

BIODIESEL BULLETIN

A Monthly Newsletter of the National Biodiesel Board

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Headlines:

ECONOMY COULD GROW BY \$300 BILLION WITH RENEWABLE FUELS

WASHINGTON UPDATE: ASA LAUNCHES MAJOR PUSH ON BIODIESEL TAX BILL

JOHN DEERE PROMOTES USE OF BIODIESEL IN ENGINES

NBB WELCOMES NEW STAFF MEMBERS

ECONOMY COULD GROW BY \$300 BILLION WITH RENEWABLE FUELS

A new study documents that renewable fuels legislation now being considered for Senate energy packages could boost the U.S. economy by \$300 billion and create as many as 300,000 new jobs in many sectors of the economy by 2016. Increased use of American-made fuels, like biodiesel and ethanol, would generate an additional \$71 billion (1996 dollars) of income for America over the next 15 years through increased gross production and job creation.

Based on U.S. Department of Energy projections, AUS Consultants completed the study of legislation sponsored by Senators Chuck Hagel (R-NE) and Tim Johnson (D-SD) that would promote U.S. energy independence by having a percentage of U.S. motor fuels contain biodiesel or ethanol. The study assumes realized national goals of 1.2 percent renewable fuel use in 2002 increasing to 4 percent by 2016. The four percent level would displace the annual equivalent of 302 million barrels of crude oil by 2016, or nearly 2.9 billion barrels of crude oil between 2002 and 2016.

"I believe renewable fuels such as ethanol and biodiesel should be the centerpiece of our future energy strategy, because these fuels are home grown solutions. That's why I introduced the Renewable Fuels for Energy Security Act of 2001 with my colleague, Senator Chuck Hagel, and fought to have it included in the comprehensive energy legislation being considered by the Senate," Johnson said.

"With U.S. dependence on foreign oil at an all time high and increasing, we must look for alternative forms of energy," Hagel said. "I am grateful to the National Biodiesel Board, the National Corn Growers Association and the American Soybean Association for their continued support and leadership, and look forward to working with them in achieving our renewable fuel goal."

During a press conference held to announce the study's results, National Biodiesel Board President Robert Metz of South Dakota said "this is common sense policy for America. We rely on foreign nations for 60 percent of our crude oil and that figure is expected to increase to as much as 75 percent by 2010. Imported petroleum is the single largest component of our trade deficit."

Metz also noted that the European Union is considering similar policy to the renewable standard provisions before the Senate. "Biodiesel is a long-time favorite in Europe, and it will be here too once Americans are given the chance to see the many benefits the fuel has to offer."

The study also showed how taxpayers would benefit from increased renewable fuels use because the increased demand for farm crops would decrease costs of government farm programs by \$7.8 billion between 2002 and 2016. Soybean prices would increase an average of 68 cents per bushel. The combined biodiesel and ethanol production would add \$6.6 billion in annual cash income to farmers for a cumulative total of \$99 billion by 2016.

A copy of the AUS study is available on the NBB Web site.

WASHINGTON UPDATE: ASA LAUNCHES MAJOR PUSH ON BIODIESEL TAX BILL

At its December board meeting, the American Soybean Association (ASA) stepped up activities to support the biodiesel tax bill. The Senate Finance Committee is expected to begin developing a major energy tax bill in early 2002. ASA and the biodiesel industry would like to see biodiesel tax provisions included in that package. ASA is urging biodiesel industry leaders to contact their Senators regarding co-sponsoring the Hutchinson/Dayton bill, S. 1058.

Currently the bill has only 6 additional co-sponsors: Senators Allard, Bond, Carper, Hagel, Johnson, and Wellstone. Broad base support of the bill is needed for making a strong case for inclusion in the energy tax package next year.

ASA sponsored a meeting this week with key industry partners regarding a strategy for moving the biodiesel tax provisions forward. For more information regarding the tax bill and timing, please contact the ASA Washington office.

JOHN DEERE PROMOTES USE OF BIODIESEL IN ENGINES

John Deere has issued a formal warranty statement reaffirming the company's long-standing confidence in biodiesel. The statement officially approves the use of biodiesel that meets national standards in all of its diesel-powered products. According to the company, this announcement is just the latest step in John Deere's ongoing 35-year commitment to the development of bio-based alternative fuels that benefit both the environment and the agricultural community.

John Deere says consumer demand from farmers for biodiesel has led to more clarification of the warranty policy. More than \$25 million in soybean checkoff money has funded biodiesel development in the U.S.

"We're excited to be able to support the use of biodiesel in our products," said Ted Breidenbach, Manager of Worldwide Engine Engineering for John Deere Power Systems. "Biodiesel is a valuable tool for helping reduce engine emissions. It also stands as one of the linchpins in the movement to develop alternative uses for commodity products that can ultimately deliver more value to our producer customers. We're confident that when it's used per factory specifications it will generate the performance producers have come to expect from their John Deere equipment."

The announcement stated that low blends of biodiesel are effective in improving lubricity in diesel fuel, and that John Deere is supportive of renewable fuels legislation.

"Although the use of biodiesel does not void the warranty of any major engine manufacturer, some companies have had vague statements about biodiesel in the past," said Gary Haer, vice president of the National Biodiesel Board and a biodiesel supplier with West Central Cooperative. "John Deere has taken a leadership role among engine manufacturers in reassuring customers that biodiesel is a high-quality product that can be used in virtually any diesel engine without modification."

John Deere says customers should consult with their local fuel suppliers to be sure the biodiesel meets the American Society for Testing and Materials (ASTM) fuel specification. A list of fuel suppliers is available on the NBB Web site at www.biodiesel.org. Biodiesel can also be used in older model tractors and engines. The company encourages those interested to talk with their local John Deere dealer or fuel supplier for details, or visit www.JohnDeereAg.com.

NBB WELCOMES NEW STAFF MEMBERS

The National Biodiesel Board is pleased to announce the addition of two new members to the NBB staff. Doug Whitehead of Jefferson City, MO, will conduct regulatory management work, outreach and education, and stakeholder development. Whitehead has a broad and distinguished government relations and business development background. He has worked in the areas of government and public relations for such companies as Accenture (formerly Andersen Consulting), Oracle Corporation, and Unisys.

"In 2001, 15 states passed initiatives pertaining to increased use of biodiesel," said Joe Jobe, NBB executive director. "This year promises to be just as busy, and Doug's expertise will help NBB address the increasing need to provide informational and technical support to biodiesel stakeholders."

Scott Tremain, also of Jefferson City, MO, will fill the new position of NBB information technology director. Both Whitehead and Tremain come from Info Now, NBB's former Web hosting and design company. NBB was able to bring its contracted information technology services in house at an anticipated savings to the organization. Under an agreement with Info Now, Info Now will transition its existing design and hosting clients to NBB, who will provide comprehensive information technology services. NBB will transition this new role into a value-added service to its members, while providing additional revenues and resources toward the mission of advancing the biodiesel industry.

"We are excited about adding these two talented individuals to our team," Jobe said. "We see this as an outstanding opportunity to enhance our ability to address the long-term needs of our growing industry."

