

*Petro-Canada*

trolled, will continue to play an important role in this area. However, we are looking to the company to increase the Canadian presence in a sector which is of critical importance to assuring future energy supplies. Where possible, the company would seek to operate jointly with both Canadian and foreign firms in development activity.

As the House knows, the federal government holds a 45 per cent interest in Panarctic Oils Ltd. For the past eight years this company has carried out an extensive exploration program in the Arctic Islands. The national petroleum company would co-ordinate government interests and objectives in relation to Panarctic's future activities.

There may be areas of exploration which are not undertaken by the private sector, either because commercial returns are not easily defined by the corporations involved or because they are deemed to be too far distant. There may also be areas of exploration which are not pursued by the private sector because of the financial burdens involved. These are cases where the company would carry out exploration activities of its own.

[Translation]

Mr. Speaker, this public enterprise will not be restricted to exploration for conventional hydrocarbons. Considerable technological advances remain to be achieved in the field of synthetic oil and gas production. Syncrude is a case in point. This important undertaking, which may become the first investment of our new petroleum company, is a large-scale step towards the commercial development of the oil sands.

The road ahead is a long and difficult one. The mining technology, which is more developed than the unproved in situ technique, can sustain access to more than 20 billion barrels of much needed reserves. The investment requirements are, however, very large—and probably beyond the capability of any single corporation or even group of companies operating in our country. Also, the largest private entities which may be potential participants in oil sands projects are necessarily the foreign controlled internationals. The best way to secure a Canadian presence a rate of development consistent with our national interest, a proper share of the income generated by such activity and full access to new technology, is by a direct government involvement in key ventures through a corporation which can develop the necessary expertise. Our national petroleum company would then be in a position to act as a catalyst for succeeding projects, assisting in their planning and financing as well as participating ultimately in their revenues.

About four-fifths of the immense resources of the oil sands can only be unlocked by successful development of in situ technology. It is clearly a matter of prime national interest to foster research in this area. Our national petroleum company should be the vehicle through which this federal participation in research is supported and monitored. It would thereby secure for the country the technology and access to patents needed for in situ commercial exploitation of the oil sands.

[English]

Exploration, development and associated research are but the first important steps toward commercial development of our frontier oil resources. To bring them to market will involve the construction and operation of transporta-

[Mr. Macdonald (Rosedale).]

tion systems of unprecedented size, complexity and cost. To bring these facilities on-stream threatens to strain the financial resources of private industry and capital markets. An alternative to even heavier reliance on foreign investment to finance these projects would be participation in them by a national petroleum company. This would seem a natural extension to its efforts, by assuring that the energy resources it helped to find and develop are brought to the Canadian consumer without undue delay and at least cost.

● (1540)

However successful our domestic resource development is, over the next few years we are likely to remain dependent on foreign sources for petroleum supply to eastern Canada. The government has acted to reduce this dependence by promoting the construction of pipeline facilities to bring western Canadian oil to Montreal. It is also taking steps domestically, and in conjunction with other countries, to minimize the risks and consequences of overseas supply dislocation. And it has, of course, cushioned the eastern Canadian consumer from the effects of recent overseas oil price increases. The basic element of supply for eastern Canada, namely, the importation of foreign crude oil for refining here, nevertheless remains in the hands of private companies.

It is a striking fact that every one of the dozen countries from which we import significant quantities of crude oil has its own state oil company and is progressively increasing the role of that company in relation to international transactions. If circumstances continue to develop in this direction, it could be that it will be more advantageous for us to import some of our crude oil through a public enterprise rather than entirely by means of private companies. The national corporation will be ready to take part in petroleum importing activities if it is clearly in the national interest for it to do so. The obvious interest to be served is that of importing at lower cost than the private companies are able to.

It is conceivable as well that a national company might be able to enter into arrangements with a foreign state petroleum company which would offer greater assurance of supply continuity than could be provided by arrangements effected by private importers. In a general way the corporation might well be a most effective vehicle for the implementation of constructive political and trade relations with the oil exporting countries.

I would like now to turn to the matter of the domestic ownership of Canadian energy resources. Phase I of the energy policy studies revealed that the extent of foreign ownership or control of the petroleum industry is in excess of 90 per cent. One way in which Canadians can assert their presence in this heavily dominated sector of our economy is by having a nationally-owned company which could bring together smaller Canadian companies into a larger, more competitive entity through joint ventures and the forming of various consortia. I should emphasize here that the development of the north will require capital of a magnitude not normally available to most Canadian-owned companies. The national corporation can play a decisive role in the formation of joint ventures in an attempt to alleviate this problem. Such partnerships may offer viable alternatives to the small