

*Oral Questions*

because of the loss of the megaprojects and the devastation of conventional oil and gas drilling, it has reduced employment by 200,000 jobs. May I ask the minister if it is not time that he submitted his resignation, given that record?

**Hon. Marc Lalonde (Minister of Energy, Mines and Resources):** Madam Speaker, my hon. friend certainly does not appear to take into account the reality of the situation. I would suggest to him that he should read the statement made by the president of Shell Canada last Friday in which he clearly indicated that the reasons the partners were not proceeding with those projects at the present time—

**Mr. Nielsen:** It is because they do not trust you.

**Mr. Lalonde:**—was related to the uncertain situation with regard to oil prices in the world and with regard to the rate of inflation over the next few years—

**Mr. Jarvis:** Not in March, 1980.

**Mr. Lalonde:**—and the long delay before these companies could get the return on their investment in those very expensive projects. These are the reasons given by the president of Shell Canada.

I want to remind my hon. friend that today, for instance, Exxon in the United States, which has nothing to do with the National Energy Program or this government, has cancelled a project for which it had already committed \$900 million. That is one of the oil shale projects. I could mention several other projects to my hon. friend that have either been cancelled or delayed in the United States, particularly projects having to do with synthetic fuel. There is a genuine problem there which is related to the evolution of prices in the world, the rate of inflation and interest rates in North America. All these have created problems and led to the cancellation of a number of those projects in the United States. Canada is in the same situation.

## CASH FLOW POSITION OF OIL COMPANIES

**Mr. Jack Shields (Athabasca):** Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It relates to the shale deposits in the United States. It is estimated that it costs five times more to produce oil from shale than from the oil sands. The minister quoted the president of Shell who also said that the investment climate in Canada is not conducive to private industry investing in the economy.

In the first full year of the National Energy Program the income of major integrated oil companies has fallen an average of 30 per cent. In the first quarter of this year the profits of Gulf Canada are down 62.6 per cent, and Shell Canada's income has dropped a disastrous 73 per cent. These are the two companies that the minister wanted to develop the Alsands project at Fort McMurray on a risk basis. I want to ask the minister how stupid he thinks these oil companies are. When is he going to change the disastrous policy that is robbing these

oil companies of their cash flow so that they cannot invest in projects of this nature?

**Hon. Marc Lalonde (Minister of Energy, Mines and Resources):** Madam Speaker, I would refer my hon. friend again to the statements made by the president of Shell. He did not refer to the current cash flow problems as the reason that led to their decision. The decision they have taken is related to medium and long-term problems having to do with uncertainty with regard to oil prices and with the rate of inflation.

My hon. friend mentioned the decline in profits of some of the oil firms in Canada. I would remind him that Texaco just announced a 44 per cent decline in profits in the United States, Occidental Petroleum announced a 70 per cent decline in profits in the United States, and the Ashland corporation announced a loss of \$11 million in the last few weeks.

**Mr. Baker (Nepean-Carleton):** What about Canada?

**Mr. Lalonde:** The oil industry in North America is meeting difficulties at the present time which result from lower sales and the fact the price of oil has not increased as rapidly as had been anticipated in the world markets. We are living in a world economy in this regard, and I would invite my hon. friend to reflect upon the statements made by the president of Shell Oil.

• (1425)

## PRICE OF PETROLEUM PRODUCTS

**Mr. Jack Shields (Athabasca):** Madam Speaker, my supplementary question is also for the Minister of Energy, Mines and Resources. Before tying this sector of the industry in Canada to that of the United States, can the minister tell me why the price of petroleum products is going down in the United States whereas the price of petroleum products is going up in Canada because of the massive tax grab by the Liberal government, amounting to \$1.60 for every gallon going through the pumps? Can the minister answer that question?

Why, and what will it take for him to realize the disaster that his national energy policy is causing this country? When will the minister address the following facts, first, that the investment climate is no longer looked upon as stable by the major oil companies and, second, that the majors will not invest in these kinds of projects as long as this Liberal government remains in power?

**Hon. Marc Lalonde (Minister of Energy, Mines and Resources):** Madam Speaker, as far as the question raised by my hon. friend is concerned, I have already indicated in this House that the price of a barrel of oil in Canada is still significantly lower than it is in the United States. Today the blended price for oil is only 70.4 per cent of the international prices. What happens is that you have a large provincial sales tax in most provinces—

**Some hon. Members:** Oh, oh!

**Mr. McDermid:** Come on, Marc.