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New EPA Proposal Could Cost Missourian's Jobs

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COLUMBIA, Mo. – A recent recommendation by the Environmental Protection Agency could have negative effects on Missouri jobs and the economy.

The biodiesel industry is young and rapidly growing. Biodiesel is an alternative fuel source for diesel engines and is made from a variety of resources such as animal fats, recycled cooking oil and soybean oil. The industry currently supports 62,000 jobs nationally and is set to produce 1.7 billion gallons by the end of 2013. These healthy numbers may change, however, after the EPA recently recommended cutting production numbers down to 1.28 billion gallons in 2014.

The EPA has the power to define biodiesel production numbers each year. Once a suggestion is made, it is passed on to the Office of Management and Budget for final review. Once a decision is made, a production standard is set for the following year.

Although the EPA's suggested production decrease for 2014 may not seem drastic, a recent study conducted for the National Biodiesel Board shows the decrease in production would result in nearly 8,000 job cuts around the country.

"It [biodiesel] is working," said Jessica Robinson, director of communications for the National Biodiesel Board. "It's working to support jobs, it's working to create domestic energy, it's working to diversify our fuel supply. So it's a good question. Now is really not the time to retreat on that success."

Missouri is one of the leaders in the biodiesel industry. There are eight plants located throughout the state that could possibly see jobs cuts and closures if the EPA's recommendation is passed by the administration.

"Since Missouri has been a leader in biodiesel production it means that Missouri can be one of the states that might feel the impact the most, and it really becomes a trickle down effect," said Robinson. "If the market shrinks, the demand shrinks, so production would shrink and then potentially jobs would have to go away and plants potentially close, and it will really depend plant by plant and company by company, how much they will be affected by the change or how little."

One of the plants that could see an impact is Mid-America Biofuels LLC in Mexico. The plant was the first to open in Missouri in 2006 and also includes a soybean processing facility. Local farmers sell soybeans to the plant, which allows it to produce around 50 million gallons of biodiesel each year. As a result, production cuts would affect more than just the plant's employees.

"The other thing that you see is farming jobs," said Cliff Smith, general manager of Mid-America Biofuels LLC. "Obviously the farmers are still going to be there, but it gives those farmers a better opportunity, a better market for their beans. It gives them the opportunity to sell their beans at maybe a little bit higher price than if we weren't here. That helps in, you know, an increase in trucking. Basically, we got trucks coming in here every day, we've got that industry as well. So you see that there is a lot of auxiliary jobs, not just the direct jobs of the people working at the plant that would be affected with a slow down."

The cuts wouldn't be immediate.

"This is really an issue that has potential to be almost a slow death for some of the jobs and some of the opportunities that now exist for the biodiesel industry," said Robinson. "We know that it will impact our plants, we have heard from our members that they're not sure what their year will look like next year if they have shrinking demand and clients and customers who are no longer knocking at their doors for fuel. That's going to change how they do things and in some cases it will mean layoffs and in other cases it could mean plant closures."

While the EPA has made its recommendation, the decision is still up for discussion. Robinson said the National Biodiesel Board hopes to maintain current production rates, if not raise them.

"It's [biodiesel] proven to be a great economic benefit to our nation," said Robinson. "it's proven to provide a working, reliable alternative fuel, and there's just no reason to back off. So, we're hopeful that we can maintain that momentum and help convince the administration that this is something that needs to be done, this is something that is important here in Missouri and all across the nation."

In the meantime, the National Biodiesel Board plans to push for higher production rates through calls and letters sent to Senate and House members. The final decision on 2014 production volumes will be made sometime this year.