

of scale which they offer, it would be possible to deliver into the Montreal market with a pipeline either from the lower St. Lawrence or from Lorneville or Canso. There are these three choices—the lower St. Lawrence, the St. John Deep and the Canso port. This is going to be a difficult regional and national decision to make as to which of the three should be the best port for the purposes of a pipeline connection to Montreal.

Of course, there will be a federal-provincial conference held toward the end of January and this, it seems to me, is one of the places in which this particular question should be very fully discussed in order to secure the views of the eastern provinces so that we can decide in turn, in the light of the economic and environmental factors, on the best manner of planning our superport policy for the coming years.

One aspect of the superport policy that I should refer to—incidentally some of the difficulties have now become apparent in relation to the refinery at Come-by-Chance—is that we are talking about substantial superport capacity for the re-export of petroleum products to the American market, following the importation of the crude oil to the Canadian refineries. The hazards of such a policy, although it has the advantage of being one of industrial expansion, arise from the uncertainties of foreign governments abroad. First, there is the uncertainty that of course Canada is facing now in the interruption of crude supplies, and second, there is the uncertainty associated with the evolution of American policy and the decision of the United States to become less dependent on offshore oil.

Some of the very difficult decisions to be undertaken in relation to the development of any major refinery complex depend on the re-export market, and these are questions that will have to be dealt with in the very near future, we hope to the satisfaction of the eastern provinces, even though there may be difficulties for the federal government. Until a substantial capacity can be developed within the Canadian production system, it is clear that some part at least of our production of refined products in eastern Canada must continue to be founded on the importation of offshore oil. This of course involves us in the continued concern about whether or not, for political, or even for economic reasons, from time to time that crude oil supply might be interrupted by a foreign government.

In the past, the Canadian market has been protected by the major international companies which, as part of their side of the bargain of being involved in the world oil business, have provided protection to Canadian refiners, and therefore to Canadian consumers. But one thing which has become clear from the current crisis is that the major companies are no longer in a position to do so. Indeed, the principal determinant in the question of crude oil supply will be the foreign states themselves. It is under these circumstances that I have specifically proposed the national petroleum corporation as the state trading agency to enter into discussions with certain of our offshore suppliers, Venezuela, Iran and Nigeria, for the purpose of attempting to secure for the Canadian market supplies of oil over a period of time, which would not be subject to interruption for political or economic reasons.

Of course there can always be evolutions in the policies of overseas states. I think this is one of the reasons why,

Energy

as part of the policy of the Canadian government, we should seek, by other policies which are open to us with respect to those particular countries to build in a like consideration from them; in other words, to build in for them an incentive to continue to take Canadian products, to continue to take Canadian technology of which they could be assured of security of supply.

● (1710)

There will be a period of time either because the Atlantic east coast fields, have not come into production or because we will not be able to attain the level of production which would enable us to look after the Atlantic market from western Canada, when we are going to be dependent on international supply. In those circumstances, the best opportunity seems to be by government to government agreement, through the agency of a national petroleum corporation, to try to protect our supplies in this particular way.

One word with regard to the Atlantic east coast, Mr. Speaker, because if one were given the opportunity for one major exploration success anywhere in Canada this afternoon, I think most people in the petroleum business would call for a significant success in the Atlantic east coast, not only from the standpoint of important industrial development in the region but also from the standpoint of security of supply to ensure to Canadians in the eastern part of the country the same opportunity to be supplied with petroleum and natural gas from resources under the domestic sovereignty of Canada rather than having similar supplies coming from abroad.

Mr. Bawden: When do we get the regulations?

Mr. Macdonald (Rosedale): The problem with regard to the Atlantic east coast offshore is that there is a very considerable exploration effort there. There has been very considerable exploration effort there whether or not there have been changes in the regulations, and the concern expressed by the private industry has really been one not so much about the legal regime but one with regard to the relative success at the present time. Over 80 holes have been drilled with rather disappointing experience in the Grand Banks, some hope in the Labrador shelf and modest success in the Scotia shelf. With the drilling experience in the last year, we must not be too sanguine about the opportunities of at least the offshore in the more temperate zone being available to assist us in this regard, but we should look for continued exploration to define so far as possible the petroleum potential of that particular area.

With regard to our energy uses, and this was a discussion which was much set out in the proposals of the Energy Policy Analysis Phase I which was made public in June, there has been a proposal that over a longer period of time there should be a substantial shift at least in statically generated electricity from petroleum or hydrocarbons to electricity, and indeed from electricity generated from hydrocarbons to hydropower and also to nuclear power. Both from the standpoint of security of supply and the standpoint of cost control, and relatively speaking from the standpoint of environment, it is preferable to have hydropower and nuclear power to power founded upon natural gas or petroleum.