

Hon. Mr. Gillespie: It would be on total Canadian consumption of petroleum products.

Senator Roblin: Could I ask the minister under what legislation the government clothed itself, in the first instance, to honour its obligations under these International Energy Agency arrangements?

Hon. Mr. Gillespie: Well, as I noted earlier, the previous act came into effect in early 1974, and constituted the authority until it expired in the middle of 1976. In the interval between 1976 and now, it is quite clear that we did not have the authority that we would need in the event of an emergency. Nor was it anticipated that there would be such a need during that period of time. It is only when it became quite clear that an emergency was not only a strong possibility, but indeed a probability, that the government felt it important to reintroduce this act.

Senator Roblin: I can hardly forbear to comment on the apparent insouciance of the government, in respect of their powers to discharge their undertakings in the international arena, that allows them to go for two and a half years without seeking from Parliament the power to carry out the undertakings to which they have set their hand.

Leaving that comment on the record, I want to ask the minister if I understood him clearly to say that our obligations under the International Energy Agency did not involve any call upon our domestic oil production?

Hon. Mr. Gillespie: There might be a situation, I suppose, some time in the future where we could get into some very dramatic circumstances—and this has been suggested to me by one of my advisers—in that there might be a possible shortfall of 25 per cent of world demand, in which case we might be called upon. But it is not clear how we would be called upon in such an eventuality. I think the point that should be made is that we have reserve shut-in capacity ourselves which we have been able to use for our own advantage. We regard that as a form of storage, and we feel that that shut-in capacity can be used to qualify for our own obligations with respect to demand restraint, in the sense that we would be reducing world demand through using our own reserves and shut-in capacity.

Senator Roblin: That does not deal with the point I am making, because the fact that we have extra capacity available really means that we have more to share rather than less to share. I suggest to the minister that we do have a specific obligation in the International Energy Agency arrangement to share our domestic production, if it should come to that. I will admit that we very much hope it does not come to that, but I think we should be informed as to the status of the situation, and I suggest to him that we are obliged to do that.

In some questioning in one of the Senate committees this point was raised, and it was very clearly expressed to us that that was the fact, that it was conceivable that we would be called upon to share our domestic production with people outside the nation. I leave aside the question as to the desirability of the policy. I merely want to make it clear that that is

the situation in which we are involved, and if it has been said that it can hardly be envisaged, well, I hope that is right, but nobody really envisaged the Iranian situation and, having experienced that, it is not difficult now to think that there might be serious problems in that same area among the other major exporting nations. So I merely want the minister to tell us clearly what our responsibilities are.

Hon. Mr. Gillespie: Senator Roblin, I mentioned a moment ago that in the event of a shortage of the order of 25 per cent, certain situations might arise. I know I mentioned the figure of 25 per cent, but now I am advised that that should be of the order of 30 per cent. Anyway, a reduction in demand of somewhere between 25 and 30 per cent would be required before we would be under any obligation with respect to the sharing of Canadian production, and I think you will agree that that is a rather drastic situation. But I am acknowledging that at that point there is an obligation with respect to Canadian production.

Senator Roblin: Then I take it that the minister's answer is yes.

Hon. Mr. Gillespie: I did not hear all the conditions but I think I have answered as directly as I can. I don't know how many different qualifications there were in your question, but I think my answer stands on its own.

The Chairman: Shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 10 carry?

Hon. Senators: Carried

The Chairman: Shall clause 11 carry?

Some Hon. Senators: Carried.

Senator Flynn: No.

● (1440)

Senator Phillips: May I begin, honourable senators, by raising a question concerning the reduction of oil supplies as part of our international agreement? What concerns me is that I know that in the west there is oil and gas and we are exporting it, while in the Atlantic provinces, unfortunately, we do not have those supplies. Where does the 5 per cent reduction come in? Does it apply nationally or does it apply only on the imports?

Hon. Mr. Gillespie: I think you could make a case that it could apply to the region which is served by the imports. I mentioned a few moments ago that in the provisions it deals not only with national consumption but with regional consumption, where any particular region—I think I used the words "discrete region"—for energy purposes is involved.

If we were to consider the region east of the Ottawa Valley borderline as a discrete region for energy policy purposes, that region is consuming in the order of 800,000 barrels per day, and is importing about 500,000 barrels per day. Using that particular approach one could say that a 5 per cent reduction would apply to the 800,000 barrels a day rather than to the