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Ethanol Indicative of Potential of Green Economy U.S. Ethanol Industry Rare Economic Bright Spot in 2007

Washington – America’s economy has slowed considerably and many analysts are increasingly resorting to the use of the ‘R’ word – recession. Yet, amid the bleak economic news and forecasts, America’s ethanol industry stands out as one of the few bright spots. The economic benefits of America’s expanding ethanol industry underscore the potential of the developing green economy to lift the nation toward a new economic horizon.

“The energy and environmental challenges our nation faces are presenting real economic opportunity for rural and urban Americans alike,” said Renewable Fuels Association President Bob Dinneen.

“Expanding domestic production of renewable fuels like ethanol allows America to recapture investment dollars that are now sent overseas to pay for our nation’s oil addiction. By focusing on the productivity of American farmers, the prowess of American workers, and the promise of American entrepreneurs, we can harness what may be our greatest natural resources and provide real hope for a stronger economic, environmental and energy future.”

According to an economic analysis released today on the economic impacts of the U.S. ethanol industry in 2007, the industry stands in sharp contrast to other industries which have outsourced their jobs to foreign nations. The analysis, conducted by John Urbanchuk of LECG, LLC, determined that the “increase in economic activity resulting from ongoing production and construction of new capacity supported the creation of 238,541 jobs in all sectors of the economy during 2007. These include more than 46,000 jobs in America’s manufacturing sector -- American jobs making ethanol from grain produced by American farmers.” The goods and services required to produce the estimated 6.5 billion gallons in 2007 added \$47.6 billion to the Gross Domestic Product and raised household incomes by \$12.3 billion.

The resulting economic activity from the domestic production of ethanol also paid dividends in the form of lower government expenditures and higher tax revenues. In 2007, the tax incentives provided for the production and use of ethanol totaled \$3.4 billion. However, the increased tax revenue collected by the Federal Treasury totaled \$4.6 billion. Moreover, state and local governments saw tax revenues increase by \$3.6 billion.

Finally, the 6.5 billion gallons of ethanol produced and consumed in the U.S. in 2007 displaced the need for 228 million barrels of imported oil for gasoline refining. Based on an average crude price in 2007 of more than \$72 barrel, the value of the displaced oil exceeded \$16 billion.

“Across the economic spectrum from job creation to trade deficits, ethanol is producing positive results for America’s economy,” said Urbanchuk. “At a time of often dire economic news, ethanol is providing

a glimmer of hope to millions of Americans who benefit both directly and indirectly from the continued growth of the America's ethanol industry. Ethanol production represents the economic potential and possibilities of a green economy.”

Specific findings of the report “Contribution of the Ethanol Industry to the Economy of the United States” include:

- U.S. ethanol production helped support the creation of 238,541 new jobs, more than 46,000 of which coming in the manufacturing sector;
- U.S. ethanol production increased the Gross Domestic Product by \$47.6 billion;
- U.S. ethanol production increased household incomes by \$12.3 billion;
- U.S. ethanol production generated \$8.2 billion in new tax revenue for federal, state and local governments; and,
- U.S. production and use of 6.5 billion gallons of ethanol in 2007 displaced the need for 228.2 million barrels of imported oil and an estimated value of \$16.5 billion.

A complete copy of the report is available at www.ethanolrfa.org.

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