tax is justified by the tremendous boost to agriculture it provides, particularly to corn producers in Nebraska, Iowa, Illinois and Ohio. If fuel ethanol is to be used or developed in Canada, it will be with a blend of ethanol and low-cost methanol, known as EM fuel. This would require no subsidy by the taxpayer. We would simply tap into our abundant supply of natural gas. The 8 per cent portion of the combined ethanol and methanol in a litre of blended gasoline would cost 2.40 cents. The gasoline it would replace would cost 2.48 cents. The alcohol mixture is cheaper than the gasoline it replaces. It should be emphasized that no changes will be needed in automobiles for them to use EM gas and that all warranties would cover the use of EM fuels.

Companies like St. Lawrence Reactors Ltd. and Commercial Alcohol Ltd. in Montreal which are presently producing ethanol are eagerly working on technology in conjunction with the Canadian Renewable Fuels Association. They are ready to construct new plants as soon as a market appears to be forming. Again, no megaprojects will be required. Plants will simply appear where renewable resources are available. Representatives of these companies are telling me that they expect to significantly reduce the cost of producing ethanol in the future. However, the cost of EM fuel to which I just referred is based on today's prices, and even these figures indicate a favourable cost structure.

What does EM fuel mean? It means a cleaner environment and an opportunity for Canada to match U.S. gasoline standards for lead and MMT. This will surely strengthen Canadian credibility in discussions on acid rain and other environmental issues. That alone should be enough to put this motion before a committee. Further, the utilization of Canadian-produced renewable fuel source will involve the use of Ontario corn plus other agricultural and forestry by-products.

I come from Ontario, and there we think of corn as being a renewable source for ethanol. The production of 350 million litres of fuel ethanol in Ontario would require about 35 million bushels of corn. That corresponds to the average offshore sales of corn in recent years. As well, wet mill processing of corn yields corn gluten meal which is 60 per cent protein and highly prized in the poultry industry as well as corn gluten feed which is 21 per cent protein and used in the cattle industry.

Consider the potential for job creation, Mr. Speaker. Unlike petroleum refining which requires relatively few employees, grain handling and processing industries are more labour intensive. Expanded ethanol production would create literally thousands of jobs.

Finally, while Canada is again a net exporter of heavy crude oil, it is a significant importer of light crudes which are used for gasoline production. An 8 per cent reduction in the total Canadian requirement would have a major effect in reducing this import demand.

I ask my colleagues on all sides of the House to support this motion. There are only minimal adjustments to be addressed and once those are addressed we can stop using lead and MMT as an octane enhancer because the alternative can be readily available. We have a tremendous opportunity to capitalize on our Canadian resources. The time to move is now.

Mr. Russell MacLellan (Cape Breton-The Sydneys): Mr. Speaker, I would like to thank the Hon. Member for Kent (Mr. Hardey) for bringing this motion before the House today. It is a very thought-provoking motion and one that has the potential to do a great deal not only for the consumers of this country but for the agricultural industry and the energy sector.

In looking at this question, I feel that the thought that must be uppermost in our minds is caution. There are many things we must consider when looking at the use of methanol and ethanol as octane enhancers in gasoline. This does not mean that we should not take a very serious look at the blend as an alternative fuel but we must use caution. I express concern mainly because methanol can cause problems such as vapour lock, layer separation and unusual wear on engine parts. That is not to say that these things cannot be overcome by thoughtful utilization and I believe this is going to be part of the interesting feature of studying this whole question. Although this is widely believed to happen only when methanol is used in heavy doses, the fact is that a vehicle's fuel system can be harmed and that is the main reason the automobile industry has had some hesitation in using this product widely. Also, Mr. Speaker, and more importantly, the long term effects of its use are not known at the present time. We must be very careful when we are dealing with the health of the Canadian consumer. Even if this Government does forget this fact from time to time, as we have seen very recently, the health of Canadians must be uppermost in our minds.

• (1720)

The automobile industry has allowed to a maximum of 5 per cent the use of methanol, which is the amount we are discussing here. Although the use of this blend could remove the additive of lead concentrates and MMT, which, of course, would be of great benefit to the environment, there remains one important question. What are the long term effects of this blending on the Canadian environment? We could—and I hope you will forgive the pun, Mr. Speaker—be adding fuel to the fire with regard to putting harmful substances into the environment. We must also face the fact that removing MMT from gasoline would be the last thing the industry wants. MMT is easy and much cheaper as an octane additive. If there is a chance that methanol can harm car parts, not to mention people, we must ask ourselves if there is not another alternative. That is not to throw water on this very important question because I, as well as the Hon. Member for Kent see this as a very important alternative.

I am glad the Hon. Member brought this subject forward and his motion to present this to the Standing Committee on Natural Resources and Public Works will give us an opportunity to look at this question. I think we have to look at the facts and the present data which is available to us through RDC, Research and Development and Consulting Ltd. which shows that the blend of 5 per cent methanol and 3 per cent