to extend the ethanol program. Ethanol provides us clean energy – and strengthens American agriculture. The ethanol program strengthens corn prices, boosting the annual income of a typical Missouri grain farm by $15,000 to $30,000.

Last year, after hard work by Lane Evans, David Minge, John Tanner, and myself, Democrats on Ways and Means voted by a solid margin to maintain the ethanol incentive. But the Republicans overwhelmingly opposed it, and Congress failed to renew the program. This halted construction of a dozen ethanol plants – $700 million in investment– in rural America, costing our rural-communities good-paying jobs.

Congress can do better. So we are renewing our call to Chairman Archer: Stop the attack on America's farmers. Let's restore the ethanol credit. Let's stand together for opportunity for Rural America."

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Contacts: Laura Nichols/Erik Smith (202) 225-0100

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

JUN 1 2 1997

Honorable Thomas A. Daschle
Democratic Leader
United States Senate
S-221 Capitol Building
Washington, D.C. 20510-7020

Dear Tom:

The Clinton Administration is strongly committed to the continued growth and development of the U.S. ethanol industry and opposes efforts currently underway in Congress to repeal the Federal excise tax exemption for ethanol. While repealing the excise tax exemption would increase the monies available to the highway trust fund, it would cost this Nation's farmers billions of dollars in lost income and displace thousands of jobs. Rural areas that depend on farming would be particularly hard hit by the loss in farm income and employment.

In 1980, the ethanol industry used only 35 million bushels of corn to produce 88 million gallons of ethanol. Since then, the ethanol industry has grown by over tenfold, now using an estimated 450 million bushels of corn and producing 1.1 billion gallons of ethanol. Assuming continuation of the Federal excise tax exemption, the Department of Agriculture (USDA) projects the ethanol industry will continue to grow, using 640 million bushels of corn and producing 1.6 billion gallons of ethanol by the year 2005. However, if the excise tax exemption is eliminated, USDA estimates that investment in the ethanol industry will come to an abrupt halt and ethanol production will decline to 40 percent or less of current levels by the year 2005. The resulting reduction in corn use would lower net farm income by $6-$10 billion during 1998-2005 and require 7,000-14,000 workers to find other employment. Removing the Federal excise tax exemption for ethanol would also make us more dependent on foreign oil. If the exemption is removed, USDA estimates that imports of petroleum-derived oxygenates would increase by $5-$9 billion during 1998-2005, though this would be partially offset by increases in agricultural exports of $1 billion and probably other trade flow changes that were not explicitly modeled.

In summary, continuation of the Federal excise tax exemption for ethanol is good for farmers and for rural areas. The exemption also furthers the goal of increasing our use of renewable sources of energy for the future and reducing energy imports. For these reasons, I am steadfastly committed to continuing the Federal excise tax exemption for ethanol and look forward to working with you and your colleagues in this regard.

Identical letters have been sent to Speaker of the House Newt Gingrich, Senator Thomas A. Daschle, and Representatives Richard Gephardt, Bill Archer, and Charles Rangel.

Sincerely,

DAN GLICKMAN
Secretary

Bruce — [illegible]

From Glickman

Tom

To: Greg F.
Eric Olsen
Dave C.

✓ Please follow up with VP, Daschle, et al.
✓ Send to Bruce Reed.

bc-DC-Fuels-for-Future 04-10

1/8STK 3/8
1/8IN 3/8 OIL
1/8SU 3/8 LEG
TO NATIONAL EDITOR:

Senate Leader Daschle Says Ethanol Extension is Needed to Year 2007;
Asks President Clinton to Veto Highway Bill if Ethanol Extension Omitted

WASHINGTON, April 10 /PRNewswire/ -- With Congress on a two-week recess and a House-Senate conference on ethanol awaiting, government leaders including President Clinton, Secretary of Agriculture Dan Glickman, senators and representatives are calling for extension of an ethanol tax incentive program from 2000 to 2007.

Senate Democratic Leader Tom Daschle (D-S.D.), for example, said the extension is needed to allow the ethanol industry to survive. Daschle also said that, unless House and Senate conferees on highway legislation agree to include extension of the ethanol program, he will urge President Clinton to veto the multi-billion dollar transportation legislation.

Agriculture Secretary Glickman, touring South Dakota ethanol plants with Daschle, called the ethanol program an "extremely important part" of U.S. energy policy and said the Agriculture Department is working to reduce costs of production of ethanol and help find new markets.

Meanwhile, President Clinton has reiterated his support for ethanol in a letter sent to Sen. Carol Moseley-Braun (D-Ill.), a Senate leader in the effort to continue the ethanol tax incentive.

Sen. Moseley-Braun had written President Clinton urging him to use his office to work for the ethanol extension, and the President responded while on his recent trip to Africa.

Writing from Capetown, South Africa, the President told Sen. Moseley-Braun:

"As you know, I support extension of this exemption from 2000 to 2007 and am pleased with the Senate's recent efforts to preserve it."

