

Mr. REID. I ask unanimous consent that the Senator from Nebraska be recognized for 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska.

#### RENEWABLE FUELS STANDARD

Mr. NELSON. Mr. President, perhaps no issue related to the energy debate in the Senate has suffered more as a result of misinformation than the renewable fuels standard agreement. This historic agreement was arrived at after years of careful and considerate negotiation from all sectors of interest; environmentalists, farmers, oil industry representatives, and politicians included.

Simply stated, it directs the gradual increased production and integration of ethanol and other biofuels—renewable fuel sources—into the U.S. fuel supply. The increase in available alternative fuels such as ethanol and biodiesel are sure to result in a cleaner environment, an ease on supply, and a reduction on the U.S. dependence on foreign oil—a national security imperative.

Opponents of the renewable fuels standard have raised the specter of an increase in gas prices as a result of increased ethanol production. Some claim that motorists could pay as much as 4 to 9 cents extra per gallon. However, in parts of the Nation where ethanol constitutes a significant share of the market, over the past 10 years, there has been essentially no difference in price between ethanol and nonethanol gasoline.

According to a consulting firm working for the Oxygenated Fuels Association, whose members produce and market MTBE, 70 percent of which is imported—the defeat of the RFS will keep the MTBE market alive—it is 4 to 9.75 cents per gallon. According to the Department of Energy's Energy Information Administration it is 5 to less than 1 cent per gallon. The marketplace reality is: 20 years' experience in Nebraska—\$.01 less than ethanol-free gasoline at the pump; 10 years' experience in Minnesota—\$.08 less than gasoline at the wholesale level; 1.5 years' experience in California—no essential difference to the public; and 10 years' experience nationwide—no essential difference to the public.

The question is which numbers do you believe. Furthermore, the availability of ethanol blends has been shown to drive down the price of all gasoline as a result of market forces.

Another false argument against ethanol's we've heard is that producing ethanol consumes nearly as much non-renewable oil as the ethanol replaces. The latest U.S. Department of Agriculture report demonstrates that ethanol production has a positive energy balance of 1:1.34 and only 17 percent of that energy comes from fossil oil. The bulk of the energy used in fertilizing the crops and to power ethanol produc-

tion plants comes from natural gas or coal. Additionally, with farmers using more ethanol and biodiesel in their vehicles, and the advance of biorefineries using cellulosic biomass including agricultural and forestry crops and residues, as well as other biomass and animal waste with disposal problems, the use of fossil fuels to produce biofuels could approach zero.

Where opponents really miss the point is in their failure to recognize the threat posed to America's national, energy, and economic security by our dangerous dependence on oil imports. In 1999, America was importing over 55 percent of its oil and petroleum products. Just 2 years later, our dependency increased to over 59 percent—and part of those supplies are in jeopardy because of the unpredictability of Saddam Hussein and political instability in other oil-producing nations.

Failure to provide an adequate market for ethanol is a major factor in preventing the emergence of biofuels made from cellulosic biomass. The renewable fuels standard is critical to advance biorefinery technology that will produce urgently needed refined, domestic, renewable, and clean burning biofuels. The biorefineries, very small compared to oil refineries, will be well disbursed throughout the country and much less prone to terrorists' attacks.

Opponents wail about a monopoly in the ethanol industry and that only a small group of producers will benefit from the renewable fuels standard. This is inaccurate on two fronts.

Essentially all the ethanol and biodiesel plants under construction and in planning phases are smaller plants owned by cooperatives and community enterprises. More importantly, the RFS will provide the impetus to launch the construction of biorefineries across the Nation.

Some perceive the RFS as a targeted massive Federal Government subsidy to benefit only farm belt States. In fact, the renewable fuels standard will encourage technology advancements that could be located and employed in any region of the United States, not just the "corn states." It will enhance the Nation's economy, surely in agriculture-based economies, but also through support industries, new jobs, research and development, and opening new markets for agriculture products.

This may displays existing ethanol plants, plants under construction and ethanol, biodiesel, and other biofuels plants under consideration. As you can see, with the renewable fuels standard, biorefineries will soon be operating in most State of the Nation.

There is no question that the renewable fuels standard will reduce our dependence on foreign oil. It will slow the deterioration of the environment through the reduction of fossil fuel emission and spills, enhance national, energy and economic security, create a new industrial base with tens of thousands of new, high quality jobs, and strengthen homeland security by pro-

viding hundreds, perhaps thousands, of community-oriented biorefineries producing biofuels, biochemicals, and bioelectricity.

