Economic Impacts of a 25x’25 Energy Future

In November 2006, the University of Tennessee’s Department of Agricultural Economics released a study that projects the range of benefits possible from a 25x’25 future: By the year 2025, 25 percent of our nation’s energy needs will be met with renewable resources from our farms, forests and ranches, while continuing to provide a safe, affordable and abundant supply of food, feed and fiber. Some of the study’s findings include:

- The production and conversion into energy of land-based feedstocks (including cellulosic ethanol after it becomes commercially viable by 2012), will generate an additional $700 billion in economic activity annually, and create 5.1 million jobs by 2025, most of that in rural areas.

- As market forces reward growers for the production of clean, alternative energy, total net farm income could reach $180 billion. In 2025 alone, net farm income could increase by $37 billion, compared with USDA baseline projections.

- Contributions from America’s fields, farms and forests could result in the annual production of 86 billion gallons of ethanol and 1.2 billion gallons of biodiesel, which, in turn, could decrease gasoline consumption by 59 billion gallons in 2025.

- The production of energy from biomass and wind sources will offset the growing demand for natural gas and coal-generated electricity.

- While crop market prices will increase, estimated cumulative savings in government payments could reach $15 billion. This does not include potential savings in fixed/direct or Conservation Reserve Program (CRP) payments.

- Increases in ethanol and biodiesel production will result in more distillers dried grains (DDGs) and soybean meal, which will offset increased feed prices.

- The production of energy from manure and tallow will provide additional value for the livestock industry.

- Renewable energy resources will significantly decrease the nation’s reliance on foreign oil and fossil fuels, enhance the national security of all Americans, benefit the economy and improve our environment.

To read or download a copy of the UT study, go to www.25x25.org.