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Ethanol industry outlook: consolidation & better times ahead

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Don't be fooled by ethanol industry bankruptcies and the collapse in crude oil prices which triggered those bankruptcies says Matt Hartwig, Communications Director for the Renewable Fuels Association (RFA), the U.S. ethanol industry's trade association. He is convinced that "the opportunities presenting themselves as a result of the rapid evolution of this industry far exceed those challenges."

Despite continuing challenges including the recession and "outdated fuel regulations limiting ethanol blending," Hartwig says the challenges are bringing industry consolidation which "will likely be a positive for the industry." He adds that a major plus is the fact that "President Obama and his cabinet clearly understand the importance of renewable fuels to the nation's energy, economic and environmental future. They also understand the need to allow this industry to continue to innovate and bring next generation technologies to the marketplace."

Hartwig is also encouraged by the current congressional rush to pass the Recovery & Reinvestment legislation due to become law by mid February. He welcomes the bill's support for renewable fuels because "If you want to reduce our dependence on foreign oil and the climate changing emissions they cause, you have to change what Americans put in their gas tank. Renewable fuels are part of the solution."

Hartwig says a new University of Nebraska life-cycle assessment of ethanol's benefits provides "new and growing evidence that today's American ethanol industry is a critical tool to reducing greenhouse gas emissions and that further improvements aren't just possible, but happening as we speak. The innovations occurring both in renewable fuel technology as well as in farming practices and technologies are making corn-based ethanol and American agriculture an increasingly important part of the strategy to address global warming." (To read the University of Nebraska report on ethanol, click on: <http://www.agri-pulse.com/uploaded/20090127H.pdf>.)

"Next generation technologies are no longer five years away," Hartwig concludes. "Cellulosic biorefineries are putting steel and concrete in the ground today. And, despite the unprecedented drop in oil prices, the fundamental necessities of reducing our dependence on foreign oil remain."