

The Address—Mr. Greene

An hon. Member: Lights out!

Mr. Greene: I had not realized that my speech was having such an effect on the house and its lighting. That report stated:

The Minister of Energy, Mines and Resources, J. J. Greene, has made it plain that if the United States expects much more natural gas from Canada it must let much more Canadian crude oil into the United States.

I can assure hon. members that this simple economic fact is clearly understood by United States officials and by the United States negotiators in respect of oil.

Mr. Deputy Speaker: Order. I might say to the minister that perhaps the flickering of the lights indicated that his time has expired. His time has expired and he may continue only with unanimous consent. Is that agreed?

Some hon. Members: Agreed.

Mr. Greene: Thank you, Mr. Speaker. I shall try to be easier on the lights and easier on hon. members.

The simple economic fact is that unless greater access to American oil markets is granted, future exports of natural gas are unlikely to be allowed, not because of any desire on the part of the Canadian government to intimidate but simply because the proven Canadian reserves which determine our exportable surplus will only be increased if there is further exploration and development of oil resources to which natural gas is complementary, and this in turn can only follow from increased markets for Canadian oil.

At this point, Mr. Speaker, I would like to deal with the critical observation that Canada is both an exporter and an importer of oil. My department, the National Energy Board, and certainly the oil and gas industry, have had under consideration for some time the economic feasibility of the construction of a pipeline to bring western oil into eastern Canada. Until the exploration programs currently under way offshore in eastern Canada and in the far north are completed and the results determined, it would in our view be foolhardy to undertake the construction of an oil pipeline which could only be undertaken with some form of government support and which might prove to be totally unnecessary. If these exploration programs should prove to be unsuccessful, then Canada, in the interest of her own security of supply, may have to give serious reconsideration to the proposal of a pipeline.

There is an urgent need at all times to be responsible and reliable in our dealings with our trading partners in matters of energy trade, as well as in other aspects of our trade. Canada is one of the world's great trading nations. Our future depends on expanding trade and enlarging our marketplaces. There are only two great marketplaces available to us in the free world—the United States and the European Economic Community. Each of these must be developed by us. At the moment the United States is suffering from an energy shortage. Everyone is aware of this. However, I and anyone else who is close to the

[Mr. Greene.]

situation will tell you that this shortage is likely to be only of a short-term nature. I quote from an editorial which appeared in the *New York Times* of October 2 this year:

There is no shortage of coal, oil and gas as such. The nation's reserves of all three are still enormous. Foreign sources are also available. But several special circumstances have developed at the same time to cause disruptions in the normal marketing of these fossil fuels.

By conducting our trade relations as responsible and reliable merchants, we will in the future, as in the past, achieve further development of our trading relationship with the United States as Canadian interests dictate. Would it, then, be prudent, even if such a ploy could be successful, to take advantage of the current fuel shortage in the United States to gain an immediate benefit? Would this help our trading position in energy and otherwise with our largest trading partner in energy and other commodities? Would this be a proud act of Canadian nationalism? Or would it be in our interest to act as does an honest merchant in dealing with a proved and reliable customer?

Canada has not been irresponsible in its natural gas dealings with the United States in the last ten years. We have delivered according to contract and these contracts have not been interfered with for political gain or as a squeeze in other trading areas. We have scientifically determined, by the best methods available, whether there was a surplus to Canadian need, contracted for sale of that surplus and delivered according to contract.

Indeed the United States is anxious to obtain additional supplies of natural gas from Canada. The National Energy Board's position, endorsed by the government, is that additional supplies of natural gas, by the natural economic link of oil and gas in the business of exploring for hydrocarbons, will only be found if there is a market available for oil. In the exploration for oil engendered by such a market, more gas will be found and we may then have more surplus for export. Conversely, the absence or limitation of a growing market for Canadian oil will discourage investment in the exploration for hydrocarbons generally.

The decision of the United States to exempt natural gas liquids from the crude oil import quota is welcomed by the Canadian government. This decision allows those materials which are produced from raw natural gas in the course of processing to enter the United States without the quota of crude oil exports to the United States being affected. Estimates are that this will make available markets for approximately 40,000 to 50,000 barrels per day of additional sales.

Sulphur is also a by-product in the manufacturing process of a large proportion of Canadian gas. The government has pointed out that in a situation of global surplus of sulphur it would not expect the United States to adopt any measures to restrict access quantitatively for Canadian sulphur to the United States market. Such restriction would discourage exploration for gas in Canada by increasing its costs and would diminish the amount of gas which might be available for future export to the United States.