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Getting More Bang for our Buck out of Trade Policy
Leticia Phillips

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Just last month, the ITC issued their most recent report, "The Economic Effects of Significant U.S. Import Restraints", and outlined some areas for substantial savings in U.S. trade policy. The report – which measures the effects of unilaterally ending, or "liberalizing", U.S. import restraints – concluded that American consumers would save $1.5 billion annually by 2015 if the high tariff rates were removed. That's right. $1.5 billion. That's a huge savings.

The U.S. is one of the world's most open economies, but there is still room for improvement – especially when it comes to the unnecessary import tariff on ethanol. As a result of the U.S. Renewable Fuel Standard (RFS), which requires increased ethanol use after 2011, ITC projects a huge surge in demand for biofuel imports. The report states that, "to meet the demands of the RFS, the current projection anticipates that substantially more sugar-based ethanol will need to be imported to reach the 2015 renewable fuel targets." And these expected changes led the ITC to adjust savings estimate from $350 million in 2009 to the $1.5 billion they're projecting now.

Eliminating the ethanol tariff not only paves the way for sweeter energy alternatives through the creation of a new export market, but the U.S. economy as a whole benefits, as the report clearly shows. These remarkable savings could find their way into American pocket books with some simple changes. It's time to take the advice of the ITC and allow the ethanol import tariff to expire as scheduled on December 31st. It's time we all got more bang for our trade bucks!

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