



U.S. Trade Policy and Trade for Biofuels

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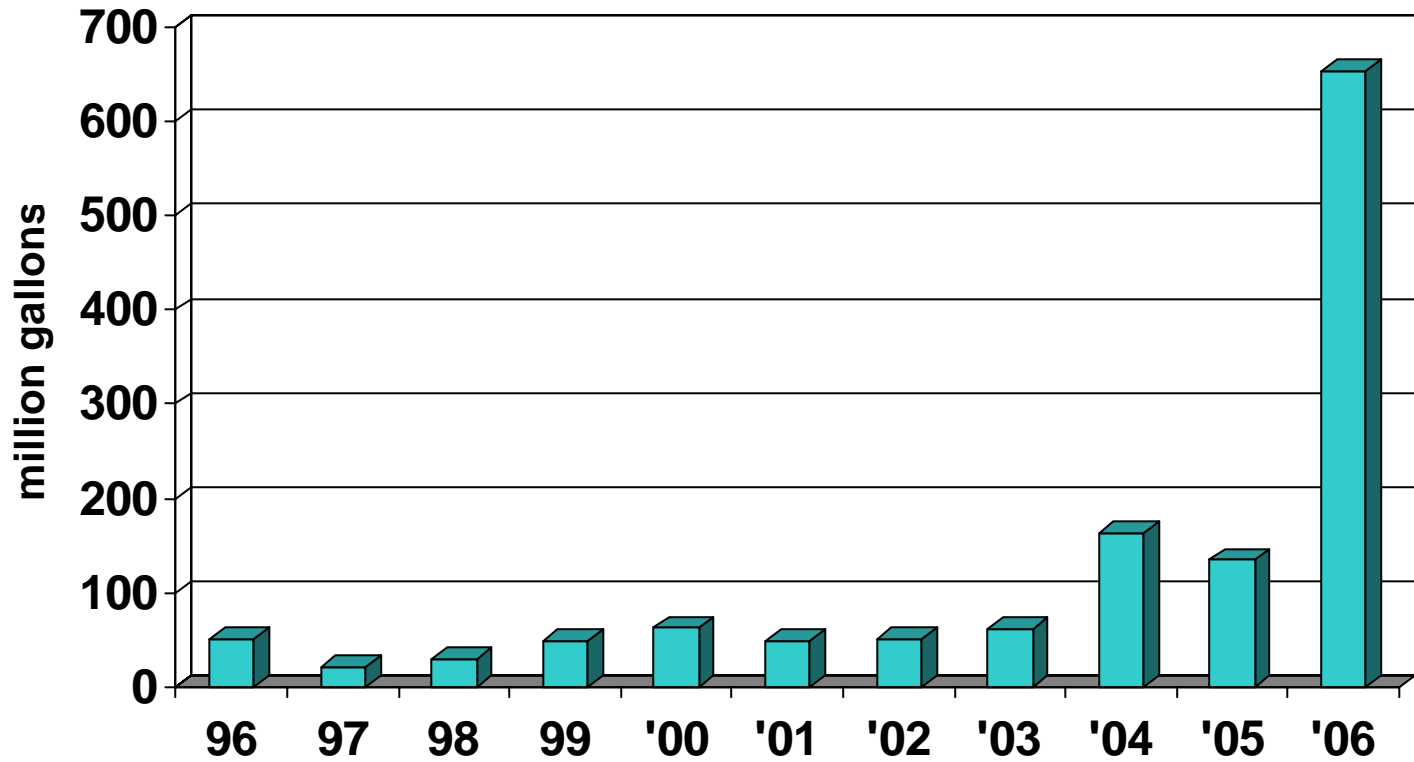
U.S. Trade Policy Provisions, I

- Ethanol duties (non-beverage use) – 2207.10.60 @ 2.5% (undenatured); 2207.10.00 (denatured)@1.9%
- Additional duty of 54 cents per gallon for fuel use; expires 12/31/08
- Additional duty not charged to NAFTA partners, other FTA partners such as Israel or Andean countries
- Biodiesel tariff (3824.90.40) – 4.6%

