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Fuel crisis brings price rises and hike in export tax

In a statement to the House of Commons on November 1 the Minister of Energy, Mines and Resources, Donald Macdonald, described as follows the Government's actions regarding the international fuel situation and its effects on the Canadian oil and gas industry and domestic consumers:

On September 4 the Government asked the oil industry to refrain on a voluntary basis from further price increases to Canadian consumers before January 30 of next year. This price restraint would apply except where, to the satisfaction of the Minister of Energy, Mines and Resources, the increase in the cost of imported crude oil warranted a Canadian price increase. The Government was concerned then as now with the inflationary push and its impact on the Canadian consumer.

During September and October crude oil import costs have risen substantially. One price rise alone by the Arab-producing states, followed by Venezuela, was in the vicinity of a 35 percent increase. My Department and the National Energy Board have been carefully monitoring these changes. We have received requests from major refiners using foreign crude oil in Quebec and the Atlantic Provinces to increase product prices. These requests reflect only, and I repeat only, actual increases in crude costs which have already been borne by importers. Each company has experienced different cost increases, depending upon the source of the crude and varying ocean transportation costs.

Removal of restraints

I am today notifying refiners in Eastern Canada that the Government will have no objection to any decision on their part to raise product prices to levels consistent with each company's crude cost experience in September and the first half of October. The average increase in gasoline and heating oil prices east of the Ottawa Valley line will be about two cents a gallon.

Apart from the product price increases which I have just described and which will become effective immediately, our best indications suggest that the average price of international crude delivered at Montreal, from the Eastern and Western hemisphere, will rise by upwards of $1 a barrel during November. Refiners in Eastern Canada supplied by international crude will, at a future time, be permitted to reflect crude cost increases for the second half of October and for November in product prices.

A signficant part of the market for home heating oil in the central Ontario area is supplied by imports of home heating oil from overseas. The rapid increase in demand for international supplies of home heating oils with the consequent price increase has made it difficult for Ontario suppliers to secure adequate supplies before the close of navigation in December.

In these circumstances it is the Government's intention to entertain requests by marketers for immediate price increases in home heating oils west of the Ottawa Valley line and particularly in Ontario and British Columbia. This action will both assist in the securing of supplies west of the Ottawa Valley line and will offset any tendency for these supplies to move out of those markets. With the exception of this product, it is the Government's intention to request continuing voluntary restraint at current price levels west of the Ottawa Valley line on the part of the Canadian oil industry until February 1, 1974.

The Government is, and intends to continue, watching this situation closely and will relax its restraint program further if, in its view, such action would materially assist in what must be its predominant concern – the provision of supplies.

Export tax

The National Energy Board has advised me that if Western crude prices continue at their present restraint levels through December, the just and reason-