There are those who believe that ethanol's current tax incentives are sufficient, and obviate the need for the renewable fuels standard calling for an expanding market for biofuels. For the past 10 years the price of ethanol was generally below the price of 87 octane at both the wholesale and the retail levels. At current capacity, there is a surplus of ethanol driving wholesale price of ethanol well below the wholesale price of gasoline.

On April 11 of this year, the wholesale price of gasoline in New York was 84 cents while the national average cost of wholesale ethanol was 55 cents. If ethanol was available in New York City gasoline today, the price to the consumer should be considerably less than ethanol-free gasoline. I say should because the ethanol industry is always at the pricing mercy of the gasoline marketers. Routinely, the octane value of the ethanol accrues to the gasoline industry not to the ethanol producers. Again, historically, the availability of ethanol in the marketplace drives down the cost of all gasoline because of market forces.

According to the Society of Independent Gasoline Marketers of America,

The federal benefits afforded ethanol-blended fuels have been an important, pro-competitive influence on the nation's gasoline markets. By enhancing the ability of independent marketers to price compete with their integrated oil company competitors, this program has increased independent marketers' economic viability and reduced consumers' costs of gasoline.

Then there is the issue of the overall cost of the ethanol industry. Opponents claim that the cost of the program exceeds the benefits. This is refuted by a recent study: the Economic Analysis of Legislation for a Renewable Fuels Requirement for Highway Motor Fuels, conducted by AUS Consultants.

It will displace 1.6 billion barrels of oil over the next decade; reduce our trade deficit by \$34.1 billion; increase new investment in rural communities by more than \$5.3 billion; boost the demand for feed grains and soybeans by more than 1.5 billion bushels over the next decade; create more than 214,000 new jobs throughout the U.S. economy; and expand household income by an additional \$51.7 billion over the next decade.

The RFS in this bill represents a continuation of sound public policy supporting the biofuels industry that has brought benefits to the Nation over the past quarter a century.

Two States are showing us the way—Minnesota and Nebraska. We can also look to the major advances being made in Europe and Brazil.

I am unabashedly proud of what my home State has accomplished. The formation of the National Governors' Ethanol Coalition was one of the important steps. Nebraska and several other Midwestern States created this coalition that now consists of 26 States and one U.S. territory, as well as Brazil, Canada, Mexico, and Sweden. Since its formation in 1991, the Governors' Ethanol Coalition has worked to expand national and international markets for biofuels. American firms are working with India, Thailand, Colombia, and other countries to help them establish biofuels industries.

Within the State of Nebraska, during the period from 1991–2001, seven ethanol plants were constructed and several of these facilities were expanded more than once during the decade. Specific benefits of the ethanol program in Nebraska include:

\$1.15 billion in new capital investment in ethanol processing plants.

1,005 permanent jobs at the ethanol facilities and 5,115 induced jobs directly related to plant construction, operation, and maintenance. Average salaries at the ethanol processing facilities range from \$38,000–\$56,000 depending on geographic location. The permanent jobs generate an annual payroll of \$44 million.

More than 210 million bushels of corn and grain sorghum is processed at the plants annually. Economists at Purdue University and the USDA estimate that the price of corn increases from 9.9 cents–10 cents per bushel for every 100 million bushels of new demand. Local price basis increases in Nebraska range from 5–15 cents.

The trend of marketing wet distillers grains for cattle feeding generates at least \$41 million in increased economic activity annually according to a 1999 report by the University of Nebraska. Of the \$41 million increase, 85 percent accrues to cattle feeders in the form of reduced costs and increased gains, and 15 percent accrues to the plants.

Local tax bases are more diversified in areas where plants are located. Several smaller communities have experienced increases in housing construction and new business start-ups associated with services related to plant operations.

Jobs among the skilled trades have increased. Pipe fitters, steamfitters, steel workers, and construction engineering trades are involved in plant construction.

Value is added to grain processed at ethanol plants. Today, a \$2.00 bushel of corn is processed into products worth at least \$5.00. Gasoline purchased from refineries outside Nebraska is displaced by ethanol produced in the State, thereby retaining energy dollars in the local economy.

