



Ethanol outlook bumpy

Grits not in a hurry to reach 10% content in gasoline

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By JONATHAN JENKINS, QUEEN'S PARK BUREAU

Ontario is hitting the brakes on biofuels.

"We've made a commitment and we've lived up to it to ensure 5% of the gasoline in the Ontario marketplace is ethanol," Premier Dalton McGuinty said yesterday on his way to a cabinet meeting.

"We had made another commitment to take that to 10%. We're now revisiting that in light of the news."

Ethanol made out of crops such as corn or other grains has come under increasing fire from critics who charge it's taking too much land out of food production and contributing to a global hunger crisis.

There's also concern that ethanol does not offer as much in emissions and greenhouse gas reductions as originally promised.

"The issue is whether it's in the public interest to stretch to 10%," McGuinty said.

"I think we have to pay attention to some of the other developments, including food costs, to make sure we're not contributing to that."

Ontario has heavily supported a local ethanol industry and it was just in 2005 that McGuinty launched a \$520-billion support program for suppliers, offering grants for capital and operating costs as well as research and development.

Ontario also committed itself to reach 5% ethanol in all gas sold here by 2008, which was fulfilled. The 10% mandate was to begin in 2010.

As recently as April, the premier told reporters he had heard the concerns about ethanol but wasn't worried.

"We've taken a look at this and we're convinced that our decision here in Ontario is not having a significant impact because of a whole bunch of circumstances that are driving up food prices," he said.

'BOXED HIMSELF'

The Conservative opposition jumped on that shift, saying the Liberals are abandoning an industry they built up with government subsidies.

"I think he's really boxed himself into a corner here," Tory MPP Ernie Hardeman said. "He built this industry up with tax dollars and now he finds he can't keep the commitment he made."

"People who have invested in the industry would have grave concerns about that. All of that investment was predicated on the promise he made to reach 10%.

"It's a real blow to the industry."

The New Democrats said they're not opposed to further ethanol support, as long as the focus is on the next-generation of biofuels made from cellulosic scraps that aren't useful for food production.

But MPP Andrea Horwath said the sudden change is typical of a government that doesn't have a handle on the climate change file.