



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley continues fight to stop unfair importing of foreign ethanol

WASHINGTON — Sen. Chuck Grassley said today that he will introduce legislation to close a loophole that may be used to bring Brazilian ethanol duty-free into the American market.

"Just because this maneuver is allowed under the Caribbean Basin Initiative doesn't make it right," Grassley said. "These CBI provisions were intended to help create jobs in impoverished Central American and Caribbean countries, not to enable U.S. corporations to transship ethanol from countries like Brazil with little or no effect on jobs in the Caribbean. There are plenty of opportunities for U.S. companies to expand ethanol production in Iowa."

Grassley's announcement responds to reports that Cargill is considering investment in a dehydration plant in El Salvador to process Brazilian ethanol to market in the United States. Grassley first fought against the provision which would allow such activities during congressional consideration of a tax amendment in 1990. He took additional steps in subsequent years to register and track all foreign ethanol and biodiesel coming into the United States. He accomplished this in the Volumetric Ethanol Excise Tax Credit bill which has passed the Senate three times and is part of both the pending highway bill and an international tax reform bill. In addition, Grassley has worked to extend to 2011 the tariffs paid by all foreign ethanol that's not eligible for preferential treatment under the trade laws.

Dehydration is a relatively simple process that involves removing water from wet ethanol, such as hydrous ethyl alcohol, to convert it to dry ethanol, such as anhydrous ethyl alcohol.

"What U.S. companies are doing today shows once again why it's bad policy to allow duty-free access to the U.S. market for ethanol that is merely dehydrated in the Caribbean region," Grassley said. "If the United States had wanted to grant duty-free treatment to ethanol from Brazil, then we could have given Brazil duty-free treatment under the Generalized System of Preferences program, but we decided not to do so."

Grassley said that the goal of the Caribbean Basin Initiative was to support meaningful economic development in the Caribbean region, and "not to facilitate pass-through operations that contribute little in the way of jobs and economic development."

Grassley is Chairman of the Senate Committee on Finance, which has jurisdiction over trade legislation.