

Adjournment Debate

and when we produce ethyl alcohol from grain, we only subtract carbohydrates, the protein remains. If refined properly and produced in sufficient quantities, protein produced in this way is capable of being sold and used for human consumption. I would like to read a quote into the record with respect to that. It is from the proceedings of the Canpac 1980 conference. It was the first Canadian national power alcohol conference, and it was held in Winnipeg back in June.

The largest current producer of fuel alcohol—

That is the United States.

—is shipping much of the protein byproducts from its alcohol plants to Holland, for human food use. This is a brand new protein source for Holland. And it can be a brand new source for other countries.

Those who are saying it is immoral to produce alcohol from grain which can be used for food are in fact missing the point. If we produce ethyl alcohol in sufficient quantities, as I said, and refine it properly, it is certainly capable of being a very good and valuable source of human food.

In addition to that there are many idle acres, particularly in western Canada, lying in summerfallow. There is much concern that with continuous summerfallowing we are losing some of those acres in terms of their capacity to produce. We could get into salinity problems. Summerfallow is not designed entirely as a means of increased production. It is a marketing tool. Because of the way our quota system is set up, people in some areas have to summerfallow as a means of increasing their marketing ability. If we can find markets for this kind of grain at home, we can decrease the amount of summerfallow thereby avoiding some of the salinity problems we are getting into in certain areas of prime land in western Canada.

Another potential problem people see with ethyl alcohol is the energy myth. Some people are saying that it takes more calories to produce a gallon of ethyl alcohol than the number which result. That is not the case either. It is a good, clean-burning fuel. It is a cool-burning fuel. Good engine life can be obtained through its use. Many Indiana racers use straight methanol, which is quite similar to ethyl alcohol. They use it alone in racing engines. It is a good fuel. Brazil is a major producer of ethyl alcohol, and I am told that most of the major farm equipment manufacturers are producing engines for sale to Brazil which burn straight ethyl alcohol. We are not talking about producing very much ethyl alcohol in this country because I do not think we have the capability to produce enough to burn alone in our engines. What we are talking about is a mixture of ethyl alcohol and gasoline, which is commonly referred to as gasohol. The mixture would be approximately 10 per cent ethyl alcohol and to be competitive in terms of price, it would have to be subsidized. I do not think this is the case any more, given the price of fuel in this country.

We are getting very close to the point where ethyl alcohol will be competitive in terms of price. Anyone who follows the energy-pricing situation knows that our prices will probably increase very drastically in the next two or three years. That will make the production of ethyl alcohol even more competitive with conventional gasoline. When we look at the subsidy

we are paying now on gasoline presently imported into the country, we find we are paying some \$20 a barrel to buy imported oil. If we were to pay that kind of subsidy—and I am not advocating this—to people in our own country to produce ethyl alcohol, that subsidy would stay in the country.

There is another side to this. We pay that amount of subsidy to bring in imported oil and we make use of only some 50 per cent or 60 per cent of a barrel of oil to produce gasoline. The remainder goes into asphalt and other heavy products which we in this country are capable of producing from coal and natural gas. So, by buying a barrel of oil from offshore sources and paying a subsidy on it, we are only making use of part of that barrel of oil to produce gasoline which is in short supply in this country.

● (2225)

What I am saying is that if we would pay any kind of a subsidy to encourage the production of ethyl alcohol, we would get a double benefit. Not only would the money stay in this country, but we would not be subsidizing the importation of things that go to make asphalt, those heavy products which come from the remainder of a barrel of oil out of which we cannot make gasoline. We certainly are capable of producing those other products from coal and natural gas.

What I should like to say in conclusion is that Manitoba, by waiving a provincial excise tax on the production of ethyl alcohol, was able to encourage a plant to start in that province. I would like to see the federal government show some initiative in this respect and remove the 7-cent a gallon excise tax as it applies to gasohol and thereby encourage production of energy in this country from a genuinely renewable resource. It has been done not only in the United States but in Brazil and in Manitoba.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, over the years there has been increasing interest in Canada, in the United States and elsewhere, especially in Brazil, in using gasohol which, as the hon. member has pointed out, is a blend of 90 per cent gasoline and 10 per cent alcohol, and this would be used to conserve gasoline. The government has indicated its support for the development of this and other renewable energy sources in its national energy program.

In the national energy program, the government identified a number of alternatives to gasoline which warrant consideration. These include the use of propane as a clean and efficient fuel for motor vehicles and the development of compressed natural gas for fuel. The Department of Energy, Mines and Resources and the special parliamentary committee on alternative energy and oil substitution are both studying alcohol as one of these options.

Alcohol fuels present a unique opportunity for the future production of alternative liquid fuels from renewable biomass. This potential, however, requires more research and development to improve on the current economic and technical disadvantages. To this end, the Minister of Finance (Mr. Mac-