

*Energy Supplies*

then minister of energy, mines and resources, Mr. Donald Macdonald, had made a speech pointing out how improper and how improvident it would be to build a pipeline from Sarnia to Montreal. When I suggested that the pipeline should be a reversible pipeline so we could ship oil either way, there were cries of derision from across the floor. So let there not be any fooling as to why some of these things were put in place.

I do not want to take any of the credit from the government for these items which they put in place, but they should not try to fool anybody that the things which they put in place at that time were not done under duress, because they were left with no alternative. What they did at that time was right, and it has improved the position of Canada today. We would be in a much worse position today if we had not phased out exports and if we had not built the pipeline from Sarnia to Montreal.

There were some other things which the government said they were going to do at that time in order to make Canada self-sufficient in oil. They were going to store oil in the maritimes in caverns, empty mine shafts, and various geological formations where oil could be stored so that never again would we be in the critical position we were in in 1973 and 1974. What has happened? Complacency has crept in and the government has slid back into a state of apathy. We have not pursued with the proper amount of diligence the implementation of programs to make this country self-sufficient in oil. This is why we are in the serious situation we are in today.

One of the criticisms we have had of the Minister of Energy, Mines and Resources is that when the Iranian situation became serious and members began to ask questions, the minister gave us soothing syrup and said "Nothing to worry about, Mexico will give us 100,000 barrels a day."

**Mr. Gillespie:** Read the record.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** He said that Venezuela has assured us that 200,000 barrels a day will still be coming to us, and that we will be able, by means of swaps, to meet the situation.

Let us look at what happened when the minister was questioned further. It is true that the minister—and I give both him and Petro-Canada full credit for this—said that they had negotiated an agreement with Mexico. But there will not be oil from Mexico until the end of the year, and it will only be 15,000 or 20,000 barrels a day. The minister said in the House that it will not be until the end of 1980 and probably the beginning of 1981 before we will get 100,000 barrels a day. With reference to his discussions with Venezuela, all that country would promise is that we would continue to get the 200,000 barrels which we have been getting in the past. He indicated that while they would be glad to give us more oil, they did not have any available.

With reference to the swaps, the minister himself said in the House that the swaps would bring us only some 40,000 barrels a day in the next quarter. That, of course, will not meet all the problems which we will face if the Iranian oil is withheld from Canada because we will need much more than that. I have a great deal of sympathy for the minister, and nobody suggests

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

that it is a simple problem, but it would have been much better to have told us frankly what the situation was, rather than trying to tell Canadian people and the members of this House that all was well when, as a matter of fact, we were facing a very serious situation.

I would like to point out something which the House may not fully appreciate, that if we get by, and I think there is a good chance we will because the Iranian oil wells may get into production within a few weeks or months and we may be getting supplies again, it should not be forgotten that swaps, by which we deliver more oil into the Chicago market in exchange for American companies delivering to Quebec and to the Atlantic provinces, will mean we will have to step up our production of oil in western Canada by 50,000 or 100,000 barrels a day or more. That can only be done for a short time without seriously damaging the field. What is more, it is using up the reserves which we need to fall back on in the case of an emergency.

I do not think we fully appreciate yet the National Energy Board's report which shows that our own oil is declining at an alarming rate, that in the 1990s we will virtually be out of regular, conventional oil, and that we will have to fall back on oil from tar sands and heavy oil. We ought not to deceive ourselves as to just how serious the situation is. Nor should we on the other hand become panicky and cry blue ruin.

• (2130)

This House has to realize that legislation like this is necessary, but much more is necessary if we are to solve the problem of having a national energy policy in Canada. That is my first point, Mr. Speaker, that the Iranian oil crisis has demonstrated how vulnerable Canada is in the event of any curtailment of imported oil.

The second thing that has been demonstrated is that the multinational oil companies have become a law unto themselves. They serve not the interests of any country or the people of any country, but their own personal interests. That was illustrated very well when Exxon decided not to cut off Iranian oil but to cut off 25,000 barrels of oil which normally it was supposed to deliver to its subsidiary, Imperial Oil of Canada, on a formula devised by Exxon.

When Exxon was asked to explain they said, "We followed the formula set up by the International Energy Agency, the 7 per cent." They cut oil, not on the basis of the amount of oil imported, but on the basis of the amount of oil sold in a given market. It so happens that Imperial sells a lot of oil in Canada but it does not import very much because it produces most of its oil here. So we got a big cut because the reduction was based on the total amount of oil consumed in the market. I can understand that, although I cannot agree with the formula set up by the international energy agency.

Exxon is not an international energy agency. By what authority does it arrogate to itself the power to determine how oil will be distributed and how it will break contracts even with its own subsidiaries, that can have a detrimental effect on the consumers of this country?