



**Idaho Farm Bureau  
VOICE OF IDAHO AGRICULTURE**

By Frank Priestley, President  
For Release on Friday January 26, 2007

(208) 239-4292

## **Biofuel Dynamics and Rural Economies**

A group of scientists called CAST (Council for Agricultural Science and Technology) recently released a detailed research paper titled, "Convergence of Agriculture and Energy: Implications for Research and Policy," that takes a comprehensive look at how biofuel development will affect our economy and environment.

The paper, available at [www.cast-science.org](http://www.cast-science.org), discusses and provides exhaustive statistics on most implications of the booming biofuels industry. One of the more important sections for Idaho deals with the economic impacts on rural development. It was recently reported that two new ethanol plants with a combined 70 million gallon per year capacity are planned for construction in Cassia and Minidoka counties. The paper reports the economic impacts of each new ethanol plant includes millions of dollars invested in construction and annual operating costs of between \$59 million and \$112 million, depending on plant size and efficiency. In addition, skilled labor and professional jobs are created, expenses for energy procurement are significant, and state and local tax revenues are improved. "In fact, construction of an ethanol plant can revitalize a small rural community and become a cornerstone of its economy," the paper states.

Additional benefits to rural communities include higher average prices for local grain producers, increased service sector employment and sales of goods and services, and additional taxes generated.

Another section of the report, dealing with cellulosic ethanol production, also has important implications for Idaho. The report identifies several recommendations for additional research needs. Ensuring the economic and environmental sustainability of the corn-ethanol industry is a critical foundation to support development of a viable cellulosic ethanol industry. Cellulosic ethanol, made from byproducts like straw or switchgrass, is a major consideration in the development of the next Farm Bill. Eastern Idaho has been identified as one area with significant potential for cellulosic ethanol production because of the large concentration of acres of wheat and barley that yield straw as a byproduct. Currently straw is being used mostly as livestock bedding. Significant acres are also plowed under or burned.

Moving on in the areas identified for research needs, the research paper states that more information is needed in understanding ethanol's impact on U.S. food prices and on the livestock and poultry industries. Note that this is an area identified for research needs. A report released in January by the National Corn Growers Association titled "Concerns About High Corn Prices Unfounded" states rising demand for corn will not result in higher consumer food prices nor will it significantly increase corn prices for the livestock feeding sector. This report

states that U.S. corn growers are already ramping up corn production through continuous corn rotations and withdrawing land from the Conservation Reserve Program. The Corn Growers Association clearly believes it can meet the additional demand for this commodity. The corn grower study is available at <http://www.ncga.com/>.

Both of these studies shine light on the booming ethanol industry in our country. This information is exciting for rural Idaho and well worth looking into for anyone interested in the future of Idaho agriculture.