The President referred to an overwhelming Senate vote of 71-26 favoring the ethanol extension. Sen. Chuck Grassley (R-Iowa) and Sen. Moseley-Braun were chief co-sponsors of the Senate provision.

In the House, however, Rep. Bill Archer (R-Texas), chairman of the House
Ways and Means Committee who opposes ethanol as competitive to imported oil,
included in the House version of the transportation legislation language that
would kill off the ethanol program after the 2000 expiration date.

The issue will be resolved in a House-Senate conference expected later in
April and to be concluded probably sometime in May. The conference is not
expected to meet an earlier May 1 deadline set for renewing pending highway
projects.

Rep. David Minge (D-Minn.), an ethanol leader in the House of
Representatives, said in a newspaper opinion article this week that the "most
troubling part" of the House highway bill is the proposed elimination of the
ethanol program.

"This is a tragic mistake," Minge said. "Ethanol reduces our dependence
on foreign oil. And because ethanol is a renewable fuel, it is more
environmentally friendly than fossil fuels.

"Fortunately, the Senate bill is highly favorable to ethanol because it
extends the credit until the year 2007. I suspect the conference committee
may leave the current ethanol program unchanged. Unfortunately, this means it
would expire in the year 2000."

SOURCE Fuels for the Future

-0- 04/10/98

/CONTACT: Dean Reed of Fuels for the Future, 202-223-3532/

CO: Fuels for the Future
ST: District of Columbia
IN: OIL
SU: LEG

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US, Senate To Deal With Ethanol Tax

By JENNIFER LOVEN Associated Press Writer

WASHINGTON (AP) -- Floyd Schultz, who grows corn and soybeans in Plainfield, Ill., has ripped the tags off half a dozen bags of corn seed in the past week and scribbled notes on them to members of Congress.

His message, echoed by other farmers taking the same lobbying tack, is simple: Don't let the subsidy for ethanol die.

Schultz, 52, who has farmed the same 1,200 acres all his life, figures ethanol producers' use of corn adds as much as $25,000 a year to his income. At a time when both prices and exports of corn are depressed, he was only too happy to help pressure Washington to preserve the tax breaks for the grain-based fuel additive.

``It's just vital that we keep this industry strong," Schultz said.

When House and Senate negotiators meet in the next week to write a compromise version of a massive transportation funding bill, among the many differences they must resolve is whether to continue ethanol's tax break beyond 2000, when it is due to expire.

The House highway bill after 2000 would halt the 5.4 cent-per-gallon discount off the federal gasoline tax given to marketers that blend gas with ethanol. The Senate version would extend the credit through 2007, while gradually reducing it.

``If it doesn't get extended this time around it's going to be incredibly difficult to ever do it again," said Greg Guenther, president of the Illinois Corn Growers Association.

Ethanol supporters say farmer-owned ethanol-producing cooperatives need the extra time to become profitable and farm-state economies need the 6 percent of the corn crop ethanol uses. They also tout it as an environmentally friendly fuel that could reduce America's dependence on foreign oil.

But ethanol's opponents say it is not all that green and call it a tax code boondoggle that has survived due to the political clout of farmers and Decatur, Ill.-based Archer Daniels Midland Co., the nation's largest single ethanol producer and a major campaign contributor.

It's a perennial debate, with the pro-ethanol forces lately holding the upper hand.

But they face a formidable foe: Rep. Bill Archer from oil-rich Texas, the powerful Republican chairman of the tax-writing House Ways and Means Committee. Archer turned back an effort last month to extend ethanol's tax credit in the House bill. He then used the savings from ending the credit in 2000 to repeal a railroad diesel fuel tax and a tax on truck tires and to divert gas taxes paid by recreational boaters to safety programs.

``It's just bad policy, and he's going to do all he can to keep it from being extended," Ways and Means spokesman Ari Fleischer said.

Farmers' groups are running print and radio advertisements urging farmers to call a toll-free number that connects them to their congressmen. They also are encouraging growers to send corn tags to Capitol Hill, as Shultz was doing.

They have high-level supporters. President Clinton has made his pro-ethanol position clear. And just Monday, Agriculture Secretary Dan Glickman told a gathering of agricultural journalists: ``This administration will actively oppose any effort to eliminate the ethanol program. The president is committed to extending the credit."

House Speaker Newt Gingrich, a potential Republican presidential candidate mindful of ethanol's importance in Iowa, an early caucus state, also has been vocal about his intention to fight for ethanol.

Sen. Chuck Grassley, R-Iowa, who will serve on the conference committee, said the role of the speaker, who has rescued ethanol before, will be crucial.

``Common sense ought to dictate that it ought to go through easily," Grassley said. ``But when you're up against Big Oil, anything can happen."

(PROFILE (CO:Archer Daniels Midland; TS:ADM; IG:FOD;)
(CAT:Business;) (CAT:Agriculture;) (CAT:Consumer;))

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