

*Petroleum Products Controls*

reasonable profit. This basic price could easily be met on the Canadian market.

When a variation originating in other countries occurs and leads to a loss for Canadian producers we could, not by setting up a price control system but a compensated discount system, compensate the producer or a given product for a possible loss resulting from a sale on domestic rather than foreign markets. That is a way the government could use and certainly it would not be up to the government to determine prices. Free competition within this country could easily set prices, as is partly the case presently.

Such is not the case, for instance, in the oil sector because the third paragraph of the motion—and I think the hon. member made it quite clear a while ago—specifically refers to an obstacle which adversely affects competition on the Canadian market, that is to say the frontier created by the Ottawa Valley which impedes the distribution or sale of oil between eastern and western Canada. So by doing away with such a frontier we would really create in Canada a possibility for real competition in oil prices.

It is known that western oil producing or manufacturing provinces can sell their oil profitably to the United States. However, we in the province of Quebec or the Maritimes can buy oil cheaper from the Middle East or Venezuela than from Alberta. Why? Simply because the west wanted to set up an imaginary limitation to control and get the highest price while the east has to deal with an international market, which does not do anything for competition in Canada. So by doing away with that frontier of the Ottawa Valley we would give back Canada a chance to establish competitive prices between domestic and foreign products.

And I am not thinking about a possible production in Quebec. It is known that many industries, many experts on oil products undertook drilling operations in the province of Quebec and on the east coast of Canada. But nothing is said or done about it. Those are possibilities which could be developed.

As I said before, according to the studies of a board, we would determine the real potential, the immediate and long-term potential or the reserve needed in Canada.

In this global context, it is important that government take positive action. It would be possible to set up or guarantee a competitive price for oil—since it is the example used today—based on production costs as well as a normal profit within a sound competitive situation in Canada and, as I mentioned before, pay an indemnity to those who might lose money selling surpluses, which I doubt. As demand from the U.S. and other countries increases rapidly, I am sure we could get the best price for it. Then, the sale of those surpluses could even be included in an international market where we could bargain over a product that, for us, has a set price based on our needs, but that could have a much higher value for Americans according to their own needs. Then, trade would be subject not to international price controls as now but to our needs and those of the U.S., for example.

● (1650)

If the United States have huge oil requirements and we, on the other hand, have a strong appetite for oranges we

[Mr. Caouette (Charlevoix).]

could easily bargain on the market on the market according to the value of products and to our requirements, assess the volume of trade according to our requirements and not only to prices established by international or multinational corporations which ask us, in fact, a price that is not dictated by our requirements but that they establish arbitrarily to make inflated profits in some cases.

The government must change its whole policy, its whole attitude towards foreign trade. First of all, we must take into account our requirements and surplus that we will have produced, then we might bargain with other countries in need and establish prices as we see fit. Thus, we will have much higher profits.

It is important that the government look after Canadians first and, if possible, deal with other countries after.

We should not forget either than even taxes are included in price increases. As I said earlier, prices have gone up not because of stronger demand in Canada but as a result of larger requirements in the United States, which have an indirect impact on Canadian prices.

One realizes that we have a strange way of doing things in Canada. A gallon of oil or gas is sold at a given price in the west and at an other price in the east and, similarly, the tax differs in the east and in the west because it is deducted from retail prices.

Those are situations that might be readjusted in order to reflect not necessarily the requirements of large corporations but those of the people, according to the cost of production and not to arbitrary decisions taken by various corporations.

I have here statistics showing the increase in exports of oil products to the United States. Whereas in 1969-70 our sales of crude oil to the United States amounted to \$525,780,000, in 1970 they reached \$649,075,000 and in 1972, \$1.8 billion.

If there is such a growing need for oil products in the United States as shown over the past years, I feel we are now in a good position to bargain with them and to apply restrictions on exports of crude products while increasing exports of refined products.

In the past, the Americans were importing crude oil from Canada and were having it refined at home, thus creating new jobs and improving their own economy.

Today we are able to put restrictions on production and export of crude oil; it is equally important to maintain those restrictions so as to provide for the development of our secondary industry, namely refineries, and then sell the surplus of those refineries to the United States as well as other countries wishing to have some.

That is what I wanted to say on this motion and I believe the fact of thinking about a general energy policy already represents in the attitude of politicians and Canadians a fresh and, I hope, lasting outlook for all Canadians as compared with the restrictive and arbitrary approach we now favour.

Again, that is what I wished to say and in concluding I would like to point out that prices are based on operating costs and profits and that if there is a need to increase prices or losses because price or consumption are not in