

Farmers Disagree with Senator Schumer on Ethanol Tariff

MILWAUKEE, Jan 18, 2008 – American Corn Growers Association (ACGA) President Keith Bolin, speaking before the organization's twenty-first anniversary convention in Milwaukee, took issue with recent statements made by U.S. Senator Charles Schumer, D-N.Y., regarding the current import tariff on imports of ethanol.

American Corn Grower President Supports Targeting Incentives on

U.S. Fuel Development

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Schumer claims that rising demand for the corn-based fuel additive ethanol is contributing to a spike in milk prices and has called for lifting the \$0.54-per-gallon tariff on ethanol imports.

"I must respectfully disagree with Senator Schumer on the issue," said Bolin. "He seems to have several common errors in his assessment of the situation. His first mistake is that the price of corn has any more than a de minimus influence on food prices. His second mistake is in assuming that dairy farmers have any marketing mechanism to pass increased food costs to consumers. Dairy farmers are no different than almost all farmers in that they are price takers in the market, not price makers. The senator's third mistake is in assuming that dairy farmers in

New York or any where else are receiving too much for the fruits of their labor."

The \$0.54-per-gallon tariff on ethanol imports is the only way to recoup the \$0.51-per-gallon blender's tax incentive which is paid to the petroleum companies to use ethanol," stated Bolin. "If we were to eliminate the tariff and allow imported ethanol to be used by the petroleum companies to receive the blender's credit then the net result would be that U.S. taxpayers would be in a position of paying for the expansion of ethanol production in other parts of the world including places where lax environmental and labor standards thereby further endangering the people and the ecosystems in those foreign countries."

"The renewable fuel incentives in use today were drafted by Congress and enacted by the President to help move

America towards energy independence," added Bolin. "The Senator's recommendations would only funnel

U.S. taxpayer dollars into a system of accelerated destruction of natural resources. His proposal would do little if anything to reduce food prices which have escalated much more due to skyrocketing petroleum prices than because of more equitable prices for corn and dairy farmers."

ACGA recommends the following changes be made to current federal laws to guarantee that Congress's original objectives for the nation's biofuel industry are met:

- Imported biofuels should not be allowed to count toward the federal Renewable Fuel Standard,
- IRS code should not allow biofuel tax incentives for imported biofuels,
- Import tariff loopholes that allow non-

Caribbean
Basin ethanol into the

U.S. through the Caribbean Basin Initiative (CBI) should be closed,

- All biofuels should be labeled at the pump as to its country of origin, and
- Imported biofuels should be held to the same high quality standards as domestically produced biofuels.

ACGA represents 14,000 members in 35 states. ACGA has standing bylaws that prohibits the organization from accepting funding from corporate agriculture. That means that ACGA represents farmers -- not seed, chemical, food processing, grain trading or crop insurance companies. For more information, or if you would like to join ACGA or help support our efforts, please see www.acga.org .