

### *Government Orders*

person receiving a production licence for oil or gas would have to be a Canadian citizen, a permanent resident or a corporation the shares of which are 50 per cent held by Canadians.

We should be very clear on this. What the bill before us this afternoon proposes to do is delete that Canadian ownership requirement. It means that henceforth in the areas where previously you had to have 50 per cent Canadian ownership at least to undertake production of oil and gas you will now have no minimum Canadian ownership requirement.

You could be 100 per cent Fijian or Mercurian and it would not matter. You could still go ahead. The other restrictions of course would apply but the Canadian ownership requirement would not. This brings our statute and regulations into full accord with the North American free trade agreement in articles 1102 and sections 1 and 4.

There is as well in this North American free trade agreement article 1108, reservations and exceptions. I should like now to turn to that. It reads:

Articles 1102, 1103, 1106 and 1107 do not apply to:

- (a) any existing non-conforming measure that is maintained by
  - (i) a Party at the federal level as set out in its Schedule to Annex I or III

Even though we have maintained in statute and policy what we can call in the language of the North American free trade agreement a non-conforming measure we can do that now only if we set out in Canada's schedule to annex I basically a statement that we are maintaining this non-conforming measure.

Lo and behold that is precisely what the government did. You will find it on page I-C-23 of the North American free trade agreement. It reads in part on this annex page which deals with the sector on energy and the subsection of oil and gas:

Industry classification: SIC O71 Crude Petroleum and Natural Gas Industries

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Among the measures included in the reservation are those arising out of the Canada Petroleum Resources Act, the Territorial Lands Act, the Public Lands Grants Act, the Canada-Newfoundland Atlantic Accord Implementation Act, the Canada-Nova Scotia Offshore Petro-

leum Resources Accord Implementation Act and the Canada Oil and Gas Land Regulations.

• (1630)

The description of the reservation governing investment includes:

Persons who hold oil and gas production licenses or shares therein for discoveries made after March 5, 1982 must be Canadian citizens ordinarily resident in Canada, permanent residents or corporations incorporated in Canada. No production license may be issued for discoveries made after March 5, 1982 unless the Minister of Energy, Mines and Resources is satisfied that the Canadian ownership rate of the interest-owner in relation to the production license on the date of issuance would not be less than 50 per cent.

That is the golden umbrella beneath which we sheltered our Canadian ownership requirement from the North American free trade agreement. However there is a catch. I will read article 1108 again: "Articles 1102, 1103, 1106 and 1107 do not apply to a) any existing non-conforming measure that is maintained".

"Any existing non-conforming measure". With the anticipated passage of Bill C-106 we are removing, deleting, and eradicating our existing non-conforming measure. This having been done, we will not hereafter, for so long as the North American free trade agreement is in effect, be allowed to return to a regime of Canadian ownership requirements.

What we are proposing to do today is delete in perpetuity the ability of the Canadian people through their Parliament to determine that some minimum percentage of the strategic petroleum industry must be undertaken and maintained by Canadian nationals. Henceforth, that ability of the Canadian people to determine this element in their economic fate will be gone. That is the import of Bill C-106.

Some people will say that is okay, it does not matter, who cares? They will say that we are getting globalized, capital is moving back and forth and borders are meaningless. Unfortunately that thesis is simply incorrect and the experience of Canada in this regard is decisively instructive.

For better than a decade now the Petroleum Monitoring Agency has been keeping records about the inflow and outflow of capital into and out of Canada within the petroleum industry. It has been keeping these records in a series of different accounts. The record is abundantly clear.