tions of countries in a magnitude hitherto unknown over such a short period. It would seem to me to be unwise in such a period to seek to be rigid or overly precise in our prescriptions for monetary order: the fast changing scene requires flexibility and adaptability.

We have taken the position consistently over the last two years that we should proceed to monetary reform by stages, dealing with the specific needs of the monetary system as they arise rather than by trying to impose an ideal structure at some predetermined date. I think recent events have confirmed the wisdom of this approach. I will be stating this position again later this month, in light of the new situation imposed by international energy developments, when I meet in Rome with ministers from the Group of 20.

I believe it is essential that nations keep their cool in the forthcoming period and use to the full all the channels of communication and co-operation open to them. Secretary Kissinger, I believe, was acting in the right spirit when he called for a co-operative approach to the questions of developing more rational uses of energy and more adequate sources of energy. But the need for co-operation is wider than simply the production and use of energy itself. The shortages and the higher costs of energy require sharp and large readjustment of countries' production and payments patterns. The periods of such readjustments can be dangerous periods for international peace and stability. The challenge to the nations of the world will be to accommodate the necessary changes by consultation, co-operation and common sense.

Let me turn now to the specific substance of the bill before the House. The success of the voluntary restraint arrangement introduced early last September required complementary measures to ensure that the price of Canadian exports to the United States would keep in line with the rising price of competitive oil in that market. Moreover, as I believe the House is aware, before the National Energy Board can authorize the export of crude oil it must be satisfied that the prices charged are "just and reasonable in relation to the public interest." Those are the words in the statute. To ensure that export prices were in fact just and reasonable, an export tax would be required equal to the difference between the frozen price in Canada and the price prevailing in the United States. On September 21, therefore, the government introduced a ways and means motion providing for this tax.

[*Translation*]

The establishment of this tax level by the government was based on information provided by the National Energy Board. The latter takes into account, in its recommendations, the expected discrepancy between the competitive crude oil price on the American market and the posted price that is frozen in western Canada, plus transportation and handling costs. After a review of this price discrepancy, this government put forward ways and means motions that provided for a taxation rate equal to 40c. a barrel in October and November, $1.90 in December and $2.20 in January. The bill provides for amendments to the Excise Tax Act, in order to include proposed taxes on the exportation of Canadian crude oil. During its four months of operation, this tax would provide for additional revenues of about $150 million.

[Mr. Turner (Ottawa-Carleton).]

I suggest that the export tax will achieve the required purposes. On a short range basis, it enables to maintain the freeze on domestic prices, to establish a fair and reasonable price for Canadian oil exports as well as to secure to Canadians the additional revenues derived from exports.

As a recognition of the need, on a long term basis, to provide for a more flexible control mechanism, the excise tax will be replaced by new oil export charges, as of February 1, 1974, according to the bill. The new tariff of charges on exported oil, in contrast with the temporary export tax, would include a variable rate according to quality and destination of each exportation. Charges would be established monthly by the governor in council, according to recommendations of the National Energy Board on what should be a fair and reasonable export price for Canadian oil. Charges would be collected on behalf of the Minister of Finance by the board that would be responsible at the same time for issuing export permits, as provided in Part VI of the National Energy Board Act.

● (1540)

[*English*]

There is one aspect of this bill which poses a special problem. There are some types of crude oil now being exported which clearly cannot bear the burden of the export charge. This occurs because the particular type of crude in question cannot compete in the United States market if the full export charge must be added on as part of the cost. Similarly, there are a number of instances where Canadian crude oil is exported solely for the purposes of refining, and then the refined product is reimported into Canada for use by Canadian manufacturers; but the cost of such reimported products reflects the added burden of the export levy. Clearly, these results are anomalous and run counter to the thrust of our policy, which is to keep prices down for Canadian consumers.

There is no easy answer to this problem. In some cases it could be dealt with by not imposing the tax on the transactions in the first instance, or by refunding the levy to the exporter. But this is not a full solution because in many instances the only way to be sure of achieving the appropriate result is to deal with the reimporter himself. Thus, we may require some combination of measures including remissions of the levy and direct payments. At this juncture we do not have enough facts to put forward a proposal to deal adequately with all appropriate cases. However, I can say that the government is aware of the problem and that we will take such steps as may be necessary to ensure that this bill does not generate anomalous and counter-productive results.

Hon. members will have noted that the bill limits the authority of the governor in council to a maximum export charge of $4 per barrel. However, as a result of the most recent international events the maximum level of $4 is now insufficient. My colleague, the Minister of Energy, Mines and Resources (Mr. Macdonald) has recently indicated that for the month of February the charge probably should be about $6.50 per barrel. Subsequent months may require a charge at an even higher level. Therefore it is my intention, after consultation with members of the House, to introduce at some stage in the proceedings of