



## **FACT SHEET: ETHANOL DRAMATICALLY LOWERS FUEL PRICES**

**THE IMPACT OF ETHANOL PRODUCTION ON U.S. AND REGIONAL GASOLINE MARKETS FOR THE PERIOD 2000 – 2010 WAS EVALUATED BY THE CENTER FOR AGRICULTURAL AND RURAL DEVELOPMENT (CARD) AT IOWA STATE UNIVERSITY. THE STUDY FOUND THAT BLENDING ETHANOL WITH GASOLINE HAD A DRAMATIC EFFECT ON LOWERING FUEL PRICES, WITH THE MIDWEST REGION RECEIVING THE MOST BENEFIT.**

- The CARD study reported that increased use of ethanol reduced wholesale gasoline prices by an average of \$0.89 per gallon in 2010.
- Midwesterners benefited the most from ethanol because last year they saved \$1.37 per gallon compared to the national average of \$0.89.
- The growth in ethanol production reduced gasoline prices by an average of \$0.25, or 16% over the entire decade of 2000 - 2010.
- Department of Energy data shows U.S. gasoline use averaged 138 billion gallons per year from 2000 to 2010, resulting in an annual average savings due to ethanol of \$34.5 billion.
- Last year alone, ethanol reduced the average American household's gasoline bill by more than \$800, according to the Renewable Fuels Association.
- Since ethanol now makes up nearly 10% of the gasoline used in automobiles, CARD's economists measured the impact of ethanol's disappearance from the fuel market. If ethanol was no longer available, gas price increases would be of historic proportions, rising by as much as 92% in the short-term.

*For a link to CARD's study, go to:*

<http://www.card.iastate.edu/publications/dbs/pdffiles/11wp523.pdf>