

*Energy Supplies*

If parliament were to be in continuous session there might be an argument to postpone this legislation. But given the fact that a dissolution will occur this year, the government believes it would be wise to secure the necessary authority now to deal with an energy emergency which could arise while parliament had been dissolved. Its introduction should be seen as a precautionary measure to protect Canadian energy security.

Canada is a net importer of oil. Since the 1973-74 crisis we have been able to reduce the dependence of eastern Canada on imported supplies. In 1973-74 Quebec and Atlantic Canada imported close to 800,000 barrels a day. The government took measures to have an oil pipeline built from Sarnia to Montreal. That pipeline has reduced our dependence on imported oil by roughly 300,000 barrels a day. At the present time we are importing about 500,000 barrels a day. About one-fifth of that 500,000 barrels a day had been coming from Iran before the shutdown. Another 200,000 barrels a day came from other Middle East and non-western hemisphere sources. Another 200,000 barrels a day was sourced in Venezuela. Members will be aware of my steps to ensure that, despite the action of the Exxon Corporation and Imperial Oil, this oil will be as secure to Canada as the Venezuelan and Canadian governments want it to be. Altogether our imports of 500,000 barrels a day are equivalent to about 30 per cent of our total oil requirements.

The companies affected have been able to offset their shortfalls temporarily through alternative overseas sources as well as increased production from our own domestic sources. Increased domestic supplies are reaching eastern Canadian refineries through exchange arrangements with companies in the U.S.A. I have asked the National Energy Board to authorize such exchanges to meet demonstrated shortfalls in our imports with a view to assuring oil supply for Canadian consumers and to maintaining our inventories.

We have been in touch with the provincial governments on these matters and everything is being done to ensure maximum utilization of western Canadian crude in eastern provinces which are vulnerable to this import disruption. I am particularly appreciative of the co-operation which the Alberta government and its agencies have extended.

These measures may not be enough. We may have to take further action by imposing demand restraints, and perhaps allocating crude oil and petroleum products. What we seek is to have the necessary legislative authority to take these steps if needed.

I am, therefore, proposing Bill C-42, an act to provide the means to allocate available energy within Canada during periods of supply disruptions caused by shortages or market disturbances outside our control. These measures will be necessary to fulfil our commitment under the agreement of an international energy program, or in any national energy emergency unrelated to the triggering of the international emergency oil sharing system.

As all hon. members know, in the aftermath of the 1973-74 Arab oil embargo and production cutbacks Canada, the U.S.A. and 14 other member countries of the Organization for Economic Co-operation and Development got together to see

what could be done to deal collectively with possible future crises. In November, 1974 these countries entered into an agreement on an international energy program. Three other countries subsequently joined, and the membership will soon be increased to 20 since Australia has applied to join.

A central feature of the agreement is an emergency oil sharing system which provides for the equitable distribution of available oil in an emergency. The fair sharing is based on the historical consumption and net imports of each member country. The sharing system is triggered when a formal finding is made that the group of countries has suffered a loss in its oil supply equal to 7 per cent or more of its average consumption. Members will recall that in my opening statement I mentioned that the present shortfall occasioned by the non-made-up portion of Iranian oil production amounts to 5 per cent of oil consumption already. Clearly we are within reach of that 7 per cent figure.

The agreement commits the different member countries to have in place adequate legislative authority to permit the imposition of mandatory control over the use and consumption of oil during an emergency, and to have by 1980 reserves of petroleum equal to 90 days of its net petroleum imports. Canada today more than meets this emergency oil reserve commitment to the international energy agency. This is because we import about 200,000 barrels of oil a day on a net basis. Imports of about 500,000 barrels a day are partly offset by exports of oil and natural gas liquids of nearly 300,000 barrels a day, yet our whole national oil inventory of perhaps 130 million barrels is counted toward our international energy agency commitment.

However, that 130 million barrels is equivalent to only 75 days' supply when measured against our total consumption rate rather than our net imports. We must not, therefore, plan to rely on oil stocks for an indefinite period to meet overseas supply shortfalls. For one thing, they cannot be drawn down to anything like zero days' supply without serious shortages occurring. For another, they are distributed right across our very large country, whereas supply shortfalls are likely to hit us regionally.

We must not be complacent as a result of what may in statistical terms appear to be a strong stock position. Adequate legislative authority is needed to enable us to deal with petroleum emergencies by means of allocation and, if necessary, rationing programs.

Most of you will remember that we had an energy supplies emergency act, Bill C-236, assented to on January 11, 1974, which after a two and a half year life lapsed on June 30, 1976. That bill was created in response to the Arab oil embargo and production cutbacks of late 1973 and early 1974. The present bill is essentially the same as the previous act, with some minor changes to which I shall be drawing hon. members' attention.

First let me outline the principal features of the bill. The bill would create legislation to deal with emergency shortfalls of petroleum and certain alternate fuels such as coal and natural gas. Such shortfalls could occur as a result of disruptions in supply due to shortages or market disturbances affecting the