



World Bank report fuels debate on ethanol effects

By PETER ZIMONJIC, NATIONAL BUREAU

The decision to turn corn crops into ethanol to fuel cars has pushed global food prices up by 75%, according to a new report.

A leaked study by the World Bank, seen by a British newspaper, wants the decision to use corn as fuel to be scrapped.

This finding is significant because governments in Canada, the U.S. and Europe have maintained that diverting corn from the table and into the gas tank was only a small contributor to soaring prices. Other factors included oil prices, grain speculators and increased demand for grains from China and India.

"It raises deep concerns about the approach taken around biofuels thus far," said NDP Leader Jack Layton. "These considerations should have been fully studied before a national policy was adopted."

5% OF GAS

The government recently passed an amendment to the Environmental Protection Act which calls for 5% of all gasoline to be biofuel. The Liberal and Conservative parties voted for it but the NDP and the Bloc voted against. The federal government is pouring more than \$2 billion into biofuel over the next few years.

The World Bank released a separate report Wednesday urging leaders attending the G8 summit in Japan to rethink corn fuel.

"Prices for those crops used as biofuels have risen more rapidly than other food prices in the last two years, with grains up 144%, oilseeds up 157% and other food prices up only 11%," the report notes.

The World Bank wants governments to expedite the switch to second-generation ethanol, made from waste such as straw and woodchips.

The Liberals agree.

"This is exactly why we need to accelerate the transition to second generation ... ethanol," Liberal environment critic David McGuinty said of the World Bank report

The right-leaning C.D Howe institute also released a report this week arguing there is no evidence that ethanol reduces greenhouse gases, that it's pushing up food prices and needs rethinking.