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• International alliances with Brazil, Canada, Mexico and Sweden •

December 31, 2002

The Honorable Bill Frist
United States Senate
Washington, D.C. 20510

The Honorable Tom Daschle
United States Senate
Washington, D.C. 20510

The Honorable Pete Domenici
United States Senate
Washington, D.C. 20510

The Honorable Jeff Bingaman
United States Senate
Washington, D.C. 20510

The Honorable Dennis Hastert
United States House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
United States House of Representatives
Washington, D.C. 20515

The Honorable Billy Tauzin
United States House of Representatives
Washington, D.C. 20515

The Honorable John Dingell
United States House of Representatives
Washington, D.C. 20515

Dear Members of Congress:

After nearly a year of debate, Congress decided to take no action on the energy bill last month. This was indeed a disappointing outcome to several years of work by members of the Governors' Ethanol Coalition and other non-member Governors who worked to craft solutions to move the nation away from its dependence on imported petroleum-based transportation fuels and toward the use of more renewable fuels.

A remarkable partnership of Congressional members, Governors and other interested parties created a landmark fuels agreement. The agreement phases out MTBE from the nation's gasoline supplies, eliminates the oxygen requirement from reformulated gasoline, and creates a renewable fuels standard that will nearly triple the use of domestically produced renewable fuels over the next ten years. All provisions in this agreement were overwhelmingly approved by the Senate and became an important component of H.R. 4, the *Energy Policy Act of 2002*.

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The impact of inaction will be significant. The nation's agricultural community — and the ethanol industry that it supports — will enter another era of market uncertainty that diminishes the value of its products. MTBE, which has now been declared a defective product, will continue to pollute the nation's water supplies. And regional fuel formulas will continue to proliferate, making boutique fuels more prevalent and increasing the likelihood of fuel shortages and price spikes.

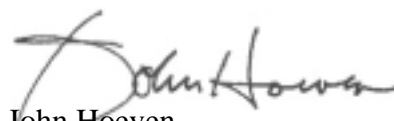
These issues can be averted if Congress passes an energy bill early next year. While we understand that resolving several other issues related to energy legislation remain difficult, this particular solution to the MTBE problem that relaxes the oxygen standard while establishing a new ethanol market is supported by an overwhelming majority of Congress.

We deeply appreciate Congressional support for the renewable fuels standard and respectfully request that its passage remain a top priority for Congress in 2003.

Sincerely,



Bob Holden
Governor of Missouri
Chair



John Hoeven
Governor of North Dakota
Vice Chair



Mike Johanns
Governor of Nebraska
Past Chair