

**Remarks by United States Secretary of Agriculture  
Ed Schafer**

As Prepared for Delivery  
WIREC Opening Plenary Session  
Washington, D.C.  
March 4, 2008

Thank you, Paula, for that nice introduction. And thank you all for joining us here in Washington to discuss one of the most pressing issues of our time—renewable energy.

The fact that we have some of the world’s most best minds and most prominent leaders in renewable energy development all in one room is incredible.

At the beginning of this decade, I wonder if any of us would have believed it was possible.

Who knew then that the IndyCar Series would be racing their cars with 100 percent fuel-grade ethanol?

I don’t think I ever would have used the words “Dario Franchetti” and “biofuels” in the same sentence.

And in 2000, who could have predicted that Virgin Atlantic would fly a 747 from London to Amsterdam partly powered by biofuels?

And it would have sounded like science fiction to say we would one day be making bio-based products like hydraulic fluids, roof coatings, bedding, linens, and towels from corn, soybeans and other crops.

But that is where we are today. And as the United States Secretary of Agriculture, I’m very excited to be hosting this conference.

You see, this is the first global conference of this magnitude that recognizes agriculture's importance as a driver of renewable energy.

I'm glad agriculture has a seat at the table now, because agricultural and rural areas are the primary contributors to renewable energy.

Renewable energy presents a fantastic opportunity for agriculture. We're already seeing the benefits of renewables in the United States.

We're predicting that net cash farm income will reach \$96 billion this year, and we're seeing record prices for crops used in energy production like corn and soybeans.

Renewables have clearly boosted our farm economy and have spread positive effects across our broader economy as well.

Here in the U.S., we are fortunate to have a very diversified economy and agricultural production, though thriving, accounts for less than one percent of our gross domestic product, or GDP.

For other nations, agriculture has far greater economic importance.

In developing countries, agriculture accounts for an average of 11 percent of the GDP. In China, for instance, 12 percent of the GDP comes from agriculture. In India, that number is 14 percent.

In some countries, it's much higher. Madagascar's economy takes 30 percent of its total from agriculture. Ethiopia relies on agriculture for nearly half of its GDP.

So opening markets for agriculture and increasing rural opportunities are even more critical in these countries.

And the potential benefits are clear: more stable demand for energy crops drives up prices. Higher prices drive up farm income and farmland values. And it's the farmers and rural residents who stand to benefit.

Renewable energy also offers a completely different paradigm from the way energy distribution has worked in the past.

Instead of new technologies taking hold in urban centers first, and then slowly making their way out to the country—renewable energy gives rural areas the chance to hold the power—literally.

And renewable energy presents a wider array of opportunities to rural areas than simply growing crops.

There must be plants nearby to turn those feedstocks into fuels. That means jobs, investment, and income.

All of us know that natural resources are our greatest treasures.

But farmers—perhaps more than anyone—understand the importance of rich, fertile soil; clean water; and pristine air.

Theodore Roosevelt, our twenty-sixth president, was well-known for his commitment to preserving our environment.

He said it is a nation's responsibility to treat its natural resources, "as assets which it must turn over to the next generation increased, and not impaired, in value."

There is growing international recognition that the ways in which we used fossil fuels in the twentieth century are not sustainable long-term for our environment.

Renewable fuels provide a wonderful alternative to traditional fuels, and they represent a fantastic opportunity for agriculture, but they are not without environmental concerns.

We cannot simply declare ethanol to be the fuel of the future and start sowing all our fields with corn, sugar cane, and other potential feedstocks.

Developing a productive industry for renewables—while also meeting existing needs for agricultural products—will take careful planning, which is why this conference is so important.

We're here to assess the current situation, identify the challenges ahead, and plan the best path forward.

Certainly, creating a sustainable industry will mean different things for different countries.

In the United States, a viable renewables industry will require a number of conditions, and I think in some form or another, this will be true for all of the nations here.

First, renewables need to be economically sustainable. In the U.S., we are committed to free markets as drivers of economic growth.

If renewables cannot graduate from subsidy support, they will not be viable in the long-term for our nation.

So while we are committed to funding fledgling renewable technologies, it is also important to us to help them reach the point where they can stand on their own.

Similarly, they must be produced in a way that is safe for the environment and allows a variety of land uses.

For biofuels in particular, we need to balance the demand for renewable energy with the requirements of our food supply.

We need to be cognizant of the indirect relationship between rising food prices and greater demand for biofuels.

Lastly, for renewable energy to become a sustainable industry, we need social acceptance.

The United States has seen a surge of interest in “green” technologies, and I believe that as long as we implement responsible energy policies and don’t focus on short-term gains over long-term effects, social viability will only continue to increase.

As I said, these are the issues that will determine if renewable energy is sustainable in the U.S.

In other countries, different issues will present themselves. I hope this conference highlights aspects of long-term viability that you can apply to your own situation.

We believe the payoffs from renewable energy will be well worth the effort we must put in to build the industry.

Besides the environmental benefits, we’re also excited by the prospect of home-grown energy.

For the United States, reducing our imports of foreign oil benefits national security, and it benefits our economy. We consume a great deal of oil—more than 20 million barrels each day.

Redirecting that money to clean, renewable energy produced at home is an enticing possibility.

Assuming the price of a barrel of oil remains near \$100, displacing only 1 billion barrels of imported oil with biofuels could double the level of farm income from the \$96 billion we expect to see this year to nearly \$200 billion.

That would mean generating 42 billion gallons of renewable fuel a year instead of the 9 billion we expect to produce this year.

Right now, less than six percent of our energy comes from renewable sources. We must significantly increase that percentage to lessen our dependence on oil.

We are working aggressively towards that goal. At the end of 2007, President Bush signed an Energy Bill which sets ambitious new renewable fuel standards for the nation.

It calls for 36 billion gallons of renewable fuels production in 2022, just 15 years from now.

It's a lofty goal, but one that we can achieve with dedicated effort.

I know that many of the nations here have similar goals, whether or not they are signed policies.

To meet these benchmarks, I see a number of challenges ahead:

First off, we'll need to develop cellulosic ethanol to the point where it can be produced and marketed on a large-scale.

Second, we'll need research focused on enhancing productivity of energy crops.

USDA has made great strides in this area by helping develop drought-resistant, pest-resistant, and higher yielding corn breeds.

Third, we need to improve the conversion process of feedstocks to energy.

Our scientists are working on this issue now, and are collaborating with our university partners on a number of exciting projects to improve the fermentation process for ethanol.

Those are just the advances needed for biofuels. There are, of course, similar technological advances required in the fields of solar, hydro, geothermal, and wind energy.

The key to these improvements is research.

President Bush's budget proposal for this year reflects the high priority we must place on renewable energy research.

I'll let my fellow Cabinet members tell you about funding at other departments, but I'm very excited that the proposed budget for USDA contains an additional \$25 million for research on the modification of plant cell walls and crop residues ... and an additional \$19 million for research on bioenergy and biobased fuels.

And today, I'm pleased to announce that USDA is joining the Department of Energy in making \$18.4 million in grants for 21 biomass research and development projects.

We're very excited about these projects, which include research in how altered plant genetics can improve biofuel production, and how to develop solar-thermal chemical reactor systems to convert biomass to gas.

Research like this is exactly what is needed to help advance the renewable energy industry. And it brings us one step closer to having our farms fueling our cities, just as our fields feed our people.

I look forward to working towards that goal with all of you.

I hope that you enjoy this conference, and make the most of this unique opportunity.

Between now and Thursday, you'll have the chance to engage in discussions with your peers from around the world.

You can view the latest innovations in renewable energy on the trade show floor.

You can participate in official side events that cover a wide spectrum of topics in renewable energy.

And hopefully you will come away from this with a clearer idea of how to implement your own renewable energy goals.

When the United States stepped forward to host WIREC 2008, we wanted to ensure it would be a conference that was about action and not just words.

That's why we made two of the key takeaways from this event the best practices information tool and the Washington International Action Program, which will be a collection of pledges from WIREC participants to scale up renewable energy.

To that end, we'll be collecting pledges to from all participants over the next few days.

If you have not already done so, I encourage you to offer a meaningful pledge to increase renewable energy use or production.

Thank you for being here, and thank you for your time today.

###