

OPINION

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PRO-CON

Is it time to end the ethanol mandate for automotive fuel?



AP Photo/Nati Harnik

Steam blows over fermentation tanks at the Green Plains ethanol plant in Shenandoah, Iowa.



AP Photo/Charlie Riedel

An ethanol plant stands next to a cornfield near Nevada, Iowa.



AP Photo/Rogelio V. Solis

Fuel nozzles for E-85, left, and traditional gasoline at a Race Way station in Batesville, Miss.



AP Photo/Charlie Riedel

A school bus passes a pile of milo near Canton, Kansas. The crop is used mainly for feeding cattle and ethanol production.

PRO: Ethanol in gasoline is a boon for farmers, but rips off American consumers

WASHINGTON — U.S. oil and natural gas producers are shattering records — recently overtaking Saudi Arabia and Russia to lead the world in crude oil production.

Fueled by advanced technology, the American energy resurgence is paying off for consumers and shielding U.S. markets from instability overseas.

But drivers may need extra cash to pay the mechanic if federal regulators keep forcing more ethanol into the fuel supply.

Multiple industries have long warned about the risks of higher-ethanol fuels like E15 (15 percent ethanol), which extensive testing shows can damage engines and fuel systems.

Nearly three out of every four vehicles on the road today are not designed for E15 gasoline, and a number of automakers have even said that E15 may cause damage that is not covered by warranties.

It's not just cars. Consumer groups warn that E15 is incompatible with lawnmowers, motorcycles, ATVs, power equipment and boats, and many of these consumers opt for fuel that is entirely ethanol free (E0).

With so many drawbacks, who's asking for more ethanol in fuel? Not consumers.

The Society of Independent Gasoline Marketers of America and National Association of Convenience Stores say "most retailers that sell E15 or E85 have seen minimal sales of these products."

By contrast, "there's a significant demand in the market" for "non-blended gasoline" or E0.

Availability of consumer-preferred lower ethanol fuel is at risk due to the Renewable Fuel Standard (RFS).

Finalized in 2007, before the U.S. energy revolution took off, the RFS requires the fuel industry to add more and more ethanol to the fuel supply each year, regardless of market demand.

The idea was to encourage a cheaper, local alternative to reduce reliance on fuel imports from overseas. Ten years and one U.S. energy revolution later, surging domestic crude oil production has taken care of the reduced imports goal.

As for cheaper energy, the math doesn't add up for a higher ethanol mandate. Ethanol has less energy than gasoline, forcing drivers to fill up more often when using higher ethanol blends.

On top of that, the Congressional Budget Office projects gasoline prices could jump

substantially unless the RFS mandate's market-distorting impacts are reined in.

The RFS is more complicated than just warning drivers to stick with standard E10 fuel. For now, yearly ethanol volume requirements can be met while still leaving room — just barely — for E10 and E0.

Without reform, the RFS will eventually require more gallons of ethanol than the fuel supply can accommodate as E10.

In the nation that leads the world in oil and natural gas production, restricting consumer choice does not make sense.

It makes even less sense when you factor in the broad swath of collateral damage unleashed by government ethanol policy.

Higher ethanol blends from corn generate unintended consequences at every step from the farm to the fuel tank.

Environmental organizations, anti-hunger groups, wildlife protection activists, grocers, restaurant owners and producers of poultry, pork and beef all have spoken out against the RFS,

with concerns ranging from environmental and habitat protection to increased food prices and elevated costs for farmers and ranchers.

The outdated, bureaucratic boondoggle that is the RFS should be a prime target for the White House, which has energetically pursued regulatory reforms, achieving real benefits for families and businesses.

But the Trump administration may be headed in the wrong direction on ethanol, supporting policies that would push even more E15 ethanol into gas tanks.

To its credit, the White House is taking a close look at ethanol policy, convening several stakeholder meetings to find compromise reforms that will satisfy ethanol supporters and everyone else.

Boosting prospects for success is the fact that RFS reform is one of the rare issues that enjoys support from both Republicans and Democrats in Congress.