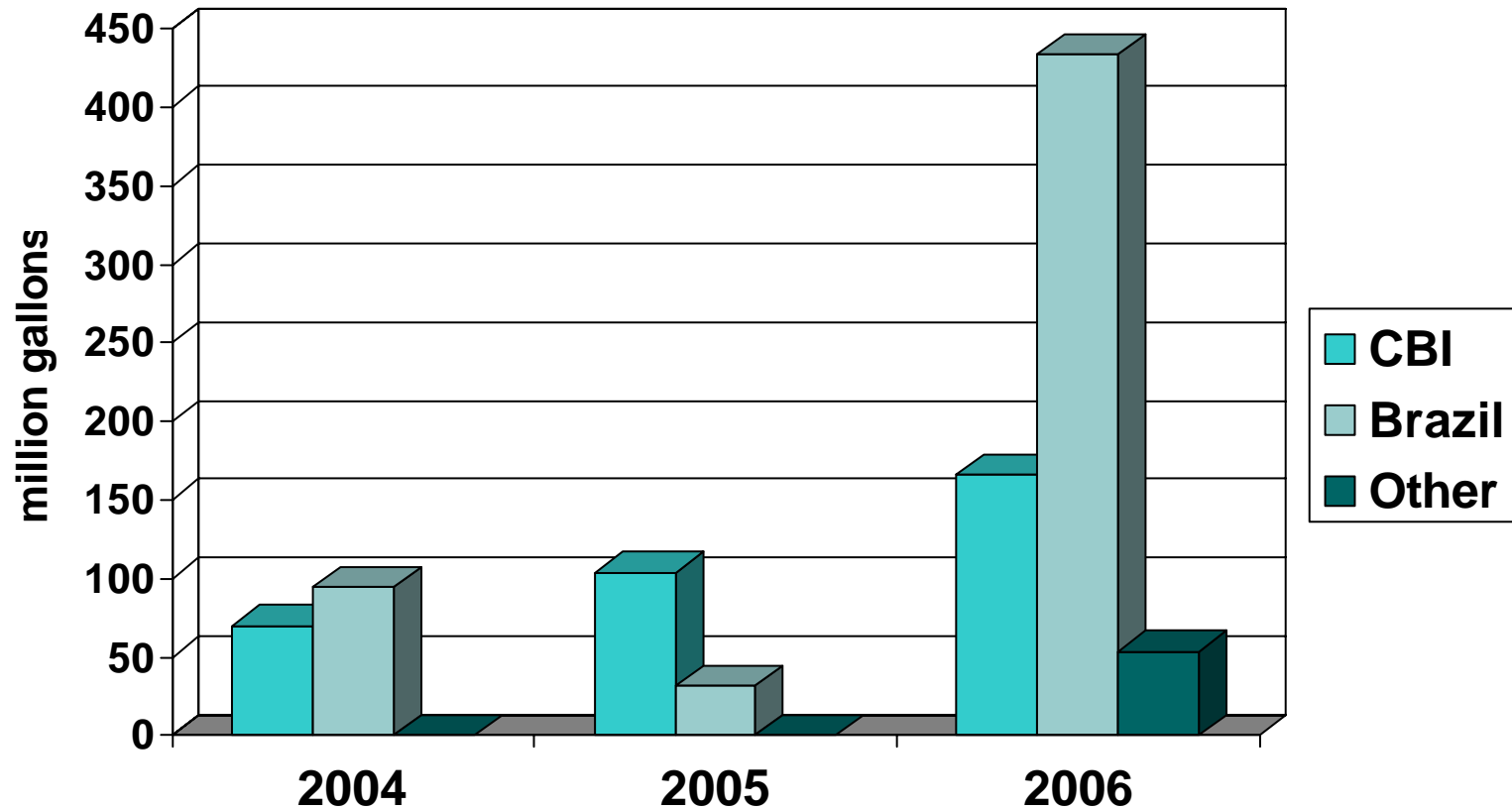
U.S. Trade Policy Provisions, II

- CBI provides different levels of ethanol access:
 - Duty-free, unlimited if made from local feedstocks
 - TRQ up to 7% of U.S. domestic consumption for non-local feedstocks
- CAFTA provides carve-out of CBI TRQ for Costa Rica and El Salvador

