

*Octane Enhancers*

● (1740)

I would like to deal with this motion as three distinct issues; the first relating to the removal of lead and MMT, the second focusing on addition of alcohols, and the third on the role of Petro-Canada. I would first like to discuss the removal of lead and MMT.

Approximately 50 per cent of Canada's vehicles use leaded gasoline while the rest use unleaded gasoline which is required for vehicles fitted with catalytic converters to reduce exhaust emissions. There has been considerable concern over lead emissions from vehicles that use leaded gasoline. The Minister of the Environment (Mr. McMillan) is responsible for regulating lead under the Clean Air Act. As of January 1, 1987 allowable lead levels will be reduced to .29 grams per litre from .72 grams per litre. No further reductions have been announced and I believe that any additional decrease in allowable levels will be based on a full assessment of related economic and health factors.

Such an assessment will take into account the findings of the Commission on Lead in the Environment headed by the Royal Society of Canada which is soliciting views and information from all interested parties in Canada. This commission will present a preliminary report to the Minister of the Environment later this fall with a final report scheduled for release in the fall of 1986.

In the interim, the Canadian Government is carefully monitoring developments in the United States relating to the lead issue. In that country allowable lead levels will decrease in 1986 to .03 grams per litre. In addition to these reductions, the U.S. Environmental Protection Agency has also proposed that, in due course, lead be banned completely. This proposal is rooted in the suspected health hazard of lead emissions as well as in the misfueling issue whereby cheaper leaded fuel is used in cars designed for unleaded gasoline resulting in damage to emission control devices.

MMT in the quantities currently used in Canada is not a health hazard. It is banned in the United States because American officials suspect that MMT contributes to increased exhaust emissions. The Minister of the Environment is currently examining the use of MMT in Canada. In a decision to change current use of MMT in this country—the only reason I am saying MMT is that I cannot pronounce the big words that it represents. I could spell them but I will not. They are very long and even for an old radio announcer they are tough to pronounce.

The use of MMT in this country would be based on a full assessment of economic factors and emission requirements. One factor in this assessment will be the adoption in 1988 of emission standards for light duty vehicles that match those in the United States. These more stringent emission standards may be difficult to meet if continued use of MMT is permitted. That would be in the future.

I would like to move along to the area of additions of alcohols to fuels. Lead and MMT are linked to ethanol and methanol because all four increase the octane or "anti-knock"

ratings of gasoline. Octane is an important property of gasoline and refiners must absorb costs to ensure their gasolines met octane requirements, obviously in as cost-effective a way as possible. Lead has been the cheapest, and therefore the preferred way to raise octane. As lead use decreases due to the reduction in permissible levels and to the increasing use of unleaded gasoline, refiners must adopt other means of raising octane. Options range from switching additives such as MMT and alcohols to modifying refinery processes.

However, new processes may require large capital expenditures and may increase oil consumption. The Department of Energy, Mines and Resources holds the view that the alcohol-ethers option could be the attractive one for Canada for the reasons cited by the Hon. Member for Kent in his motion. Alcohols and ethers are made from domestic resources like natural gas and biomass that are abundant and could reduce light oil imports. Preliminary studies show economic benefits could stem from their production and use.

The Hon. Member refers specifically to corn which would be used to make ethanol and natural gas which would be used to make methanol. At this time I would like to report to the House that the Ontario Corn Producers' Association which is headquartered in Guelph has made representation to me as have a number of other associations interested in this production. The Ontario Corn Producers' Association has 25,000 members and it has written a letter to thank members of the Government for their support which permitted advance payments for crops. The Ontario Corn Producers' very kindly lauded the Government for its action and said how important this is for them. They wrote us all a thank you letter. In this business we do not get too many thank you letters, so I just wanted to put on record today that the Ontario Corn Producers' Association recognized the good work of the Government in its Department of Agriculture through some of the advance payments that were made permitting them to receive some cash while the harvest is being brought in in October and November. I got a little off the subject, but I did want to publicly thank the Ontario Corn Producers' for recognizing our good work.

While the Government is very interested in promoting increased use of domestic resources, it believes that market forces should determine which is most economic. It may be inappropriate to favour one resource over another. In particular, different feedstocks such as other cereals, wood, and liquefied petroleum gases could play a role in the production of alcohols for gasoline blending.

There is some extensive testing on alcohol-gasoline blends going on. I could discuss these but I think the committee will go into great detail in examining this entire matter. It has a very wide scope and a number of excellent witnesses can be called before the committee to consider all aspects of this proposal from auto manufacturers to the Ontario Corn Producers' Association and Celanese Canada Inc. I know that our friends at St. Lawrence Starch are interested in making a presentation to the committee. There are a number of groups