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PRESS RELEASE

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Minnesota Poised to Benefit from Bioindustrial Economy, New Report

Smart Policy Decisions Critical for Growth in Energy, Fuel and Refining Sectors

Minneapolis - Rural Minnesota is well positioned for substantial gains from a growing bioindustrial economy based on the production of energy and products using plant matter, according to a new report by the Institute for Agriculture and Trade Policy. The report emphasized the important role of state policymakers in creating a competitive advantage for Minnesota in this rapidly growing sector.

Currently, the bioindustrial industry is dominated by corn-based ethanol production. But major technological advances in the industry are reducing the costs and expanding the variety of crops used. The primary bio-based sectors are energy (fuel, electricity and heat production); bio-refining (plant matter processed to derive basic ingredients and nutrients); and bio-based materials and products (items made utilizing plant materials). The report concluded that Minnesota has a number of natural advantages for growth in these sectors, including a favorable climate, significant soil and water resources, a strong agricultural and transportation infrastructure and skilled and educated workforce.

The report, *Cultivating a New Rural Economy: Assessing the Potential of Minnesota's Bioindustrial Sector*, by Jim Kleinschmit and Mark Muller, can be viewed at www.iatp.org. It found that several drivers were providing momentum for the bioindustrial economy, including the rising costs and environmental concerns of fossil fuels; technological improvements of bio-based processes that improve performance and production; and the potential for economic opportunities for farmers and rural communities. .

“Technological advances will allow Minnesota farmers to not only keep people fed, but also to provide their electricity, fuel their automobiles, construct their homes, and clothe their bodies,” said Kleinschmit. “Smart choices by Minnesota policy-makers can give our state a competitive advantage as this new economic sector grows.”

The report identified several barriers to an expanding bioindustrial market including: an uneven playing field between hydrocarbon and bio-based products; lack of research on specific bio-based products and their associated benefits and costs; and inadequate state and federal incentive programs to support the bio-based sector in Minnesota and around the country.

Minnesota's rural communities are desperate for investment. Poverty rates in rural farm counties are 30 percent higher than in metropolitan counties, and rural counties' average per capita incomes are only 66 percent of those in urban counties.

The report profiles several successful case studies in the Minnesota bioindustrial market including: Faribault Mills, which produces blankets that include a fiber made from corn; Koda Power which will generate heat and electricity from malting by-products and other biomass materials; Biorefining Inc., which has developed innovative processes to enhance ethanol production and extract marketable pharmaceutical, nutraceutical and functional foods from crop and plant material; Environ Biocomposites, which produces high quality composite boards from wheat straw, soy and sunflower seed shells and recycled newspapers; and Aveda Corporation, a cosmetics company that focuses on plant-based materials for its products.

The report made several recommendations to policy-makers including the need to:

- Evaluate the true costs and benefits of both hydrocarbon and bio-based products;
- Quantify the impact that the bio-based sector will have on the economy, environment and rural communities;
- Increase public investment in research on bio-based products and bioenergy;
- Increase market access for the bio-based sector through preferred government procurement programs and portfolio standards;
- Support a Minnesota incentive program that backs locally-controlled bio-based initiatives.

The full report can be read at: www.iatp.org.

The Institute for Agriculture and Trade Policy works globally to promote resilient family farms, communities and ecosystems through research and education, science and technology, and advocacy.