



PRESS RELEASE

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Improper Classification of Ethanol is Cocktail for Disaster

The newly-formed Industrial Ethanol Association (IEA) is calling on the European Commission to review procedures for imports of ethanol to stop the use of a loophole which would irrevocably damage the European ethanol industry. This situation is creating a dangerous set of conditions including:

- ☀ Risk to human health by encouraging cheap imports of alcohol not fit for human consumption which without proper controls could end up being sold as **fake spirits**.
- ☀ Undermining the EU's own ambitious goals for renewable energy, **biofuels** and **security of supply** by weakening the European ethanol market and increasing dependence on imports.
- ☀ **Lost revenue** from import and excise duties.
- ☀ Negatively **impacting investment**, jobs and growth in the EU ethanol market.

All ethanol, whether derived from agricultural or petrochemical sources, is classified as an agricultural product under Chapter 22 of customs regulations. Whether deemed 'fit' or 'unfit for human consumption' it is subject to controls to ensure it does not end up in the wrong hands.

Some companies are legally exploiting a loophole to import ethanol blended with other chemicals and therefore claim that the finished product is not ethanol. This ethanol-based product is then imported under Chapter 38 of customs regulations, and subject to no controls and much lower import duty. The industrial ethanol sector believes that "ethanol is ethanol" and should be treated as such.

IEA is calling on the European Commission to carry out an in-depth analysis of the market to ensure a secure regulatory environment and level playing field for European operators and to close this loophole. IEA Chairman Ian Kersey said "this lack of coherence in EU policymaking not only threatens the European ethanol sector but makes a mockery of EU energy, health and development policies".

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IEA represents oil-derived synthetic ethanol producers, an important sector of the European ethanol market. IEA member companies make industrial ethanol which is used in high-end products like pharmaceuticals, cosmetics, inks and industrial chemical products such as screen wash, paint thinners, detergents etc. For more information: www.industrial-ethanol.org.