

United States Senate

Washington, DC 20510

Joint Statement of U.S. Sens. Chuck Grassley and John Thune
Tariff on Imported Ethanol
Thursday, May 4, 2006

Everyone's looking for a way to lower gas prices, but lifting the ethanol tariff won't mean lower prices for consumers. What's more, it would undermine efforts to make our country more energy independent and reward the oil companies that are already raking in record profits.

The world's only other major ethanol producer is Brazil, and Brazil simply doesn't have enough ethanol to export at significant levels right now. In addition, Brazil already can, and does, ship duty-free ethanol to the United States. Under the Caribbean Basin Initiative, Brazilian ethanol that is dehydrated in a Caribbean country can enter the U.S. market duty-free up to seven percent of the U.S. ethanol market. That's generous access, but Brazil has never even come close to hitting the seven percent cap.

Today's energy crisis underscores the need for our country to develop domestic energy supplies, and alternative energy like ethanol is key to reducing our dependence on foreign sources of oil. So lifting this tariff would be counter-productive to the widely supported goal of promoting home-grown renewable sources of energy.

It would reward the oil companies because the oil companies would be the major buyers of imported ethanol. And lifting the tariff would save these companies big money with no guarantee that they would pass the savings on to the consumer.

So lifting the tariff would be a victory for the oil companies, a kick in the face to rural America where the ethanol comes from, and leave consumers with the same high gas prices we have today.