

industrial development implications of the new national energy program, implications which, in a real and complete sense, make good on one of the primary pledges made by the Prime Minister in the industrial policy statement of last February 12 in Toronto during the election campaign. That commitment was to:

—capitalize on Canada's energy base in order to build a world competitive industrial sector.

Some hon. Members: Hear, hear!

Mr. Gray: Let me take a few minutes to describe some of the ways in which the national energy program will accomplish this objective. First, in rejecting the international cartel price for oil and in implementing a made-in-Canada blended price for oil, we have ensured that Canada's industries, as well as household consumers, will be able to adjust gradually to higher energy prices to the extent they are required to bring about Canadian energy security. We have acted to minimize the inflationary effects of rising energy costs, effects which could prove very disruptive to needed new business investment throughout the economy. Above all, we have guaranteed that businesses in every region of the country will have a permanent competitive edge, in both foreign and domestic markets, based on lower than world level energy costs.

Second, the Canadianization measures which are among the prominent features of the national energy program will not only increase the percentage of Canada's oil and gas industry which is owned by Canadians from 25 per cent to 50 per cent within this decade, it is my belief that they can also have some major secondary benefits for Canada's over-all industrial development. This Canadianization program will retain in our country for Canadian use a larger share of the profits of the oil and gas industry. Additionally, to the extent that our oil and gas sector comes under Canadian control, traditional linkages between multinational petroleum companies and their customary foreign suppliers of machinery, equipment and technology can be altered. In this way, the Canadianization measures, together with other means which we plan to implement to ensure that Canadian suppliers benefit from energy developments, will contribute to eliminating a potential obstacle to this country's industrial development and diversification based on our resource strengths.

Third, with the budget, the Government of Canada has begun to put in place a comprehensive energy development-energy conservation plan which promises multiple industrial benefits throughout Canada. For instance, with incremental expenditures of over \$2.5 billion over three years on oil substitution and conservation and renewable energy programs, the federal government's plan will offer opportunities which will mean jobs in every part of Canada, opportunities for new industries to develop and existing industries to expand to supply the many new products and services needed as part of the national effort to reduce oil consumption to 10 per cent of over-all energy use. Also, there are mega-projects planned in non-conventional oil extraction, heavy crude oil upgrading, and energy delivery system, projects made feasible by innovative systems of incentive prices and tax allowances. They will

open up enormous opportunities for Canadians to supply the equipment and technology and to fill the jobs which will make these projects happen. Finally, the energy independence plan will have yet another positive effect upon the health of our industrial economy for it will ultimately free us from the risks and the costs of unpredictable disruptions of foreign energy supplies.

● (2100)

There is a fourth element of the national energy program to which I want to draw particular attention, for it very clearly signifies the determination of the federal government to ensure that energy and activities related to energy provide the basis for a major, sustained economic upsurge. Specifically, in the new legal framework which will govern oil and gas exploration and development on the Canada lands, the Yukon, the North-west Territories, the Arctic and offshore, there will be provisions to guarantee that a high level of Canadian goods and services is employed in these activities. Applicants for exploration and production rights will have to demonstrate how their operations will bring industrial and employment benefits to Canadians both in the region of interest and elsewhere in Canada. Right now the Department of Energy, Mines and Resources and the Department of Industry, Trade and Commerce are working closely together to put in place the mechanisms for administering these provisions in a way which brings maximum employment and industrial benefits.

Of course there is a precedent for including industrial benefits requirements in energy legislation in the act which created the Northern Pipeline Agency. The success of that regulatory regime, and especially of similar regimes in existence in the United Kingdom and Norway, shows why we believe using the government's authority over the Canada lands for national industrial development purposes will bring substantial benefits to all Canada.

Some hon. Members: Hear, hear!

Mr. Gray: It is also why the government has currently under serious study ways and means for applying industrial benefits requirements to other areas of resource and non-resource related development, for this is success which is measured in terms of thousands of new jobs, new businesses for existing domestic suppliers and the exploitation by Canadians of new industrial opportunities. Therefore, to quote again from the February 12 speech of the Prime Minister, we are "using Canada's resource base as the fundamental building block of a vigorous industrial sector."

There are a number of additional elements in the energy program introduced in the budget of last week where the thrust is industrial development, development with potential spill-overs or flow-through benefits for all of Canada's regions. I am talking about elements such as a Canadian alternative energy corporation which will work with Canadian businesses in the commercial production and marketing of renewable energy and conservation technology, elements such as new energy research and development initiatives totalling \$260