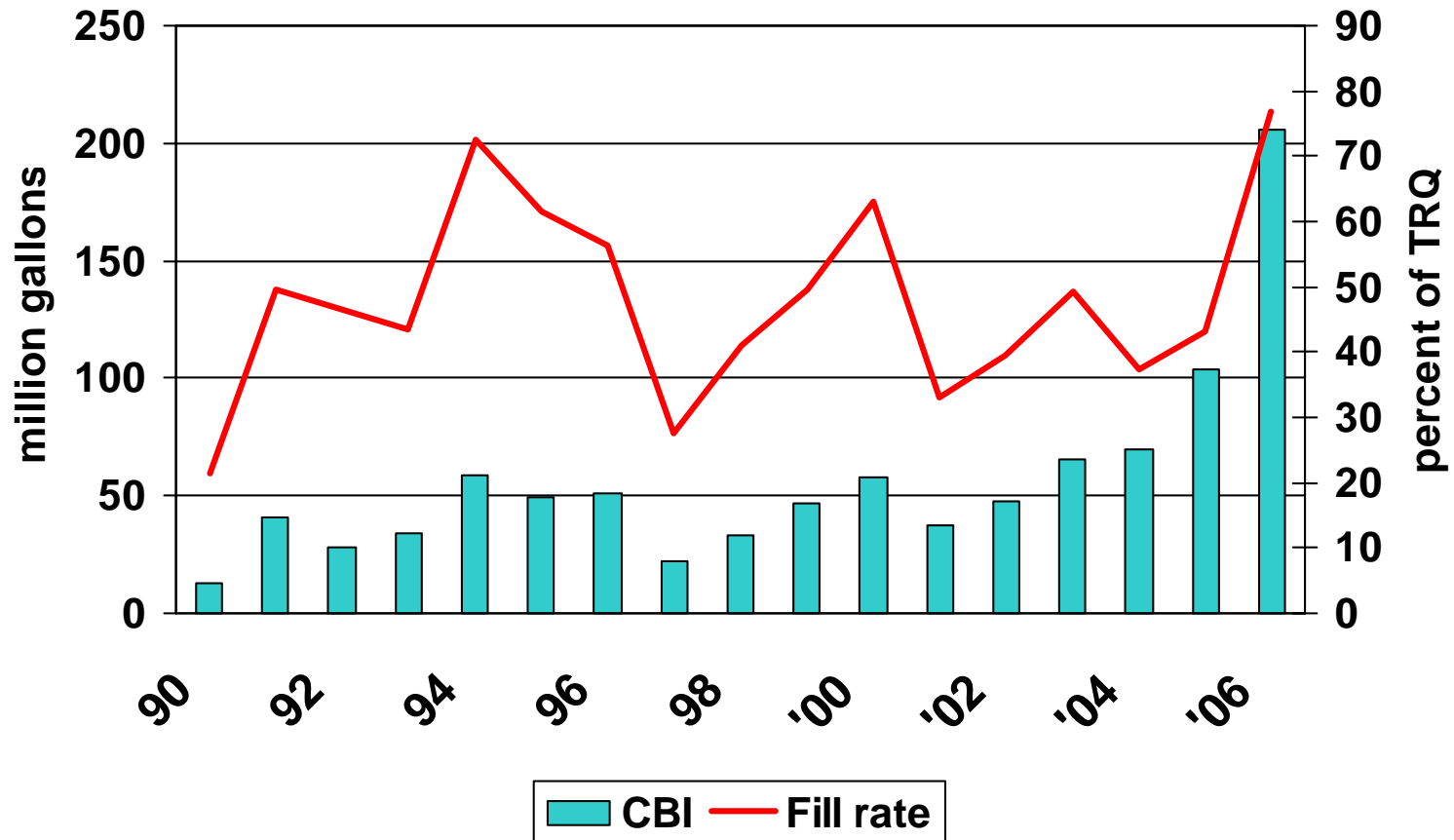
U.S. Imports of Ethanol for Fuel



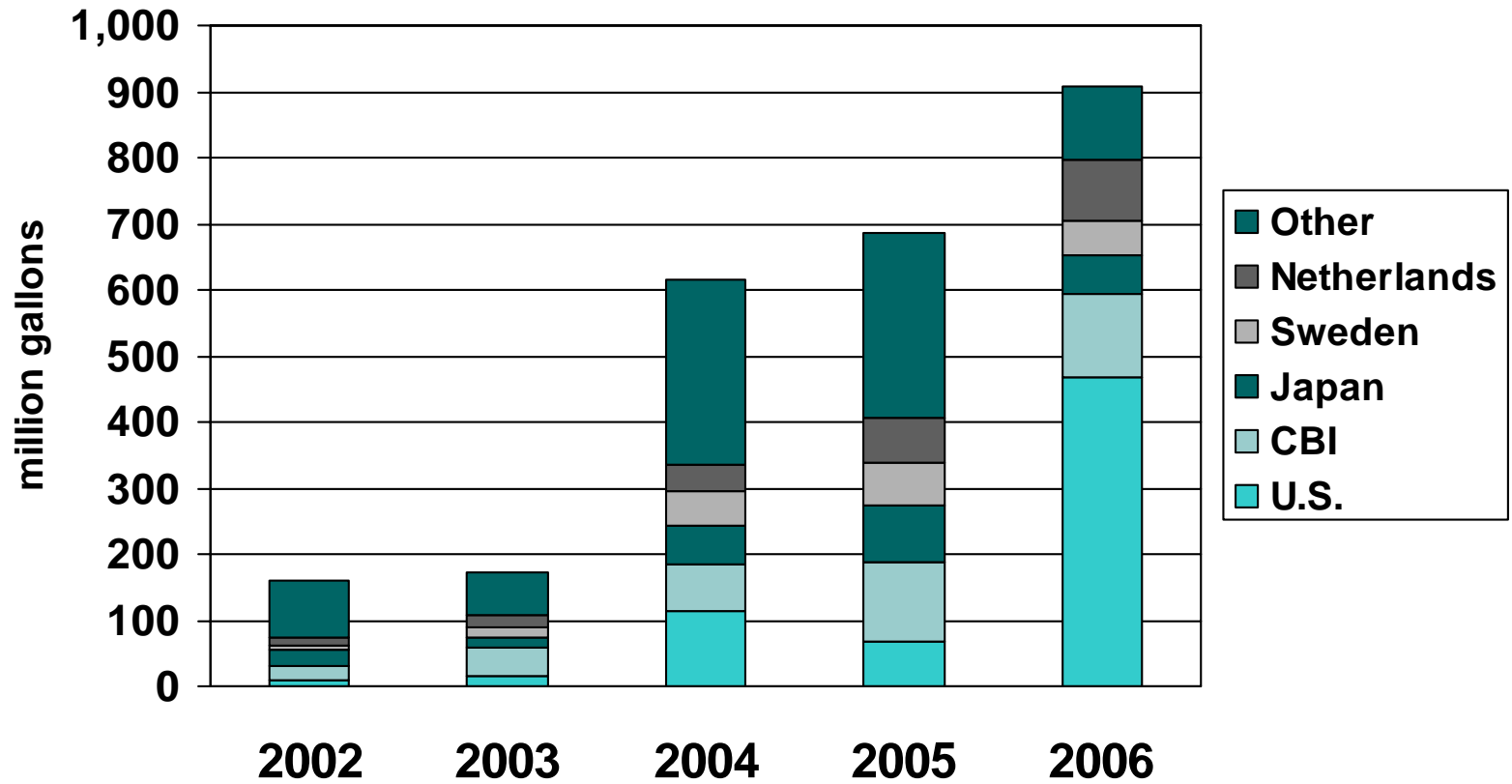
U.S. Imports by Source



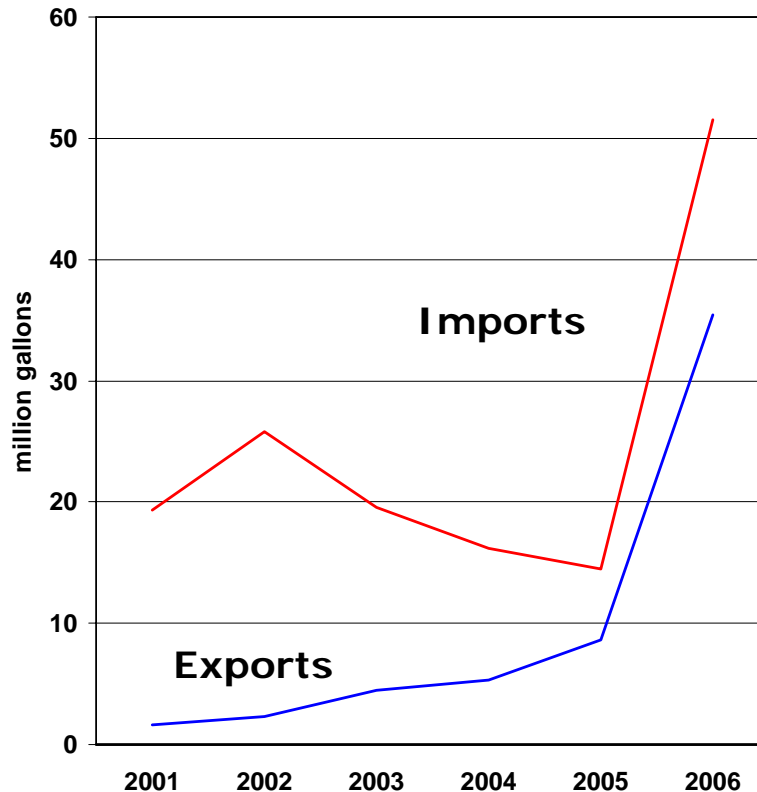
U.S. Imports from CBI



Brazil's Ethanol Exports



U.S. Bio-diesel Trade



- Key export markets – EU, Canada
- Key suppliers – Malaysia, Ecuador, Indonesia; small amounts from EU, Canada, Mexico
- Issues concerning HS lines and trade flows



Impact of Trade Liberalization

- FAPRI analysis from August 2006; eliminated U.S. ethanol tariff
- World ethanol price increases 23%
- U.S. ethanol price declines 14%
- U.S. production falls 8%; imports increase 193%
- Imports from CBI fall to zero
- Brazil's production increases 9% and net exports 62%

Whither Goes Corn Use?

