

*Adjournment Debate*

Eachen) reaffirmed in his recent budget speech his intention to introduce amendments to the Excise Act to facilitate the production of denatured alcohol for use in experimentation and development of fuels. The new provisions will include the creation of special temporary licences, a reduction in the bonding requirements, and exemption from the excise duty on alcohol to enable researchers to produce denatured alcohol for experimentation and development of fuels such as gasohol.

With existing technology, however, there are a number of drawbacks to using gasohol in place of gasoline. First, alcohol is costly to produce, compared to gasoline, even when refined from imported oil. Second, the recoverable energy content of alcohol is lower than that of gasoline. Finally, there are some technical problems still to be worked out, such as the feasibility of using gasohol in Canada's severe winters. For these reasons, elimination of the 7 cents per gallon levy from gasohol

would appear to be an unwarranted subsidy, and, indeed, could even be counter-productive, since this fuel is primarily gasoline. I might point out that since it is 10 per cent alcohol and 90 per cent gasoline, the effective subsidy to the alcohol component would be 70 cents a gallon.

For these reasons, subsidization of gasohol by removing the excise tax would be premature. The taxation of alternative fuels for internal combustion engines can only be properly addressed when all the various alternatives have been properly assessed and a viable and efficient substitute for gasoline has been identified.

*[Translation]*

**Mr. Deputy Speaker:** The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.29 p.m.

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