

Ethanol policies misguided, CD Howe says

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OTTAWA - Canadian governments are pursuing "misguided" policies in promoting ethanol production as a way of reducing greenhouse gas (GHG), says a report from an influential think-tank.

The C.D. Howe Institute study said Thursday there is no "conclusive evidence" that ethanol reduces carbon output or energy use, once the entire production cycle is taken into account, and that the cost per tonne of GHG reduced is roughly seven times more than alternative policy measures.

"The headlong thrust into [corn-based] ethanol as a GHG reduction policy cannot be justified once the significant price effects, economic costs, and consequences for income distribution in Canada and, indeed, globally are considered," said Douglas Auld, an economics professor at the University of Guelph and the author of the C.D. Howe report, entitled, *The Ethanol Trap*.

Ethanol production

The federal government and some provinces - most notably Ontario - have pushed ethanol production as a major platform in their environmental policies. Last month, the Conservative government, with the help of Liberal Party support, was able to push through a bill that forces retail gas pumps across the country to contain at least 5% ethanol by 2010. The Bloc Quebecois and NDP opposed the move. Moreover, the Conservative government pledged \$2.2-billion in federal support for ethanol fuel production.

Increased ethanol production, through the use of grain corn, has been cited as a cause for big increases in food prices. But the federal government has argued that its ethanol policy would reduce greenhouse gas emissions by 4.2 million tonnes annually, or the equivalent of taking one million cars off the road.

The study is available [online](#).

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