

Loan guarantees to finance 15 fuel alcohol plants

WASHINGTON, D.C. — Federal financial guarantees have been approved for 15 new plants in 14 states to help launch the United States on a substantial program for fuel alcohol production, Secretary of Agriculture Bob Bergland said last Friday.

"These projects," Bergland said, "will produce more than half of the national production goal set by President Carter in his message of Jan. 11, 1980. At that time, the President set a goal of 500 million gallons of alcohol and methane production by the end of 1981 as a supplement and alternative to petroleum fuels."

Bergland said \$341.6 million of loans by banks and other private financial institutions will be guaranteed by the Farmers Home Administration for building of plants to produce an estimated 246 million gallons of ethanol per year.

FmHA, the rural credit agency of the U.S. Department of Agriculture, will guarantee the loans under its authority to support business and industrial development in rural areas, said Bergland.

The agency previously has approved \$36,209,470 of loan guarantees for 14 other plants with ethanol production capacity totaling approximately 18 million gallons per year.

"The projects announced

today," Bergland said, "combined with those previously approved, far exceed the \$100 million goal set when the USDA agency opened its rural business and industrial program to fuel alcohol plant projects last January. Projects approved by the agency account for about 264 million gallons, or more than one half of the 500-million gallon production goal set by the President. When he announced his target in January, annual fuel alcohol production was about 80 million gallons nationally."

Use of the USDA loan guarantee authority gave the nation a thrust forward on fuel alcohol development, pending passage of special synfuels legislation which was enacted and signed by the president last June, Bergland said.

None of the plants are in Pennsylvania.

Under the synfuels program, USDA will administer a \$525 million loan program for building biomass energy production facilities, including fuel alcohol plants of up to 15 million-gallon annual production capacity. Most larger plants developed under the synfuels program will obtain federal financing through the U.S. Department of Energy.

The 15 projects announced today involve about \$482 million of plant construction costs, of which about 80

percent will be financed through USDA-guaranteed loans. A business and industrial loan guarantee covers up to 90 percent of any net loss a lender might incur, Bergland said.

Most of the plants will use corn as a feedstock, although some will use other grains

and other commodities such as molasses and potatoes. If all used corn, the total annual consumption would amount to more than 110 million bushels, he said.

The alcohol production would replace approximately 6.3 million barrels of oil a year for use

as motor fuel. Most of the plants will use coal or wood products for boiler fuel.

USDA has approved plans for the project submitted by developers subject to acceptance by lenders and borrowers of conditions imposed to meet the requirements. The loan

guarantees to be issued by the agency will be put into effect only after the construction of the alcohol fuel plants have been built and have met agency operating performance standards.

Most projects plan to be in operation by the end of 1981, Bergland said.

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NEMATODES, AFLATOXIN and EXOTIC NEWCASTLE DISEASE ARE GETTING MORE PREVALENT

according to page D31 and C36 of the Oct. 18 Lancaster Farming. It says "Aftoxin affected corn is all but useless on the market as it cannot be formulated safely into most animal feed products." The trouble is some farmers feed it and don't know it till their vet bill gets too high.

WHEN WILL AGRICULTURE AGENCIES AND FARMERS WAKE UP TO THE CAUSE OF DISEASE?

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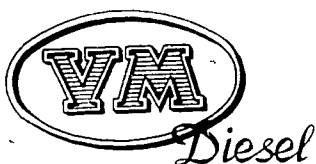
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