

The creation of a national market for Canadian oil is one essential requirement of a new policy. Others are, first, a pricing mechanism which will provide sufficient incentives for the development of our oil resources; second, measures to ensure that any escalation in returns and revenues as a result of any higher prices will be used in a manner conducive to security and self-sufficiency; third, the establishment of a publicly-owned Canadian petroleum company principally to expedite exploration and development; fourth, the early completion of a pipeline of adequate capacity to serve Montreal and as required more eastern points; and fifth, intensification of research on oil sands technology to permit their full and rapid development.

I intend placing these proposals before the meeting of first ministers of the federal and provincial governments. I am suggesting to the premiers that the conference should be held on January 22 and 23, immediately before the meeting of finance ministers now planned for January 24 and 25. In the meantime, I have asked the Minister of Energy, Mines and Resources (Mr. Macdonald) to consult with all provinces in preparation for the conference.

The construction of a pipeline to Montreal, which the government announced some time ago, is the single most urgent step towards the attainment of our national goals. Without a pipeline, eastern Canada will never be certain that it can meet its requirements should overseas supply be interrupted.

Moreover, without a pipeline the government is unable to guarantee a market in Canada for Canadian oil at a level sufficient to ensure the development of the oil sands and other Canadian sources of supply.

The federal government is taking all necessary measures to ensure that construction begins at the earliest possible moment in 1974. The government has directed the Canadian Commercial Corporation to determine whether the project could be expedited in any way if it were to place orders for steel or for pipe immediately. If such action would help, the government will direct that it be taken at once. Any steel or pipe so ordered would be re-sold at cost to those undertaking construction of the pipeline. Of course before construction can begin the National Energy Board must, under the law, hold hearings and be satisfied that the proposed route, the financial arrangements and the proposed rates will best serve the public interest and that adequate compensation will be paid for the rights-of-way. The government has asked the Board to carry out all proceedings in a manner as expeditious as the law will permit.

A second requirement for self-sufficiency is a rapid and significant increase in oil production in Canada. In 1972, Canada produced 1.7 million barrels of crude oil per the day and consumed 1.55 million barrels. We exported 950,000 barrels and we imported 770,000 barrels. We were, in a mathematical sense, self-sufficient. We will continue to have the necessary conventional reserves for some time, but not for long. The reserves from conventional sources—mostly from the oil fields of Alberta—are known and no major new discoveries can be hoped for at present. Production from these existing reserves is expected to decline towards the end of this decade and will then be insufficient to meet current and projected rates of consumption.

### *Energy Supplies Emergency Act*

Canada must therefore move and move immediately to develop its frontier and non-conventional sources of supply so as to be able to reach a situation that will permit self-sufficiency. We do not want to cut off our exports and we do not want to reduce imports from reliable suppliers. However, we do want, and we do intend to put ourselves in a position where, in case of need, we do not have to depend on imports with all the risks we now know that dependence entails.

• (1610)

[*English*]

Canada is rich in oil. The Alberta oil sands alone are estimated to contain over 500 billion barrels of oil, as much as or more than the presently estimated reserves of the Middle East. Exploration activity, in the Arctic and off the Atlantic Coast, shows considerable promise. But none of these sources is anywhere close to producing oil in the quantities required to meet the challenge of the seventies and beyond. In the case of the oil sands, technologies must be developed which do not yet exist in order to permit the development of 85 per cent of the sands which are deeply buried. The development of the oil sands and other frontier resources will require major effort in which all Canadians must, directly or indirectly, join and participate.

A characteristic common to all frontier oil, and oil from unconventional sources such as the tar sands, is that it is much more expensive to develop and to bring into production than wells in the southern parts of Canada. This simple, undisputed fact is often ignored because it contains an unpleasant truth. It means that the days of abundant, cheap energy for Canadians must come to an end. It means that the cost of producing domestic oil must go up before too long. It means that Canadians must be prepared sooner or later, in some way or another, to pay for these additional costs or go without oil. Any attempt to hide these facts, and to formulate future policies without taking them into account, can only lead in the longer run to even greater shortages and, hence, to even higher prices than Canadians are now experiencing in the eastern provinces. In short, we must in the long run allow the price of domestically produced crude oil to rise toward a level high enough to ensure development of the Alberta oil sands and other Canadian resources but not one bit higher.

**Some hon. Members:** Hear, hear!

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

**Mr. Lambert (Edmonton West):** And how much is that?

**Mr. Trudeau:** Mr. Speaker, I am not sure if the opposition wants us to decide this unilaterally or if they want us to consult with Alberta.

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

**Mr. Lambert (Edmonton West):** You would not consult, anyway.

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