



Calls for Ethanol Reform Mount in the House and Senate

By Leticia Phillips

Yesterday marked one hundred days since the start of the 112th Congress and during that time, calls for ethanol policy reform gained considerable momentum. Deep bipartisan skepticism about continued subsidies and trade protection was on full display in the Senate on Wednesday, as Secretary of Agriculture Tom Vilsack faced the Environment and Public Works Committee.

Sen. Frank Lautenberg (D-NJ) pressed Vilsack to explain the taxpayer benefit of a \$6 billion per year subsidy for an industry whose market is guaranteed by an aggressive federal mandate. Lautenberg later took aim at the trade barrier that blocks access to clean, affordable alternatives like sugarcane ethanol from Brazil: "The one thing I think we have to consider is reducing the punitive tariff on imported ethanol from sugar. Reduce that and let the competitive market place decide where they go," said Lautenberg (see the webcast beginning around 36:20).

Vilsack ultimately conceded that he too hoped Congress would phase out the tariff and subsidies over a period of time, which might ring a bell for our long time readers. Vilsack wasn't the only Midwesterner to put ethanol reform on the table this week – ABC News reports that Sens. Dan Coats (R-IN) and Mike Johanns (R-NE) are also ready to scale back the costly and unnecessary incentives. These are steps in the right direction, and our stance remains that taxpayers will enjoy even greater benefit with the tariff and subsidy reduced to zero.

This week's grilling follows a hearing last week in the Senate's Energy and Natural Resources Committee, where Chairman Jeff Bingaman and others expressed concern that the current policy could hamper the development of so-called advanced biofuels. Remember that sugarcane ethanol is already recognized as an Advanced Renewable Fuel by the U.S. Environmental Protection Agency for its superior environmental performance.

The hearings are a strong measure of the sentiment surrounding these policies, but a slew of proposed legislation shows that members of Congress from both sides of the aisle are walking the walk too.

In the House, bipartisan legislation to end the ethanol subsidies came from Reps. Steve Womack (R-AR) and Dan Boren (D-OK), as well as Reps. Leonard Lance (R-NJ) and Earl Blumenaur (D-OR). On the Senate side, Sens. Dianne Feinstein (D-CA) and Jim Webb (D-VA) unveiled new legislation to repeal the subsidy for corn ethanol and restore parity with the tariff. That bill followed another proposal by Sens. Tom Coburn (R-OK) and Ben Cardin (D-MD) that would do away with the VEETC entirely.

We'll be eager to see where these all land, but it's clear we're headed down the right path. Letting the clock run out on 30 years of subsidies and trade protection means Americans will finally enjoy the economic, environmental and energy security benefits of sugarcane ethanol.



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