But when it comes to smart ethanol policy, political parties shouldn't matter. The only label that matters is "consumer."

Are policymakers changing ethanol policy to protect consumers' engines, wallets and fuel choices?

If the answer is "no," Washington should go back to the drawing board. It's time to stand up for consumers and fix the broken RFS once and for all.

Frank J. Macchiarola is group director of downstream and industry operations for the American Petroleum Institute.



FRANK J. MACCHIAROLA



CON: Ending ethanol in fuel mandate will create economic and environmental disaster

TAMPA, Fla. — When federal environmental standards are under assault from an administration that appears bent on rolling back the clock to an era of smog and air pollution caused by the use of dirty fossil fuels, now is not the time to abandon national clean fuel mandates.

The federal Renewable Fuel Standard (RFS), enacted by the Energy Policy Act of 2005 and Energy Independence and Security Act of 2007 — two measures implemented by the George W. Bush administration — stipulated federal annual increases in the overall refining of biofuels, including minimum Environmental Protection Agency requirements for the incremental production of corn-based ethanol until 2022.

The alternative to using biofuels would return the country to a time when America's cities were shrouded in heavy palls of smog caused by choking levels of air pollution from fossil fuel-burning fuels.

Fossil fuels are responsible for introducing into the atmosphere toxic fumes, particulate matter, carbon monoxide, nitrous oxides and exhaust hydrocarbons.

The Alternative Fuels Data Center has found that high-octane ethanol produced from starch and sugar-based feedstocks, including corn grain, provides a positive energy balance.

That means the production of ethanol fuel doesn't require more energy than the amount of energy contained in the ethanol fuel itself: an environmentally-friendly equilibrium that reduces dangerous greenhouse gas emissions.

In addition to helping to protect the environment, corn ethanol has also boosted the economies of several farm belt states.

Without the corn ethanol mandate, the adverse effects of retaliatory tariffs on agricultural exports, brought about by Trump Administration tariffs, would have a more drastic impact on corn-producing states like Iowa, Nebraska, Kansas and others.

During the 2016 presidential campaign, Trump told Iowa farmers that his commitment to ethanol subsidies was solid. He said "the EPA should ensure that biofuel blend levels match the statutory level set by Congress under

the (RFS)," adding, "I'm there with you 100 percent."

The EPA, slanting toward the oil industry and its lobbyists, now appears to be going back on Trump's promise.

The Renewable Fuels Association concluded that in 2017 the ethanol industry accounted for 211 plants in 28 states.

These facilities produced a record of 15.8 billion gallons of ethanol. To discourage the production of this critical biofuel would cost thousands of positions in an industry that accounts for 357,493 jobs, severely cripple the economies of several states dependent on corn ethanol production and federal subsidies.

The ethanol industry accounted for \$44 billion in gross domestic product in 2017 and boosted already-deflated corn prices by 25 percent. Corn-based ethanol has also reduced America's dependence on foreign fuel by 7 percent in 2017.

Not only has America's dependence on foreign fuel been decreased by the production of corn ethanol, but there

has been a demand for U.S. ethanol in foreign markets that are ethanol competitors of the United States. These include Canada, Brazil, India and major fossil fuel exporters like the United Arab Emirates.

The International Energy Agency recognizes Brazil as the world's second-largest biofuel producer. Not only is Brazil able to supplant the United States as the world's largest biofuel producer but ranking behind Brazil in biofuel production are Germany, Argentina, Indonesia, France, China and Thailand.

If the United States pulls federal subsidies from corn ethanol production, its competitors, which all subsidize their respective biofuel industries, can and will step up to the plate.

American biofuel firms that currently lead in technological innovation would likely look to markets and plants abroad if America's commitment to renewable energy resources falters.

Biofuel centers of excellence currently provide quality jobs in states ranging from Pennsylvania and Michigan to California and New Mexico.

Eliminating the federal government's commitment to corn ethanol would destroy an entire industry. Does Mr. Trump really want this economic disaster to occur on his watch?

Wayne Madsen is a progressive journalist whose columns have appeared in newspapers throughout the United States and Europe.



WAYNE MADSEN

