

Letter from South Dakota Senator Tom Daschle:

Cargill's plan to import 63 million gallons of Brazilian ethanol into the United States through El Salvador each year is a hot topic in the cafes and at the grain elevators throughout the state. South Dakota farmers are understandably suspicious of the agri-business giant's motives. They rightly fear that ethanol imports could undercut the growth of the domestic ethanol industry and undermine our effort to establish ethanol as a major domestic energy source.

On July 16, at a meeting in my Capitol office, I warned Cargill President Greg Page that Cargill's plan could establish a dangerous precedent for other importers and dramatically undercut the value of the pending Renewable Fuels Standard for American farmers and ethanol producers. Now, just one week later, we hear reports that at least one multi-national oil company, Chevron, is considering importing ethanol through Panama.

South Dakota farmers legitimately ask whether corporate giants like Cargill and Chevron care about growing the domestic ethanol industry or are simply interested in maximizing the profits of their foreign subsidiaries. I think we know the answer to that question.

I understand that Cargill executives feel an obligation to their shareholders. But my obligation is to South Dakota farmers, ethanol producers, and motorists who view increased ethanol demand as a means to establish greater control over their economic and energy future.

The key to the next growth spurt in the domestic ethanol industry is bipartisan legislation I wrote with Sen. Dick Lugar (R-IN) that would encourage investment in new plants and expand a market for corn that farmers can count on through mandatory annual production targets created by a renewable fuels standard. Plans to import ethanol inject an element of market uncertainty into the RFS discussion that could dampen investment in community-sized ethanol facilities and compromise the RFS's potential for farmers.

I have no intention of allowing Cargill or Chevron to hijack the increase in ethanol demand that will be created by the renewable fuels standard to make a quick buck. The RFS program is designed to stimulate domestic production and enhance US energy security, not to create a market opportunity for foreign ethanol. Cargill accountants should not count on the new demand created by the renewable fuels standard to justify any scheme to import ethanol.

Therefore, I am leading a group that includes two Republicans, Senator Lugar and Senator Chuck Hagel (R-NE), and Senator Ben Nelson (D-NE) in introducing legislation to ensure that only domestically produced ethanol would qualify for eligibility under the RFS.

A wide range of agricultural and consumer groups endorsed the bipartisan bill, including the South Dakota Corn Growers, South Dakota and National Farmers Union, the American Coalition for Ethanol, the Renewable Fuels Association, the American Soybean Association, and the National Biodiesel Board.

Throughout my public career, I have fought against outright opposition and indifference from the giant corporate interests whose balance sheets don't consider the value-added contribution of local economic development. This situation is no different. As a result of our efforts, Chevron won't get to import as much oil and refine and sell as much high-priced gasoline as they may like, and Cargill won't get to import ethanol or export low-cost corn through its elevators and ships. And the day is coming soon when we will overcome the large meat packers and Texas cattle interests whose influence in the corridors of power are blocking implementation of country-of-origin meat labeling and initiatives to reduce concentration in the marketplace.

My goal is to help South Dakotans attract investment capital to their own communities to produce clean burning energy, create quality jobs for their kids, and expand tax bases to accommodate better schools and community services. That is why I introduced the Renewable Fuels Standard, and I have no interest in letting imported ethanol erode that promise.