



Three Big Winners from Ending Ethanol Subsidies

By Leticia Philips

A day many thought might never arrive is finally just around the corner. Today, December 23rd, Congress finished their work to head home for the holidays, and we can now say confidently that ethanol's 30-year-old tax credit and import tariff will finally expire on December 31st. Ending these costly and unnecessary subsidies just eight short days from now will save taxpayers money, help lower fuel prices and provide Americans with greater access to advanced renewable fuels like sugarcane ethanol. Let's take a look at the three big winners from changing ethanol policy.

American Taxpayers

The U.S. has grown into the world's largest producer and exporter of ethanol, thanks in part to at least \$45 billion in government support for that industry since 1980. But in times of economic uncertainty and skyrocketing deficits, the \$6 billion annual price tag for these subsidies became a major target for deficit hawks – especially when industry leaders admitted they could do without. Eliminating the ethanol subsidies should give every American taxpayer six billion reasons to cheer.

American Drivers

Ending the ethanol import tax and removing trade barriers also reduces price volatility and helps ensure drivers get the lowest price available at the pump. For much of the past decade, sugarcane ethanol was the most affordable type of ethanol. Recently corn ethanol has been cheaper, though actual prices fluctuate daily responding to dozens of market signals. While predicting future prices is a guessing game, consumers are sure to win when businesses have to compete in an open market, because competition produces higher quality products at lower costs. Now this same principle will hold true for renewable fuels.

Clean Energy Supporters

Americans want and deserve the best. But when it comes to energy, misguided government policies kept certain clean options like sugarcane ethanol out of reach. Last year, the U.S. Environmental Protection Agency placed sugarcane ethanol in an elite category of superior biofuels by designating it an "advanced renewable fuel," saying it



reduces greenhouse gas emissions by more than 50 percent compared to gasoline. With the ethanol import tax gone, this sweeter alternative can now be part of the solution for diversifying U.S. energy supplies, increasing healthy competition among biofuel manufacturers and improving America's energy security.

A Word of Thanks

We would be remiss if we didn't take the opportunity to applaud the leadership of those who played instrumental roles in the cause of ethanol reform. First and foremost, we'd like to thank Senators Tom Coburn and Diane Feinstein for their leadership to end the tariff and tax credit in the Senate, and Congressmen Joe Crowley and Wally Herger for their efforts in the House. In these days where bipartisanship is a rarity, these courageous members joined together and fought for a common cause, and we are grateful for their leadership.

Additionally, we'd like to recognize the outpouring of support from newspaper editorial writers and other opinion leaders. Since we started the Sweeter Alternative campaign last year, over 228 editorials, op-eds and letters to the editor have run in newspapers around the country supporting reform. The clear thinking, wit and intellectual support from these columnists truly made a difference.

And finally, we'd like to celebrate the tens of thousands of Americans who took action for clean energy by calling or writing their members of Congress during critical moments within the past two years. Real people from all 50 states came to understand how sugarcane ethanol is a clean and affordable renewable fuel that can help save money at the pump, cut U.S. dependence on Middle East oil and improve the environment. This victory is a testament to their involvement, enthusiasm and persistence.

Sugarcane ethanol producers offer our sincere appreciation to you all, and we look forward to playing an important role supplying America's clean energy future.