



Biodiesel and Energy Security

United States oil consumption continues to rise. According to the Energy Information Administration (EIA), the United States spends about \$475,000 a minute on foreign oil – a staggering number when you stop to think about it. The annual total spent on crude oil imports is approximately \$250 billion. The U.S. uses approximately 20 million barrels of oil a day (that’s about 3 gallons a day for every person in the country), more than half of which is imported. By 2025, demand is expected to rise to 26 million barrels a day – about 60 percent of which will be imported.

Continued dependence on Mideast oil. In his State of the Union Address in 2006, President Bush said “America is addicted to oil...from unstable parts of world.” His Advanced Energy Initiative calls for replacing 75% of oil imports from the Middle East by 2025. To illustrate the relevance of a biodiesel blend strategy, consider this:

Of the amount of crude oil America imports from Iraq, 1.85 billion gallons are produced into diesel fuel. If 5% biodiesel were added to all of the 37 billion gallons of on-road diesel in the U.S., it would displace 1.85 billion gallons.

In addition, China’s rising oil demand and imports have made it a significant factor in world oil markets. China is second only to the U.S. in consumption, surpassing Japan for the first time in 2003. China is also becoming increasingly dependent on imported oil. Consumption reached 6.5 million barrels of oil a day in 2004 – of which 2.9 million barrels a day are imported.

Transportation sector ranks first in consumption. Roughly 67 percent of all U.S. oil consumption is in the transportation sector. About 37 billion gallons of on-road diesel are used each year in the U.S. According to the EIA, reducing demand for oil in the transportation sector will have to be the central component in any serious effort to reduce the overall demand for oil.

Biodiesel is part of the solution. There is an alternative: a way to decrease this country’s dangerous dependence on foreign oil while boosting the U.S. economy and protecting the environment. American-made fuels such as biodiesel and ethanol are gaining momentum in the U.S. Government and private fleets are increasingly turning to biodiesel, making it the fastest growing alternative fuel in America. Annual biodiesel production reached 75 million gallons in 2005 – three times the 25 million gallons produced just one year earlier.

Biodiesel’s Energy Balance is 3.2-1. A U.S. Department of Energy and U.S. Department of Agriculture full lifecycle emissions study found that for every unit of fossil energy needed to make biodiesel 3.2 units of energy are gained. In contrast, society uses 1.2 units of fossil resources to produce 1 unit of petroleum diesel. This means every gallon of biodiesel we use has the potential to displace four gallons of imported petroleum.

Tax incentive expected to further boost biodiesel demand. The biodiesel tax incentive, which went into effect January 1, 2005, is helping to drive biodiesel demand.

Given these facts, and the growing uncertainty surrounding U.S. oil imports, biodiesel and other American-made fuels have an important role to play in strengthening our nation's energy security. They can not only help stretch existing petroleum supplies, they can help free the U.S. from the hold of imported oil.