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Ethanol Helping Break Foreign Oil Addiction, According to Data from DOE

Sioux Falls, SD (May 21, 2008) – The *Financial Times* reported today that, according to data from the U.S. Department of Energy, the U.S. is beginning to break its addiction to foreign oil.

Data from the agency's statistical arm, the Energy Information Administration (EIA), shows that ethanol, more efficient vehicles, and high oil prices are combining to cut oil imports for the first time since 1977. EIA data shows that U.S. foreign oil dependency is expected to fall from 60 percent to 50 percent by 2015, the same timeframe as the Energy Independence & Security Act of 2007 calls for U.S. biofuel production and use to approach at least 15 billion gallons.

"This data from the Department of Energy makes the compelling case that, thanks in part to U.S. ethanol policy, we are finally reducing our expensive and risky addiction on foreign oil," according to Brian Jennings, executive vice president of the American Coalition for Ethanol (ACE). "Despite a dishonest PR attack campaign against ethanol, the facts clearly indicate that ethanol is part of the solution to U.S. energy security, economic security, and climate change concerns."

Today's *Financial Times* report quotes Guy Caruso, head of the EIA, saying, "The 1970s is the last time we saw any significant decline in net import dependency in the U.S. It shows that markets do work, policy changes do work, technology does work." The full article can be found at this link: www.ft.com/cms/s/0/eda93eea-259f-11dd-b510-000077b07658.html?nclick_check=1

"Efforts to reverse biofuels policy by abandoning the Renewable Fuels Standard or the blenders' credit are sure to lose steam in light of this data," Jennings said.

Furthermore, as oil prices climb to new record highs of \$129 per barrel, ethanol is helping provide significant relief at the pump. According to Merrill Lynch, oil and gasoline prices would be 15 percent higher if ethanol producers weren't expanding their output, meaning that, without ethanol, gas prices would approach \$4.35 per gallon and oil prices would be near \$150 per barrel.

"Efforts to repeal the RFS or tax incentives for ethanol are misguided and would result in much greater pain for U.S. working families and motorists than they are experiencing today," Jennings added. ACE notes a number of negative consequences that would result from legislation to deconstruct public policy support for ethanol:

- The U.S. would be even more dependent upon \$129 oil, which would result in higher fuel and food prices.
- The U.S. would be forced to rely on sources of oil that have dangerous consequences for climate change and global warming, such as oil from tar sands.
- Ending the RFS would also make it virtually impossible to successfully commercialize cellulosic biofuels, because it would create a vacuum of market certainty and investor confidence, forestalling the investment necessary to make cellulosic biofuels successful on a commercial scale.
- Abandoning ethanol would strand the important infrastructure investments that oil companies and petroleum marketers have made to blend and use more cost-effective ethanol-blended fuel.
- The meaningful gains made to reduce U.S. reliance on foreign oil, as noted by the recent data from EIA, would be erased without ethanol.

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The American Coalition for Ethanol (ACE) is the grassroots voice of the U.S. ethanol industry, a national trade association for the ethanol industry with nearly 1,600 members nationwide, including farmers, ethanol producers, commodity organizations, businesses supplying goods and services to the ethanol industry, rural electric cooperatives, and individuals supportive of increased production and use of ethanol. For more information about ethanol or ACE, visit www.ethanol.org or call (605) 334-3381.