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No agreement on oil prices at First Ministers' Conference

A proposed increase in the domestic price of oil was opposed by five provinces at the First Ministers' Conference in Ottawa on April 9. The Federal Government and the other five provinces favoured an increase from the well head price of $6.50 a barrel.

At a press conference following the meeting on April 10, Prime Minister Trudeau stated that because no agreement had been reached, he and the provincial premiers would hold bilateral discussions soon in the hope of reaching a consensus.

Passages from Mr. Trudeau's opening address to the conference follow:

Through the latter part of 1973 and the first months of 1974, the world was confronted by a crisis of rising oil prices. Within a few short months, the OPEC countries which produce much of the world's petroleum had increased the price of crude oil four times over. Most countries in the world were in serious trouble finding the money to pay for the oil they needed. They are still in trouble. Much of the recession in the world today can be traced to this sudden upward change in the price of this basic commodity.

We in Canada were fortunate in 1974 to be producing enough oil to cover our own needs. We were exporting large quantities to the United States from our oil fields in the West and importing similar quantities to serve Eastern Canada. We were able to charge higher prices for our exports to cover the higher prices we had to pay for our imports. Thus we were able to keep the price of oil in Canada at a very low level. On the surface then, Canadians were hardly disturbed by the crisis in the world. The problem was and is, however, that our supplies of cheaper crude oil are limited. Over the next few years we will have to import more and more crude oil to fill our needs. We will become more and more dependent on what other countries overseas may do in controlling the price and even restricting the amount for sale.

We recognized a year ago that some increase in price was essential to encourage exploration for and development of oil reserves in Canada. We recognized too that the producing provinces were entitled to a reasonable price for their product which was by then selling at much higher prices in the markets of the world. We First Ministers were able to reach agreement last March that a price for crude oil in Canada of $6.50 at the well head, plus transportation costs, should prevail for a period of 15 months. At that time the world price was about $10.50. Our agreement spared Canadians most of the sudden shock that hit other countries. The producing provinces made this possible, by accepting much less than the international price for their oil, a contribution to every Canadian consumer which is all the more important when we recognize that the supplies of low cost oil are diminishing rapidly.

Today, as the period of our current agreement draws to a close, we meet to consider what should be done about the price of oil. Over the past year, the price which we have to pay for our imports has risen further, from $10.50 to something over $12.00. No one can be sure what will happen to that price. It may rise a little further still. It may come down somewhat. Or, it might be tied to prices of food and other things the oil-exporting countries buy. But, for this year, it seems likely that the international price will not change very much from its present level.

Exploration costs up

We must also take into account that our own oil-supply situation is much less favourable than we thought it was a year ago. Those who are in the best position to know, now tell us our production, which has already begun to decline, will go on declining for five or ten years at least, while our needs