These economic benefits have increased each year during the past decade due to plant expansion, employment increases, and additional capital investment.

If each State followed the Minnesota and Nebraska models, which are dif-

ferent in several respects, and produced 10 percent of its own domestic, renewable fuels, America will have turned the corner and that noose of oil-import dependency and climate change will begin to loosen.

I know there is doubt among my colleagues from States without farm crops about the ability to provide the needed starch, sugar, or oil seed crops to produce biofuels and other biorefinery products. There are more than adequate supplies of cellulosic biomass in each State to meet the 10 percent goal: agricultural and forestry crops and residues; rights-of-way, parks, yard and garden trimmings; and the clean portion of the biomass fraction of our municipal waste.

A major resource commitment is needed in this country to ensure that, 10 years from now, we have established the commercial technology base to produce many billions of gallons per year of renewable fuels, in dispersed and decentralized installations around the nation. The feedstocks must be diversified with the end uses ranging from gasoline to diesel to aviation fuels. We also need to quantify the "externality costs" of our current imported oil dependence, in order to ensure we are not paying those costs 10 years from now.

Over the past few days, we have learned that we cannot drill our way out of our dangerous oil dependency. We have decided to support a renewable energy portfolio standard that will increase our use of renewable resources like solar, wind, geothermal, hydro, and biomass to produce electricity.

We sue very little oil to produce electricity. We use oil to power our transportation sector. That is where we are most vulnerable.

The renewable fuels standard is absolutely necessary in order to expand the biofuels industry into the use of cellulosic biomass, which is in great abundance throughout the United States.

The PRESIDING OFFICER. The Senator from Nevada.

#### ORDER OF PROCEDURE

Mr. REID. Mr. President, Senator MURKOWSKI is present. As I indicated, he was obligated to attend a funeral this afternoon. We have a unanimous consent request we would like to offer. I want to make sure it is cleared on the other side. Until we get that done, what I ask is Senator STABENOW be recognized as in morning business for 10 minutes, and then the Senator from Missouri, Mrs. CARNAHAN, be recognized as in morning business for 6 minutes. Then we will proceed to offering the unanimous consent agreement with Senator MURKOWSKI.

As I indicated earlier, what we will do is ask that there be 60 minutes equally divided and a vote, so there will be a vote at about 5:15 today.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Michigan.

#### PRESCRIPTION DRUG COSTS

Ms. STABENOW. Mr. President, I appreciate the opportunity to speak to my colleagues today about an incredibly important issue, and that is the question of the rising costs of health care, particularly as it relates to the cost of prescription drugs. I think the headline in this week's Washington Post column by David Broder said it all: Our health care system is in a "death cycle."

The greatest country in the world, the most extensive health care system in the world, most sophisticated system, and we have a respected columnist saying it is in a death cycle. I suggest one of the major reasons for this is the uncontrollable cost of prescription drugs in this country.

There is something wrong when we are involved as taxpayers, as Americans, in funding research for prescription drugs—which I support—providing tax credits for research and development for the companies to be able to do incredibly important, lifesaving research. Yet we in the United States of America pay the highest prices of anyone in the world. That is not an exaggeration—higher than anyone in the world.

If you are uninsured—and particularly for our seniors who may use 18 different medications in a year; that is the average—if you are uninsured, if you are someone walking in and paying retail, you pay the most of anyone anywhere in the United States and the world.

This is extremely troubling. We are not talking about buying something that is optional; we are talking about lifesaving medications. Whether I am talking to my hospital administrators or the Big Three auto companies or small businesses or senior citizens or a family with a disabled child or anyone who is involved in purchasing prescription drugs, I hear the same thing over and over: We have a system that is broken. It is broken. We have to fix it.

I am here today asking my colleagues on the other side of the aisle to join with us in that sense of urgency about fixing this problem.

Whenever we talk about costs, we hear from the companies that in order to lower costs we will lose valuable research. None of us wants to lose research. We support that. We support funding research. We will do that again this year. But the facts do not show us that we have to suffer and lose research in order to lower costs.

We know that among the largest companies, on average, they spend twice as much on advertising and promotion as they do on research. We also know in an average year there will be about 88,000 people working to promote and to advertise prescription drugs and on average 48,000 people involved in research. There are 88,000 people involved in promoting and advertising, 48,000 involved in research.

I think every American knows, just by turning on the television set, that