

Canada Oil and Gas Act

to commencing any work program, to submit a plan satisfactory to the minister for the employment of Canadians and the use of Canadian goods and services in carrying out that work program.

We must ask what the reference to a plan for Canadian content satisfactory to the minister means. Is that the strongest statement we can make to point out clearly to the small business community in Canada that we want to assist it, particularly in these difficult economic times? What is meant by Canadian content? The most common definition, which is that used by the oil industry in Canada, is that Canadian content means that the source of supply is located in Canada—simply “located” in Canada. That allows the product to be classified as Canadian when purchased in Canada through a Canadian supplier, even though the product is manufactured in another country. In other words, Canadian content is really another term for the Canadian market.

The EEC definition of Canadian content is that the last point of manufacture is a domestic Canadian operation. But that is also inappropriate.

The kind of definition that I prefer would provide that Canadian content is present when you deduct the cost of imported components from the total manufactured cost of goods produced in Canada and establish a minimum level of Canadian content in the end product. This would enable purchases of foreign content to be isolated and would also isolate the level of foreign components in Canadian products. In other words, it would then enable us to conduct research to identify clusters of imports, to develop technology through agreements with oil companies and to acquire the Canadian research and development necessary to displace those imports.

The oil sands projects, the frontier and offshore oil and renewable energy technologies offer opportunities for Canadians to become world leaders. As we develop the Canada lands over the next two decades, there will be an excellent opportunity for Canadian entrepreneurs to develop technologies, to carry out research and development through production and to become world leaders in this whole new energy technology. We ought to be maximizing Canadian participation from the very start in these new markets. We ought to be maximizing Canadian participation in every single project possible.

● (1610)

Over the next decade, 63 per cent of energy investment will be in energy areas for which Canadian industry has evolved a degree of expertise in supplying principally utilities in the conventional oil and gas industry, including land-based field explorations, development, refining and pipeline construction. Future manufacturing opportunities will consist of expanding production capacity to meet rapidly expanding equipment requirements and in isolating those currently imported that could be currently manufactured in Canada.

Why do we not build into Bill C-48 a serious “buy Canada” procurement policy? While we see the buy America program that exists in the United States and the requirements that Norway, the United Kingdom and many developing countries

have made, we nevertheless maintain our tradition of being exporters of raw materials and importers of finished goods. Here is an opportunity to build into legislation a buy Canada program that means something. As I indicated earlier, that would be a clear signal to Canadian entrepreneurs that as members of the House of Commons we are interested in assisting and encouraging them in recognizing the role they play in our economy.

Let us look at a couple of areas of expansion of exploration in the Canada lands to see to what extent the materials could be sourced in Canada. If we were simply looking at land-based operations, drilling rigs and the like, I think it would be fair to say that 70 to 80 per cent could be sourced within Canada. Of course, when one looks at the importation of foreign rigs in total in terms of fabrication and associated equipment, it is certainly not doing very much for Canadian manufacturers and suppliers. I suspect that for the new fabrication industry in the province of Alberta, a level of 80 or 85 per cent is not unreasonable, given the new developments over the last two or three years. When it comes to the refining industry, equipment and materials for new construction normally account for 40 to 45 per cent of total expenditures, the rest being for labour and engineering services.

Canadian capacity to supply this expertise and equipment is estimated to be at least 90 per cent. This figure comes directly from the corporate planning department of Imperial Oil Limited. Presently, however, less than 30 per cent of this equipment is manufactured within a Canadian context. It seems to me that not only Canadian manufacturers of refining equipment but Canadian engineering firms could take a closer look at the role they could play on these megaprojects. Canadian engineering firms have not played a significant role, and only a few of Canada's largest engineering firms are capable of providing the over-all management for these projects. Perhaps Canadian engineering consortiums should be encouraged by the government to meet the Canadian content in design specifications.

Pipeline construction is another area where Canada is obviously developing technology in which other countries around the world are becoming more and more interested. We have a 30-year history linking regions over hundreds and thousands of miles in some instances. Investment over the next ten years for pipeline work is estimated to be in the neighbourhood of \$17.4 billion. While pipeline construction, labour, engineering and management is 90 per cent Canadian content at the moment, 85 per cent of construction equipment is imported into Canada. Large vehicles, such as pipe layers, bulldozers, side boom tractors, are all imported from the United States and overseas.

We are suggesting in our amendment that we build some teeth into this particular bill, teeth that would provide opportunities for Canadian manufacturers and, especially during these difficult times, provide Canadian jobs. Our motion, No. 10, which I will put on the record calls for a work plan to ensure that: