

COMMENTS SUBMITTED BY: TODD C. SNELLER,
ADMINISTRATOR, NEBRASKA ETHANOL BOARD

BACKGROUND

The Nebraska Ethanol Board is a state agency established in 1971 by Nebraska statute. The board is directed to assist the private sector in establishing ethanol production facilities; promote air quality improvement programs; establish marketing procedures for ethanol based fuels; and sponsor research related to the use of ethanol fuels.

In 1988 the board entered into an agreement for research and development of ethanol based ethers and fuels containing combinations of alcohol/ether mixtures. Partnership in this effort was with American Eagle Fuels (AEF), a private corporation. The board and AEF expended more than \$2 million to develop a small commercial scale facility capable of producing ethyl tertiary butyl ether (ETBE). ETBE was produced at the facility near Lincoln, Nebraska and small quantities of the product were sold in Japan, Europe and the United States for experimental purposes. At the same time, the board engaged in an extensive cooperative testing program with Sun Refining Company and other parties to examine the properties of ethanol/ether combinations. This work was intended to form the basis for an application to the U.S. EPA that would seek approval for higher concentrations of ethanol/ether mixtures to be blended in gasoline for commercial sale.

The board's investment in research and development of ETBE was based on the expectation that ethanol and ETBE would play a significant role in oxygenated and reformulated fuel programs required under the Clean Air Act Amendments of 1990. Discussions during debate on CAA amendments, and recorded floor debate in the Senate, clearly reflect the expectation that ethanol and ETBE use would increase significantly as a result of the oxygenate requirements included among the 1990 amendments to the Act.

IMPACT OF MTBE

Despite expectations that ethanol and ETBE would capture a significant share of the oxygenated fuel market, experience in the marketplace differed significantly from early expectations. In one of the first oxygenated fuel markets, the Colorado Front Range, the oxygenate most often used at the outset of the Colorado program was MTBE. In the initial years of the program, MTBE use constituted as much as 95% of the oxygenated fuel sold during the carbon monoxide abatement program. This occurred despite the fact that ethanol could easily be transported by rail and truck from Nebraska and other locations at rates competitive with gasoline. In other oxygenated fuel program areas in the Midwest, such as Milwaukee, MTBE quickly captured the market for oxygenated gasoline despite the proximity of such areas to large ethanol production facilities. In oxygenated fuel program areas outside the Midwest, the aggressive marketing of low priced MTBE allowed virtual market control. Price was clearly a key and MTBE was available at rates equal to or below the cost of gasoline.

The experience in reformulated gasoline market areas was similar to the carbon monoxide abatement program. A review of U.S. EPA market surveys of RFG areas for 1995-97 clearly illustrates the trend toward MTBE. Early surveys show modest use of ethanol in a few metropolitan areas and nominal use of ETBE in fewer areas. However, the data show a clear trend toward MTBE use following the first year of the federal RFG program. The trend generally continues, with few exceptions, in 1999.

The technical attributes of ETBE are well documented. Compared to MTBE, ETBE is

superior in virtually all areas except price. ETBE, in the opinion of many refiners and auto makers, is the perfect oxygenate because "it acts like gasoline". Octane and distillation properties, low vapor pressure characteristics, and ability to reduce aromatic and sulfur levels while maintaining other performance qualities of gasoline make ETBE an excellent component for cleaner burning gasoline. However, economics in the highly competitive world of petroleum refining and marketing is the key criteria in most oxygenate purchasing transactions. MTBE has a distinct advantage in pricing due, in large part, to the low cost of methanol.

Methanol and MTBE are global commodities and as such respond to pricing strategies of the largest producers of these products. The public announcement of King Fahd's 1992 royal decree was clearly a confirmation that a significant incentive was being instituted in the pricing of methanol and related components of MTBE. This incentive has been calculated to provide raw material price discounts at levels thirty percent below world prices. The impact of this decree has been apparent over the past seven years. MTBE production from Saudi Arabian plants has increased rapidly and steadily, to nearly 100,000 barrels per day according to published reports. That volume constitutes nearly half of total U.S. MTBE demand. Due to this low cost, made possible by the Saudi Arabian subsidy, a significant volume of the MTBE used in the U.S. today is imported directly or indirectly from plants in Saudi Arabia. As a result, ETBE cannot possibly be competitive with this product on a cost basis, despite the obvious technical advantages of ETBE. In addition, domestic MTBE producers are keenly aware of this pricing differential and the adverse impact it has on domestic supply and price.

CONCLUSION

The result of the Saudi Arabian subsidy is clear. Domestic ethanol and MTBE producers are disadvantaged and oxygenates from domestic production facilities are often displaced by low cost MTBE imports from Saudi Arabia. The intent of Congress has been thwarted by imported MTBE use in the oxygenate programs which were intended to stimulate a domestic industry. U.S. grain producers who were told of the predictions for increased corn and grain sorghum use via ethanol and ETBE plants have not seen that domestic market materialize in the substantial way predicted in 1990. The U.S. balance of trade, already reeling from a high level of imported petroleum products, is further exacerbated by increased imports of MTBE from off shore plants. Oxygenate pricing, pegged to the lower cost MTBE imports from Saudi Arabia, reduces revenue and return on investment of domestic oxygenate producers, thereby discouraging investment in new or expanded plants in the United States. As a result, the oxygenated fuel provisions of the Clean Air Act are not generating domestic economic benefits to the extent possible. The mechanism generating these adverse impacts, instituted following the 1992 royal decree, must be removed or offset to protect domestic economic interests.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, April 21, 1999, the federal debt stood at \$5,630,289,872,162.63 (Five trillion, six hundred thirty billion, two hundred eighty-nine million, eight hundred seventy-two thousand, one hundred sixty-two dollars and sixty-three cents).

One year ago, April 21, 1998, the federal debt stood at \$5,518,978,000,000 (Five trillion, five hundred eighteen billion, nine hundred seventy-eight million).

Five years ago, April 21, 1994, the federal debt stood at \$4,555,161,000,000 (Four trillion, five hundred fifty-five billion, one hundred sixty-one million).

Ten years ago, April 21, 1989, the federal debt stood at \$2,754,358,000,000 (Two trillion, seven hundred fifty-four billion, three hundred fifty-eight million) which reflects a doubling of the debt—an increase of almost \$3 trillion—\$2,875,931,872,162.63 (Two trillion, eight hundred seventy-five billion, nine hundred thirty-one million, eight hundred seventy-two thousand, one hundred sixty-two dollars and sixty-three cents) during the past 10 years.

COMMEMORATION OF THE ARMENIAN GENOCIDE

Mr. REED. Mr. President, I rise to commemorate the 84th anniversary of the Armenian Genocide.

This weekend, members of Armenian communities around the world will gather together to remember the spring morning of April 24, 1915, when the Ottoman Empire and the successor Turkish nationalist regime began a brutal policy of deportation and murder. Over the next eight years, 1.5 million Armenians would be massacred at the hands of the Turks and another 500,000 would have their property confiscated and be driven from their homeland.

Despite having already undergone such terrible persecution and hardship, the people of the Armenian Republic still suffer today. The peace talks have regrettably made little progress toward the resolution of the Karabagh conflict. Turkey continues to blockade humanitarian aid to Armenia.

However, the Armenian people look hopefully to the future. Their quest for peace and democracy continues to inspire people around the world. On May 30th, Armenia will again hold democratic elections. Armenians who have emigrated to other countries, especially those in my home state of Rhode Island, bring their traditions with them. They enrich the culture and contribute much to the society of their new homelands.

Although each year's commemoration of the Armenian genocide is important, I believe this year's observance is particularly significant—because of the crisis in Kosovo. Each night the television shows images of hundreds of thousands of refugees forced from their homes and each morning the paper is filled with stories of innocent civilians robbed and killed. These stories and images are heartwrenching—but the people of Kosovo have not been abandoned. The nineteen nations of NATO are united in their resolve that another genocide will not be tolerated.

One of the reasons the world could not stand idly by watching events unfold in the Balkans is because of commemorations like the observance of the Armenian Genocide. We must stand as witnesses to protect those who are persecuted because they are different. We must remain vigilant as long as hate and intolerance exist in our world.

Menk panav chenk mornar. Thank you, Mr. President.

COMMEMORATION OF THE ARMENIAN GENOCIDE

Mrs. BOXER. Mr. President, each year on April 24 many of us in Congress pause to remember the tragedy of the Armenian Genocide. On that date in 1915, more than 200 Armenian religious, political and intellectual leaders were arrested in Constantinople—now Istanbul—and killed, marking the beginning of an organized campaign to eliminate the Armenian presence from the Ottoman Empire. This brutal campaign would result in the massacre of a million and a half Armenian men, women and children.

Thousands of Armenians were subjected to torture, deportation, slavery and murder. More than 500,000 were removed from their homes and sent on forced death marches through the deserts of Syria. This dark time is among the saddest chapters in the history of man.

