

have not looked at all at the problems that are associated with the shortage of oil and with the problems in Iran. We have to remember that Iran, which most western countries had considered to be a stable country, turned out not to be very stable but a real pushover. There are those who consider Iran is in for much more turmoil down the road before things settle there. The facts are that Imperial Oil, which was buying oil directly from Venezuela, had lost its share to its parent company, Exxon, and the *force majeure* applied by Exxon was against Canadian interests. But we benefited from other aspects, and this is not something that Petro-Can would be able to do.

● (2100)

There were a number of Canadian subsidiaries of international oil companies which were dependent on Iranian oil, and curtailment of crude supplies since the Khomeini revolt began has caused most of them serious dislocations and logistical problems. British Petroleum Ltd., which got about 30 per cent of its crude supplies from Iran, was forced to impose *force majeure*, rationing on deliveries to affiliates, including BP Canada Ltd. Petrofina Canada Ltd., thought to use 100 per cent Iranian crude for its refinery feedstock, also has had a problem in obtaining crude supplies because its parent, Petrofina Belgium, buys 25 per cent of its crude supplies from British Petroleum. Gulf Canada, Ltd. depended entirely on Iranian oil for its Point Tupper, Nova Scotia, refinery. But once production slowed in Iran, Gulf, through its parent, Gulf Oil Corporation, managed to load an ultra large crude carrier in Kuwait with 2.3 million barrels of crude, enough to keep Point Tupper going for six weeks. Last week another half-loaded ultra large carrier left Kuwait also headed for Point Tupper. Had we had direct-to-direct dealings, this oil would not have been available for Canadian use and certainly we would have lost. Presumably the minister is intending to make all or nearly all deals directly with Venezuela. All the indications are that Mexico will not be a major producer of oil for some years down the road.

When President Carter went looking for oil and gas on his visit to Mexico, he pretty well got the cold shoulder. The Mexicans said that they were not likely to give much oil to the United States, and in fact they berated the Americans for not taking their overflow in surplus population which they have in much greater quantity than oil.

What about the value of oil swaps directly or direct contracts from one government company to another? Should we take and put our eggs in the Venezuelan basket? We must remember that Venezuela has cut back its oil production 50 per cent since 1970. So the question arises as to whether there will be further cuts in Venezuelan oil because Venezuelans are worried about their supplies. Is Venezuela any more of a stable country than Iran was? On the surface it is not nearly as stable.

I should like to refer to the Euromoney Currency Report wherein it refers to Venezuela. It reads as follows:

President Carlos Andreas Perez, elected in 1973 to preside over the OPEC bonanza, leaves office on March 12. He is succeeded by the Christian Democrats of Luis Herrera Campins. Retrenchment and austerity are certain. Exchange

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controls and import restrictions will be the first line of defence for the bolivar but no Venezuelan expects them to work. Devaluation is necessary to cut the import bill. Political necessity dictates it should be soon, while the blame can be put on Perez. Expect a significant depreciation, say 15 per cent, perhaps in March. Where possible, local borrowing should be increased.

The ambitious industrial plans are running late and massively over budget. The trade account was in the red by almost \$3 billion last year—the first deficit for 50 years.

It is relatively greater than ours. This is with all the Venezuelan oil to sell. It continues:

The Central Bank estimates the current account shortfall was \$6 billion, and foreign exchange reserves have fallen despite an orgy of foreign borrowing. Import growth remains around 25 per cent. Inflation is widely reckoned at 20 per cent although officially suppressed by price controls and subsidies, which Herrera is pledged to reduce. The money supply is only just being brought under control, decelerating to a 15 per cent growth rate. The largest commercial bank, BND, has become a spectacular casualty, nationalized to prevent a liquidity crisis turning into a widespread banking collapse.

That is the state of Venezuela. It does not have a particularly strong economy. As we realize, in South American countries there are frequent changes in government of a military type. To load on Petro-Canada all of the responsibilities of buying oil offshore seems to be putting all our eggs in one basket. It is not necessarily the best way out. That is all I should like to say about this amendment before the House.

Mr. Deputy Speaker: Order, please. Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 5 standing in the name of the hon. member for Sault Ste. Marie (Mr. Symes). All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

Mr. Lawrence: Mr. Speaker, certainly we have no objection to a vote being held tonight if it is the wish of the House that we should. Quite frankly it was not our wish in the first place that we have recorded votes or that the whole question of this be delayed. This was the insistence of the minister that this matter be delayed by recorded votes. As far as we are concerned, I see no difficulty if the House wishes to move the matter along. Certainly this is in accordance with our wishes. We have no desire to see the matter delayed. This has been more the machinations of the minister which have delayed the matter to this point.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, with respect to the point of order raised by the hon. member for Northumberland-Durham (Mr. Lawrence), may I say there was an understanding reached today among the House leaders