grants have been ground down to one or two. Certainly the legislation before us today is not adequate to deal with these kinds of problems caused by the international price of oil today.

During the election campaign the Minister and the Prime Minister (Mr. Mulroney) talked about energy self-sufficiency. Yet the CPA assessment indicates that statistical self-sufficiency could be lost as early as 1990, and a very significant supply gap would develop by 1995. This would make Canada dependent on imported oil for some 30 per cent of its requirements.

The low level of exploration spawned by the Western Accord and the Atlantic Accord will have a very negative effect on our exports. For example, if we compare the amount of oil and gas exports in 1986 with 1985, we see a 25 per cent reduction in the first quarter. In 1985 oil and gas sales to the U.S. were $1.497 billion. In the first quarter of 1986, they were $1.863 billion. It is projected that over-all our exports of natural gas and crude oil will decline from $9.8 billion in 1985 to $6 billion in 1986.

● (1150)

The present level of oil and gas exploration, development and exports will have a very significant impact on exports from our country, and thus our balance of trade, which has been one of our strongest points in the whole free trade debate. We have been able to look with pride at our oil and gas exports, along with automotive exports, softwood lumber exports and many other commodities as generating $20 billion worth of surplus exports. Whereas we see in oil and gas alone the projections are that we will lose about $3 billion this year.

The promise of the Minister of Energy on self-sufficiency certainly does not seem to be carried out. It does not look like we are going to be self-sufficient with the current level of exploration and development which is taking place under this Government. Certainly the Minister and the Prime Minister in the Prince Albert declaration talked about increased Canadian participation. Although this legislation before the House does provide for 50 per cent Canadian ownership at the developmental stage for oil and gas, it really takes away from the small Canadian companies.

All you have to do is attend the energy committee and hear the Independent Petroleum Association members talking about how they are not going to be able to fulfil their share of the current exploration and development phase; without the Petroleum Incentive Program they are not going to be able to keep their share. Even the big ones like Husky Bow Valley said that they were not going to be able to complete their share. The PIP grants were being taken away so rapidly that in their case, where they had hoped to carry out the completion of seven or eight or ten wells, they are only going to have adequate funding for one or two, and they consider that a breach of trust.

The new program of providing a 25 per cent exploration tax credit, only 40 per cent of which is refundable, is not adequate to keep the Canadian players in the field. Not only will it not be adequate in the future, but even for the current cycle of exploration and development it is most inadequate.

We will see the Canadian share being developed by Imperial, Texaco and Shell, the other multinationals, so that the Canadian participation will be very limited. It is hard to believe that the Canadian companies will find their share with the current system of financial assistance.

The final point in the Prime Minister's declaration at Prince Albert and in Halifax during the election campaign was fairness to producers and consumers. Clearly we have outlined the unfairness of the current system for small Canadian companies to paly an adequate part in exploration, whether it is off the east coast or in other areas of the country.

If we look at the pricing of gasoline and diesel, comparing it between Canada and the United States, we see a differential of anywhere from 10 to 15 cents a litre for gasoline. Clearly there seems to be a system going on in which we have the worst of both worlds. We have a low crude oil price which put the steel workers in Algoma Steel out of their jobs, whereas the retailers are charging—the big multinationals, including Petro-Canada—very high prices for gasoline. We end up with very high retail prices. Many pumps are selling at 40, 46 cents a litre. In many parts of northern Ontario it is even higher than that.

I do not think the Government's energy policy and this Bill which is before us today are really adequate to deal with the current energy situation in the world and current oil prices, because we see thousands of people being laid off in the energy industry right across the country, not only Alberta but in communities like Sault Ste. Marie, at a time when the Government promised hundreds of thousands of jobs in the energy industry, and that the energy industry would be an engine of growth. In fact, it is one of the most beleaguered industries in Canada today. Certainly this legislation and this policy do nothing to help it.

Mr. McDermid: I listened to the Hon. Member's speech with some interest. I was not entirely enraptured with it. I noticed he was quoting statistics from last year when the energy industry in Canada had a record year, and comparing last year with this year. I wonder if he might admit to the House and to the public that in fact falling world oil prices, over which Canada has absolutely no control might have had something to do with the problems being experienced with the energy industry today, rather than in fact, as he would like the people to believe, the energy policy? The energy policy last year generated a record year in energy in Canada. Since that time we have seen the fall in world oil prices. Would he not admit that that has had the major impact on the energy situation as we see it today in Canada?

Mr. Foster: The falling oil prices have had a very adverse effect on the energy interest, and that was the point I was