But Armenians are strong people and their dream of freedom did not die. More than seventy years after the genocide, the new Republic of Armenia was born as the Soviet Union crumbled. Today, we pay tribute to the courage and strength of a people who would not know defeat.

Yet, independence has not meant an end to their struggle. There are still those who question the reality of the Armenian slaughter. There are those who have failed to recognize its very existence. We must not allow the horror of the Armenian genocide to be either diminished or denied.

Genocide is the worst of all crimes against humanity. As indications of genocide arise in Kosovo, it is especially important to remember those who lost their lives in the first genocide of this century. We must never forget the victims of the Armenian Genocide.

HONORING CARL LINDNER

Mr. DEWINE. Mr. President, I rise today to salute a truly great American on the occasion of his eightieth birthday. Carl Lindner is an important figure in the history of American business—he is also a good man and a dear friend.

The Carl Lindner story is a genuine, old-fashioned American success story. He came from a modest background. He started out delivering milk—and ended up owning an ice cream company. And many other companies besides!

He was born in Dayton, Ohio, on April 22, 1919. He grew up in the small

town of Norwood, in Hamilton County. And he brought the values he learned there to the creation of a huge business empire—United Dairy Farmers, American Financial Corporation, Chiquita Brands, Penn Central Corporation, Great American Communications Company.

And throughout all of this, Carl Lindner remains today a kind, unassuming family man—with the values of a businessman beloved by his friends in a small town. A man who cares about others—and about the welfare of his whole community.

It has been said that just about everybody who grows up in southwest Ohio spends at least some time working for one of Carl Lindner's companies. He is certainly one of the key employers in the entire Tristate area, if not the country.

But he doesn't just help people by employing them. He is also one of the most generous philanthropists in America. He is a quiet man with a heart of gold—and he works tirelessly to improve the health and education of the people of Ohio, our nation, and the whole world.

Mr. President, America gave Carl Lindner the opportunity to work hard and achieve a great deal. And he has given a lot back to this country. His most important contribution—is his example. He proves that the most important thing in a man's life is not how much money he makes, but what he does for people.

He is not a man who clamors for attention; this week, he is in the headlines because of his purchase of the Cincinnati Reds. But the real Carl Lindner—the one I know—is a man whose most important priority is helping people.

To Carl Lindner, on his eightieth birthday, the people of Ohio say congratulations, and a deep and heartfelt thank you from all of us whose lives you have touched!

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 12:10 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 531. An act to authorize the President to award a gold medal on behalf of the Congress to Rosa Parks in recognition of her contributions to the Nation.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

At 2:15 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 999. An act to amend the Federal Water Pollution Control Act to improve quality of coastal recreation waters, and for other purposes.

H.R. 1184. An act to authorize appropriations for carrying out the Earthquake Hazards Reductions Act of 1977 for fiscal years 2000 and 2001, and for other purposes.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 1141) making emergency supplemental appropriations for the fiscal year ending September 30, 1999, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. YOUNG of Florida, Mr. REGULA, Mr. LEWIS of California, Mr. PORTER, Mr. ROGERS, Mr. SKEEN, Mr. WOLF, Mr. KOLBE, Mr. PACKARD, Mr. CALLAHAN, Mr. WALSH, Mr. TAYLOR of North Carolina, Mr. HOBSON, Mr. OBEY, Mr. MURTHA, Mr. DICKS, Mr. SABO, Mr. HOYER, Mr. MOLLOAHN, Ms. KAPTUR, Ms. PELOSI, Mr. SERRANO, AND Mr. PASTOR as the managers of the conference on the part of the House.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 999. An act to amend the Federal Water Pollution Control Act to improve quality of coastal recreation waters, and for other purposes; to the Committee on Environment and Public Works.

H.R. 1184. An act to authorize appropriations for carrying out the Earthquake Hazards Reductions Act of 1977 for fiscal years 2000 and 2001, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2672. A communication from the Director, Torts Branch, Civil Division, Department of Justice, transmitting, pursuant to law, the report of a rule entitled "Radiation Exposure Compensation Act: Evidentiary Requirements; Definitions, and Number of Times Claims May Be Filed" (RIN 1105-AA49), received on April 15, 1999, to the Committee on the Judiciary.

EC-2673. A communication from the Secretary of the Interior, transmitting, pursuant to law, the report of a detailed boundary map for a 39-mile segment of the Missouri