

Fuelling Change Part 3: Food or fuel debate rages on

Some say you can have both; others say you must choose

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By Jillian Follert



DURHAM -- Dale Mountjoy's family has been farming in Oshawa for five generations.

Years ago, vegetables and meat from his grandfathers' farms were sold in the local community and his father used to deliver fresh milk to a dairy in Oshawa.

But these days, the corn and soybeans Mr. Mountjoy harvests travel a long distance to their final destination, adding extra costs to an already shaky bottom line.

There simply isn't much of a local market for grains.

Most of what is grown is transported to grain elevators where it is stored, then trucked out to far-off plants to be turned into pet food, corn sweetener and other products.

It's why Mr. Mountjoy and hundreds of other corn farmers are thrilled by a recent proposal from FarmTech Energy to build a corn ethanol plant at the Oshawa waterfront.

"From a farmer's point of view, this is one of the most exciting things that has happened in Oshawa in years. To have a market for corn locally would be great," said Mr. Mountjoy, who is also president of the Ontario Corn Growers Association.

He said corn growers -- of whom there are about 800 in Durham -- spent most of the past decade struggling to hang on to their livelihoods as the price of corn plummeted.

The price of corn is set on the Chicago Board of Trade, a global commodity futures exchange.

Up until about two years ago, it was sitting at \$2.50 a bushel -- "less than it cost to grow it," Mr. Mountjoy points out.

Today, the price is hovering around \$6 a bushel, which means local farmers are making money for the first time in ages -- although they may collect slightly different prices than those set in Chicago based on a plus or minus "basis," which is the difference between local cash prices and futures prices for commodities.

The jump in corn prices is due mostly to growing demand in Asia but local farmers say ethanol plants can also do a lot to keep prices in check.

"Having an ethanol plant here will make the market more stable and pricing more stable," said Steve Cooper, a fourth-generation corn and vegetable farmer based just north of Uxbridge. "We want to keep agriculture viable and having an end user on our doorstep could really help."

Durham's agricultural community is praising a recent decision by the Canadian government to pass legislation requiring all gasoline sold in Canada contain five per cent ethanol by 2010 and all diesel contain two per cent biodiesel by 2012. The Senate is expected to approve the bill, which farmers say will cement a market for corn in years to come.

Amid this excitement, there is also shock and dismay that not everyone in the community shares their enthusiasm for ethanol or supports the proposal to build a plant at the Oshawa lakefront.

Oshawa Mayor John Gray and some councillors have been outspoken in their opposition to the proposed site, as have local environmental groups.

At a recent public meeting on the issue, concerns were also raised about ethanol itself -- most notably, whether it is wise to use food for fuel.

There is concern diverting corn from plates and feed bags to fuel tanks will limit availability and drive up the cost of corn itself, as well as milk, beef, pork, poultry and eggs, because corn is used to feed those animals.

Rising food prices around the world have sparked recent riots in places like Mexico and Pakistan, as the cost of staples like tortillas and bread skyrockets.

At a United Nations summit in June, Secretary General Ban Ki-Moon warned world food production must increase 50 per cent by 2030 to meet demand, while the UN's World Food Program has pointed to ethanol as one factor driving up global food prices, with oil prices and increasing demand in India and China also to blame.

The International Monetary Fund lists biofuels as one factor in climbing food prices and an unpublished World Bank report obtained by the British press made headlines this month, because it reportedly says biofuel production has driven up world food prices by 75 per cent.

Groups closer to home are also concerned.

Oxfam Canada, which is dedicated to eradicating global poverty and injustice, released a report in June that says biofuels are contributing to food insecurity and inflation.

"Canada can begin to undo its mistaken policies by rejecting the biofuels legislation now before the Senate. The law would, in effect, tax poor consumers through higher food prices by subsidizing the conversion of the corn crop into ethanol," said Robert Fox, executive director of Oxfam Canada. "More than half of Canada's corn crop would have to be turned into fuel to meet the five per cent target proposed in the legislation before the Senate. Burning food in our cars while people go hungry is madness."

Other big non-governmental organizations like Greenpeace Canada, Food Secure Canada and the Unitarian Service Committee have also expressed concern about the impact of biofuels on food.

Zac Cohoon, president of the Durham Region Federation of Agriculture, said these concerns are unfounded and that the food versus fuel debate has been largely constructed by politicians and the media.

"The opinion that ethanol takes food away from the food industry is poorly researched," he said. "The amount of food removed from the industry is negated by the fact that a byproduct of ethanol is feedstock, so all that corn comes back out and goes to produce meat."

Dan O'Connor, president of FarmTech Energy, said it is important to note that if his company is successful in building an ethanol plant in Oshawa, it will use cutting edge technology that produces food and fuel from the same kernel of corn.

"Ethanol only uses the starch part of the corn; all the value is in the protein and the fibre," he explained.

The proposed FarmTech plant would be built by American company ICM Inc. that has pioneered a process that extracts protein from corn, resulting in a protein supplement that can be added to food.

The food versus fuel debate is one Finance Minister and Whitby-Oshawa MP Jim Flaherty has opinions on too.

"The thinking always was, that we have to move to non-food-based biofuels. It's important that crop land be used for crops," he said, noting that corn continues to be part of the equation, just not the whole equation.

His government has made a \$500-million investment in the Next Gen Biofuels Fund aimed at finding the next phase of biofuels, such as cellulosic ethanol made from non-food plants and fuel made from farm waste.

But how would that affect farmers who are banking on corn ethanol as a financial life raft?

Mr. Flaherty said he doesn't have all the answers.

"I don't pretend that it's simple. We all want a cleaner environment and adequate food to feed the world and we all want alternative fuels," he said. "It's not an easy one to figure out."

This is Part 3 in a 4-part series. On Friday July 25 see Part 4: Smell not an issue near Sarnia-area ethanol plant.