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Key Support for US Ethanol Expires

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Photo: AP

Combines, costing several hundred thousand dollars each, harvest corn at the Husker Harvest Days fair, Grand Island, Neb., Sept. 15, 2010.

The end of 2011 saw the end of billions of dollars in U.S. government support for companies that turn corn into alcohol for motor fuel. That decision marks a big change in U.S. politics.

The tax credit was about half a dollar for every 3.8 liters of ethanol, and cost \$6 billion in 2011 at a time when politicians were fighting over the cost of government.

The financial support and a tariff on ethanol imports were intended to bolster the alternative fuel industry more than 30 years ago. Supporters said U.S.-produced ethanol helped reduce dependence on imported oil, and cut air pollution from cars and trucks.

The program was seen as politically invulnerable for years, because Iowa, a major corn producer, plays an important role early in presidential campaigns. Many candidates pledged to support ethanol for fear of losing support in this key early phase of the campaign.

But the expensive tax credits and tariff provisions were allowed to expire at the end of 2011 after critics argued that pollution from corn production outweighed ethanol's impact on automobile emissions.

<http://www.voanews.com/english/news/usa/Washington-Ends-Key-Support-For-Ethanol-136539243.html>