



Office of Agricultural Affairs  
U.S. Embassy, Paris

**Biofuels in the United States  
Newsletter - December 2007**

**To our readers:** The Office of Agricultural Affairs of the U.S. Embassy in Paris would be happy to facilitate your visits to the United States. If you advise of us your travel plans we can help you organize your itinerary. Also, please do not hesitate to share any questions with us on the issues raised below.

**For further information on all of the following topics, please click on the titles to access websites.**

**1. Federal Initiaves:**

**[Twenty in Ten](#)**

President Bush put forth the aim of reducing the usage of gasoline in the U.S. by 20% within the next ten years, referring to this as "Twenty in Ten." This goal is to be achieved by (a) creating a mandatory fuel standard to require 35 billion gallons of alternative and renewable fuels to be incorporated into the U.S. fuel supply by 2017, which is approximately five times the current target for 2012 and (b) making amendments to the Corporate Average Fuel Economy (CAFE) Standards for cars as well as extending the current rules regarding light trucks. These changes are projected to reduce annual gasoline usage by 8.5 billion gallons, or 5% by 2017. The energy plan also includes stepping up domestic oil production in environmentally sensitive ways and doubling the current capacity of the Strategic Petroleum Reserve (SPR).

**[Selected remarks by acting agriculture Secretary Chuck Conner to the Renewable Fuels Association \(October 2007\)](#)**

"In all of 2006, 1 billion gallons of ethanol production capacity and 15 new plants came on-line in the U.S. But just since March of this year the industry has more than matched that - 1.2 billion gallons of production capacity and, again, another 15 new plants. The challenge before us is to find practical and cost effective ways to produce cellulosic ethanol from a whole variety of feedstocks. That is why the administration and the Department of Agriculture proposed \$1.6 billion in new spending on research and development in the area of renewable fuels as part of this year's Farm Bill debate.

**[USDA Global Conference on Agricultural Biofuels: Research and Economics \(August 2007\)](#)**

USDA organized an international conference on agricultural biofuels, which was widely attended. Presentations on science and technology, economic impacts and outlook panels, and international perspectives are available by clicking on the hyperlink above.

**[USDA, DOE announce \\$18 million solicitation for biomass research and development \(June 2007\)](#)**

The U.S. Department of Agriculture (USDA) and the U.S. Department of Energy (DOE) announced that a combined total of up to \$18 million will be available for research and development of biomass-based

products, biofuels, bioenergy and related processes. Projects will be funded in four categories: the development of technologies to convert cellulosic biomass into intermediaries for biobased fuels (45%); product diversification (30%); feedstock production (20%); and analysis for strategic guidance (5%). In this regard, USDA and DOE have jointly selected 11 projects for awards totaling \$8.3 million for biobased fuels research to accelerate the development of alternative fuel resources. These grants diversify the portfolio of research by looking into new ways to develop cordgrass, rice and switchgrass into renewable energy. Click on this link for more information: [Energy and Agriculture Depts. Provide \\$8.3 Million in Funding for Biofuels Research \(June 2007\)](#)

### [Biomass Program Multi-Year Program Plan](#)

In recognizing the importance of energy diversity, the DOE has published its Strategic Plan, which has a goal of protecting national and economic security by promoting a diverse supply and delivery of reliable, affordable and environmentally sound energy. As of August 27<sup>th</sup>, DOE had announced a funding opportunity, offering \$33.8 million in support of the development of enzymes that would convert cellulosic biomass into biofuels. By October 1<sup>st</sup>, DOE had invested approximately \$30 million in three Bioenergy Research Centers (see links listed at bottom).

### [Ground broken for first commercial cellulosic biomass plant in the U.S.](#)

Range Fuels biorefinery, one of the first U.S. commercial-scale cellulosic ethanol biorefiners had its groundbreaking ceremony in November. Range Fuels is one of six cellulosic biorefineries to be constructed with support from DOE. Production projections for these refineries exceed 130 million gallons of cellulosic ethanol per year.

## **2. Economic Studies**

### [The future of biofuels: a global perspective \(USDA/ Economic Research Service \(ERS\), November 2007\)](#)

Global biofuel production has tripled from 4.8 billion gallons in 2000 to about 16.0 billion in 2007, but still accounts for less than 3% of the global transportation fuel supply. The growth of the biofuel industry has led to a rise in global food and feed prices, ultimately affecting meat producers and consumers. The future of biofuels will be based in part on several factors, including the price of feedstocks, the productive use or sale of byproducts of the biofuel process, and technological advances and gains in efficiency.

### [Ethanol Expansion in the United States: How Will the Agricultural Sector Adjust?](#)

USDA's 2007 long-term projections puts ethanol production growth at more than 12 billion gallons by 2015. Although ethanol production has a relatively small role when compared to annual gasoline usage in the U.S., it is projected to account for a significant and growing share of corn use. This is forecast to hold true over the next 10 years. Crops such as corn and soybeans are expected to experience upward price pressure as a result, and exports and carryover stocks are expected to tighten.

**[Agriculture in upper plains plays major role in energy crops \(USDA/Economic Research Service \(ERS\), May 2007\)](#)**

Agriculture will arguably benefit from the growing demand for energy crops, fostering incentives for new research as well as supporting traditional crop prices. Economists are forecasting ethanol production at 60 billion gallons in 2030. It is also forecast that between 2010 and 2030 2.5 million new jobs in biofuels will be created, resulting in a \$360 billion industry in the U.S. Several challenges are outlined for the biofuels industry, including the building of up to 1,000 new plants and securing sufficient natural resources such as water.

**3. Background information**

○ **USDA/FAS and USDA/ERS Websites:**

USDA/FAS biofuels website: <http://www.fas.usda.gov/cmp/biofuels/biofuels.asp>

USDA/ERS bioenergy briefing room website: <http://www.ers.usda.gov/Briefing/Bioenergy/>

○ **DOE Articles:**

[DOE offers up to \\$33.8 million to support cellulosic biofuel processes \(August 2007\)](#)

[DOE invests \\$30 million to launch bioenergy research centers \(October 2007\)](#)

[Energy and Agriculture Depts. Provide \\$8.3 Million in Funding for Biofuels Research](#)

[DOE Biomass Project Website](#)

Fact sheets available on the DOE website cover topics such as feedstocks, sugar platform technology, thermochemical platform technology, integrated biorefineries, and Congressionally directed products.

○ **White House Website:**

[2007 State of the Union Policy Initiatives](#)

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