



## **Surging U.S. Corn Ethanol Exports Signal an Industry Ready to Compete**

**By Joel Velasco**

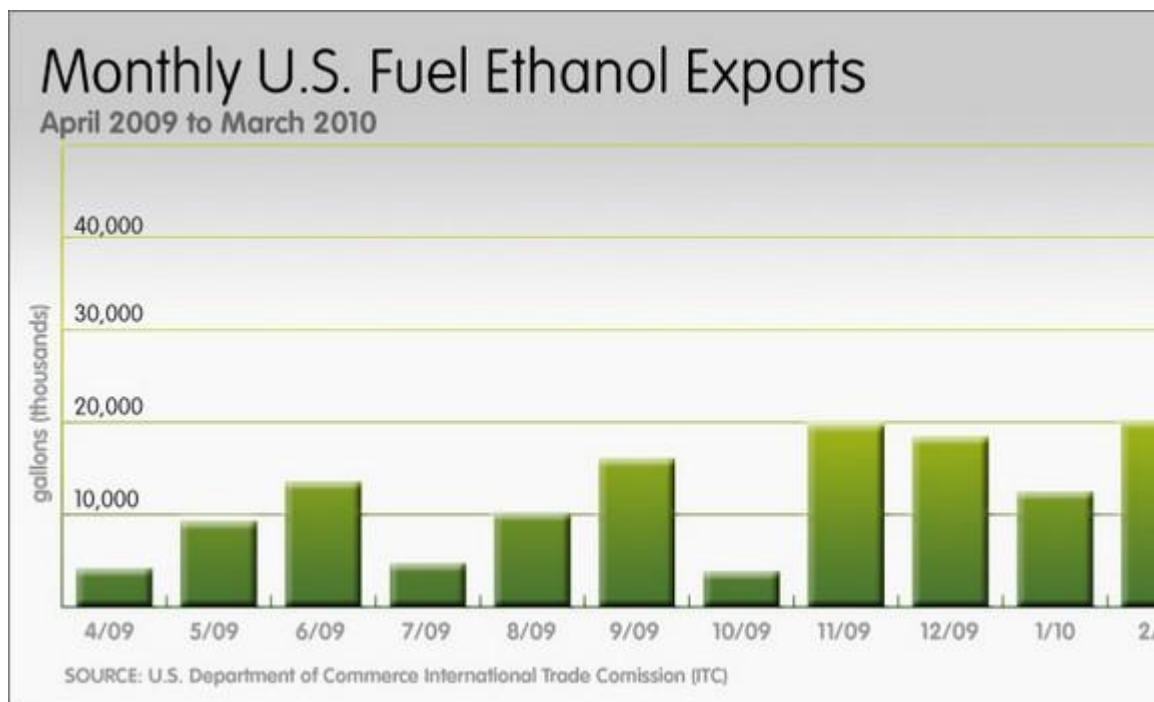
The case for continued subsidies and trade protections for the corn ethanol industry is running on empty.

Let's recap some recent analysis about the U.S ethanol industry, which I remind you is the world's largest, producing more than 12 billion gallons of corn ethanol annually.

On February 3rd, the White House released the first report of the President's Biofuels Interagency Working Group. On page seven of the report, the Obama Administration confirmed that today's corn ethanol industry "is mature," presumably an indication that they are ready for competition.

Not surprisingly, the U.S. Department of Commerce just released data showing that U.S. exports of corn ethanol hit a record high of 45 million gallons in March, strongly surpassing the previous high of 22 million gallons in February.

The Renewable Fuels Association pointed out that corn ethanol is currently priced lower than sugarcane ethanol, as noted in this blog last month. That explains the exports, and is yet another sign of maturity. Oddly though, the Renewable Fuels Association cites NO ethanol exports in their recent monthly report on production and demand. How do they figure?





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The corn ethanol industry is well on the way to becoming the world's top exporter. And yet, defying all logic, they maintain that they need more subsidies and trade barriers, because they will be decimated if they are forced to compete – with a higher priced ethanol, no less. They are simply determined to avoid healthy market-based competition. (For a good rebuttal of the corn lobby's inflated job claims, read [this analysis](#).)

Why should we be surprised? At a time when record volumes of ethanol were exported from U.S. shores, and the President's Biofuels Working Group described a "mature" corn ethanol industry – the Administration proposed a budget calling for the renewal of the 45-cents-per-gallon subsidy for ethanol and a 54-cents-per-gallon tariff on imported sugarcane ethanol.

It just doesn't add up. Apparently, even if corn ethanol is a mature industry and has record exports, we should continue to subsidize it to the tune of \$6 billion per year and raise trade barriers against competition. I call it a boondoggle that must stop. It's time we give consumers the opportunity to realize lower prices and cleaner fuels with competition in the ethanol marketplace.

*This article was originally posted on May 14, 2010, on [SweeterAlternative.com](#)*

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