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E.P.A. Upholds Federal Mandate for Ethanol in Gasoline

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WASHINGTON — The [Environmental Protection Agency declined on Friday](#) to relax its requirement on the use of corn ethanol in gasoline, rejecting a request from several states related to a steep decline in the nation's corn production.

A summer drought that withered crops led to a spike in prices, hurting the livestock industry and others that depend on corn for food. Estimates indicate that as much as half of the nation's crop will be used to produce ethanol this year to meet the federal renewable energy standard for transportation fuel.

“We recognize that this year's drought has created hardship in some sectors of the economy, particularly for livestock producers,” Gina McCarthy, an E.P.A. assistant administrator, [said in a statement](#). “But our extensive analysis makes clear that Congressional requirements for a waiver have not been met.”

To approve a change in the standard, the agency would have to conclude that the fuel rule would “severely harm” the economy. The E.P.A. said it had analyzed 500 potential market variations and that most of them showed no impact from the use of corn for ethanol; those that did showed an average impact of 7 cents a bushel, less than 1 percent of the price, it said.

A coalition of livestock groups expressed frustration with the decision, as did the National Council of Chain Restaurants, which says its costs have also risen because of the use of corn in ethanol production.

Several environmental groups are also opposed to the ethanol requirement, saying that corn ethanol production is not clean energy. “If the worst U.S. drought in more than 50 years and skyrocketing [food prices](#) are not enough to make E.P.A. act, it falls to Congress to provide relief from our senseless federal support for corn ethanol,” Michal Rosenoer, a [biofuels](#) specialist at Friends of the Earth, said in a statement. She said the mandate was “exacerbating our economic and environmental problems.”

That would put some environmentalists in rare alignment with the [oil industry](#), which is required to use an increasing amount of ethanol in its fuel production but complains that its system is glutted with the substance.

Since Congress specified a year-by-year gallon quota for biofuels in 2007, [total fuel demand in the United States has dropped](#), so the percentage of ethanol fuel in gasoline has reached unexpected highs.

Farm groups and trade associations for companies seeking to make ethanol from nonfood sources like wood chips or crop residues have applauded the mandate, however. They say that if the corn ethanol

mandate is reduced, there will be less demand for their biofuels products as well.

At the [Advanced Ethanol Council](#), Brooke Coleman, the executive director, pointed out that the quota rules include a provision that allows the oil industry to postpone up to 20 percent of its obligation to a future year “if there is a good year one year and a less good year the next.”

At [Novozymes](#), which supplies enzymes to ethanol manufacturers, Adam Monroe, president of the company’s North American division, said the biofuels mandate “has generated 400,000 careers, billions in private investment, and domestic, renewable fuel for America.”

In the longer term, Congress anticipates substantial production of biofuels from [nonfood sources](#), but so far that has not developed.