



Consumer Federation of America

June 9, 2008

The Honorable Dianne Feinstein
United States Senate
Washington, DC 20510

The Honorable Judd Gregg
United States Senate
Washington, DC 20510

Dear Senator Feinstein and Senator Gregg:

Consumer Federation of America¹ supports your efforts to reduce the tariff on imported ethanol through your Imported Ethanol Parity Act. Consumers are suffering from the impact of rapidly increasing costs for both fuel and food. This legislation advances a more sustainable energy policy, while easing somewhat the use of a basic food stock, corn, for fuel.

After almost two decades of stability, U.S. food prices increased 5.1% between April 2007 and April 2008. They are expected to rise by another 4% to 5% this year. The increases were greatest for foods that rely heavily on feed grains such as milk, eggs, meat and poultry and for fruits and vegetables. Multiple factors underlie these increases. Moreover, gasoline prices have more than doubled in the past five years placing a huge burden on household budgets and diesel prices, which affect the cost of food, have increased even more.

The Energy Independence and Security Act of 2007 requires the use of 36 billion gallons of renewable fuels by 2022, but requires the majority of the increase in ethanol to come from cellulosic raw materials. It is critical that such mandates are met in a way that does not create upward pressure on food prices. Current “food-to-fuel” mandates and subsidies led to over one quarter of all US corn being used for ethanol last year. A sustainable policy must set deadlines for shifting to nonfood fuels and investing in energy conservation.

The legislation points out that California’s nation-leading efforts to reduce global warming greenhouse gas emissions recognize that production of biofuels from alternative

¹ Consumer Federation of America is a non-profit association of over 300 organizations, with a combined membership of over 50 million Americans. Member organizations include local, state, and national consumer advocacy groups, senior citizen associations, consumer cooperatives, trade unions and anti-hunger and food safety organizations. Since its founding in 1968, CFA has worked to advance the interest of American consumers through research, education and advocacy.

raw materials and different production processes can make an important contribution to this goal. This legislation seeks to level the playing field for such products.

The 2007 Farm Bill reduced the blender credit for ethanol from 51 cents per gallon to 45 cents per gallon, but did not address the import tariff of 54 cents per gallon on imported ethanol. Equalizing the blender credit and the import tariff is a good way to prevent American taxpayers from subsidizing foreign ethanol producers who are already subsidized by their national governments. In addition equalizing the tariff would help reduce the pressure to use a basic food stock for fuel. We look forward to working with you on this legislation.

Sincerely,

A handwritten signature in black ink that reads "Chris Waldrop". The signature is written in a cursive, flowing style.

Chris Waldrop
Director, Food Policy Institute