

## **Ethanol strikes balance of economy, environment and energy**

The following are excerpts from an address by The Honourable Bill McKnight, Minister of Agriculture, to the Biomass Energy Institute, Saskatoon, Saskatchewan, October 15, 1991

By advancing research of a timely product, you've clearly demonstrated the courage and tenacity it takes to be leaders. By backing a new idea in a market of old ones, you've shown the creativity of true leaders. And by continuing to confront the barriers which lie in the way of your success, you will continue to be models for leading change in this country.

In many ways, as pioneers of the 90s, we're trying to find the right balance. A balance of competing, but equally important demands: the economy, the environment and energy.

Our job, if we are to prosper as a country, is to find new ways to give equal weight to those three key issues. That's why ethanol is an idea for the 90s, an idea whose time has come.

The economic outlook for the grains and oilseeds sector is, as you know, dismal - despite the fact that governments have provided an unprecedented level of support. This year alone, federal and provincial programs will pump \$3 billion into the farm community. And last week, we announced another \$800 million in cash - \$700 million for the grains and oilseeds sector - to pull farmers through their toughest year ever.

In view of uncertain international conditions, we need to redouble our efforts to strengthen domestic markets wherever we can. This is where ethanol comes in. Even a 10 per cent penetration of the gasoline market by a 10 per cent ethanol blend would provide a market for about one million tonnes of grain.

The potential to add value to our products cannot be ignored. It means jobs. It means a stronger economy. It means more stable rural communities. Ethanol can be a part of that.

We've heard about the Pound-Maker Plant and Feed Lot - a success from all accounts.

In July, I visited another ethanol project at the Bruce Energy Centre in Ontario. One company, Commercial Alcohols, uses the waste steam from the nuclear generator to produce ethanol from corn. Canadian Agra Corporation has also attached itself to the steam line. It produces alfalfa cubes, using local products. As well, there are eight acres of tomato hothouses included in this park.

The U.S. experience, which is a little broader than ours, has proved the potential of ethanol. South of the border, they're producing 900 million litres every year. That's equal to eight per cent of all their gas. By 2000, they expect to triple current production to more than three billion litres annually to meet the requirements of the Clean Air Act.

In addition to economic opportunities, the environmental benefits of renewable energy sources are indisputable. On average, Canadians produce 20 tonnes of carbon dioxide per person each year. That's double the Swedish or Japanese average. If we are to slow the disastrous effects of global warming, we must decrease fossil fuel burning.

We must approach this serious dilemma from several fronts. Reduce consumption. Conserve. And find alternative, cleaner fuel sources like ethanol.

There are indications that alternative energy sources, and especially ethanol, are appropriate choices for Canadians now. By the middle of this decade, we'll be importing more than half a million barrels of light crude oil every day to meet transportation fuel needs at a cost of about \$5 billion annually. Our plentiful grain supply offers the chance to defer some of this expense through ethanol production.

And don't forget that the farm sector, in addition to being a supplier of fuel alcohol feedstock, is also a heavy user of fuel. Your voices have been heard by politicians and can also be heard in corporate boardrooms of both major and independent oil refiners and the co-operative sector.

Ethanol is a product for the 90s. We support it strongly because it's a symbol of the direction agriculture must take. As sure as I am that the industry will evolve, I'm equally confident your industry will clear a path for a successful ethanol industry in Canada.

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