

Government Orders

wrong, but the oil company claimed Texaco had reneged on a handshake. Ultimately the courts in Texas and the appeal courts in the United States found that Texaco did in fact have a deal on a handshake—lawyers beware—and as a result of that Texaco became indebted to this plaintiff in the amount of several billion dollars.

Texaco simply did not have that money sitting in the bank. Its solution, among other parts of the solution, was simply to get rid of Texaco Canada. Sell it, take the cash, pay off part of the judgment. That was fine but that sell-off, that change in ownership took into account none of the policy considerations which I maintain our government must be placing in the forefront. It had the right to do that. It had to be given the freedom to do that. It is a free player in our energy industry here.

The result of that was that some aspects of that disposition and sale did not fit within our competition framework. Ultimately that disposition went to our competition tribunal. The competition tribunal decided that piece of Texaco in eastern Canada could not be sold to Imperial Oil, which is a part of Exxon, and it had to be spun off into another corporate entity, another purchaser. That ultimately done, there were over 600 commercial units in this sell-off, and it was placed in the hands of another corporation in Canada.

• (1610)

Exploration. Why must we pay attention to our frontier oil exploration? Projections are now that within about a decade or a little more, Canada will become a net importer of light crude oil. Light crude is the basis of our gasoline industry, the cheapest basis of our gasoline industry. It should make some people around here very uncomfortable. We have a 10, 11 or 12-year clock running.

As an example, the Japan National Oil Company has and continues to invest billions of dollars all over the world for the exclusive purpose of securing a supply of oil for Japan that is Japan controlled. What does this government plan to do for Canada? What is its security of supply plan for Canada over the next 10 years? How are we going to replace the reserves which will be consumed over the next decade? Many of those reserves

will become tied up in mandatory energy transfers and sales to consumers and customers in the United States under the free trade agreement. I think the figure now used, if you do the calculations under the free trade agreement, whereby we would continue to be obligated to provide about 30 per cent of our production to the—

Mr. Harvey: Forty.

Mr. Lee: Someone says forty. We will do a calculation a little later but it is a big chunk, 30 per cent to United States customers. That figure runs completely contrary to any concept of security of supply for Canadians. That policy goal is gone, at least it is 30 per cent gone. If we do not get busy with an energy policy for Canada, it is going to be gone even more. I just want to make sure that everyone here recognizes how vital oil is to our economy, our economy as one of the industrialized countries.

Third, having looked at Canadianization and exploration, this concept of the window on the industry. Why did we want it? There were a lot of reasons. We were not just nosy, we were not just curious, we were not just coming of age in wanting to know how people traded in oil and things like that. What we needed was to accumulate and ensure the presence of know-how in the trading of oil and oil commodity on the world market because we could see that it was a world market. We needed that know-how right here in Canada, not in government necessarily. We wanted to place it in our national oil company. A lot of other companies rely on their state oil company in doing that, and we wanted it here in Canada. That expertise is here, but it is not Canadian controlled, it is controlled in the head offices I referred to earlier, and they do not care about our Canadian objectives.

The second reason for the window was that we needed a view on price competition. I know the government will come to recognize in the next few weeks how short the fuse of Canadians is on the issue of gasoline prices. That will turn up in the polls as sure as I am standing here. The government will then, I am sure, want to react and at least let Canadians know it is alive and it has a policy.

The third reason was that we wanted to monitor progress and development in the exploration field, particularly in the frontier, exploration for those oil