

whole nation. Our whole national consumption would be in the order of about 1,800,000 barrels a day. I think we could argue effectively, and we would so argue, that the provisions of the treaty, certainly in our case at this time, relate to the 800,000 barrels per day; and 5 per cent of 800,000 barrels a day is 40,000 barrels a day.

Senator Phillips: Mr. Minister, you rather adroitly and with a great deal of expertise avoided the most important part of my question. Will the reduction occur in Quebec and in the Atlantic provinces, or, in other words, east of the Ottawa Valley line? Would you please tell me where the reduction will occur?

Hon. Mr. Gillespie: I was trying to explain how the 5 per cent undertaking works, and the 7 per cent could be applied on the same basis. But taking the 5 per cent right now, I argue that it applies only to that area which is served east of the Ottawa Valley line. That works out to 40,000 barrels a day. That is the demand restraint which Canada would have to accept under the agreement that it reached some two weeks ago with respect to the 5 per cent level. That should be seen as separate from the treaty obligation of 7 per cent. That was by arrangement and with the mutual consent of all of the parties. But no part of Canada is suffering as a result of that agreement to accept a shortage, a demand restraint of 40,000 barrels per day, because also under the treaty we are in a position to use our reserve shut-in capacity in the west. We can move Canadian oil, which has not been produced and was not intended would be produced; we can use that to look after the east coast, and we have been doing that through a swap arrangement or a series of swap arrangements. Under these swap arrangements eastern refineries have applied to the National Energy Board, saying, "Look, we've got somebody who is prepared to buy 40,000 barrels a day,"—collectively, let us say, in certain parts of the United States; say the Chicago market—"They are prepared to sell us the same amount of oil which they would have taken into the Chicago market. They are prepared to sell us that oil and have it delivered to our refineries on the east coast." The way we have used it up is to use that reserve shut-in capacity.

I can assure you that the concerns you have about eastern Canadians suffering right now, or having to pay, as it were, the treaty cost, are needless. That is not the fact. The fact of the matter is that we have been able to work it so that they are fully looked after.

Senator Phillips: I was intrigued by the minister's statement that western oil would be moved to eastern Canada. Again I want to remind him that I think of eastern Canada as being beyond Montreal. How are we to move that oil? We have no pipeline. We have no rail line that can handle it. We have no tanker cars. How will you move that oil there, Mr. Minister?

Hon. Mr. Gillespie: That was the point I was trying to make, Senator Phillips. Let us think about the Chicago market for a moment. I was at the Chicago market recently. It is supplied by offshore crude. If you can divert crude that would otherwise go into the Chicago market into Halifax and Saint John and St. Romuald, then you would have crude going into

those refineries that would not otherwise go there. You have to ask yourself how you would persuade someone who was going to be using that crude in Chicago to agree to sell it and have it delivered to east coast ports. Well, the answer is: By producing some shut-in capacity in the west and moving it through the interprovincial system to Chicago and supplying their customers in Chicago. That is called a swap arrangement, and that has been going on for the last couple of months, and quite effectively. So we have been able to use that delivery system—both the United States delivery system and our own delivery system—to look after the east coast refineries.

Senator Phillips: Earlier this morning the minister indicated to me that he would attempt to provide the export permits granted east of the Ottawa Valley line. I presume that over the noon hour he and his officials obtained that information. Could I now have that, please?

Hon. Mr. Gillespie: Senator Phillips, I have been informed that for the calendar year 1978 there were 110 licences granted for a volume of 27 million barrels.

Senator Phillips: I am sorry, I did not catch that. Did you say 127 million barrels?

Hon. Mr. Gillespie: I said 27 million barrels. That would include all products, senator.

● (1450)

Senator Phillips: I recall the difficulty concerning the Golden Eagle distributors, when they had to initiate court action to guarantee their supplies. How and when did Golden Eagle get permission to export the gasoline and fuel oil at a time when we are supposed to have a shortage?

Hon. Mr. Gillespie: The difficulty which the honourable senator is addressing is a serious one, namely, how you approach the licensing system when that licensing system covers a long period of time? For example, licences that are issued in November may not, in fact, be fully discharged until early in the following year. So there are lags, and that tends to complicate the subject in a serious way.

What we have done is to go back and look at the situation referred to, the possibility that the Golden Eagle might have been exporting to the disadvantage of its usual customers. So far we have not been able to determine that Golden Eagle has taken advantage of the situation and, as a result of those actions, placed a burden on its existing customers. The cause of the shortfalls that I mentioned in my remarks this morning were based not so much on exports—and all exports, let it be known, are authorized by the National Energy Board—but on difficulties with the three refineries in the Montreal area.

Senator Phillips: I do not wish to pursue this line of questioning *ad infinitum*, but would the minister assure me that he will provide me, within a reasonable amount of time—let us say one week—a list of all the permits, the firms which export, and the countries to which the gasoline oil was exported. If the minister will agree to provide that information within a reasonable period of time—let us say 48 hours—

Senator Perrault: Why not 48 minutes?