

ment of Canada. In other words, who would initiate the formal decision that the 7 per cent situation had arisen? How would that become a decision of the International Energy Agency?

I know it is to some extent set out in the treaty, but, as far as I know, that treaty has never been discussed in this house and perhaps never in Parliament. So I would ask the minister to indicate the nature of our obligation, how it might fall on us, and roughly how soon.

He has indicated that we may be at the 5 per cent situation already, so that the point in future time when an obligation might fall on the government—not on Parliament, but on the Government of Canada—would be of interest, certainly to me, and I think to other members of the committee.

Hon. Mr. Gillespie: Madam Chairman, I shall try to be brief. There were a number of questions asked by the honourable senator.

Dealing with the obligations, I think I dealt with that this morning when I spoke of the 7 per cent trigger point. When world consumption is reduced by 7 per cent as a result of international shortages or disruptions, the member countries of the international oil sharing arrangement within the International Energy Agency are immediately to put in place a series of demand restraint measures aimed at taking their respective share of the international shortfall based on consumption.

There are other obligations with respect to putting into place or ensuring certain reserves by the early 1980s. I can tell the committee that as far as Canada is concerned, in relation to our obligation respecting reserves, we are fully in line. Indeed, considering the way they are defined, which does leave something to be desired, we are well ahead of any obligations in that regard.

Senator Grosart asked when the treaty was negotiated. It was finally concluded, I am told, on November 18, 1974. Honourable senators will recognize that that date came after the time that the predecessor Energy Supplies Emergency Act was passed by Parliament. The predecessor act was introduced in late 1973 and was finally passed in early 1974.

That treaty was ratified by the Government of Canada, and I believe that it was tabled before Parliament. As to the date of its tabling, it would have to be ascertained.

As to who would initiate the implementation of the treaty obligations, the government would, and it would do so under the authority of this bill.

I believe that covers the questions you put.

Senator Grosart: With respect, the question regarding the initiation referred to the initiation of the activation of the agreement within the agency itself. Is it automatic? Is there an arithmetical point at which the 7 per cent trigger is said to be reached? What is the 7 per cent figure based on, and how would it be activated? Could one member country activate it; and, if so, would it be a majority vote of the 20 or so members that would determine whether the treaty, if it is a treaty, is to be activated?

[Senator Grosart.]

Hon. Mr. Gillespie: The most likely procedure would be that one country, or a group of countries, would make application to the governing board—which is the senior administrative body of the International Energy Agency—that the emergency oil sharing arrangement be triggered. One country would have the right to initiate such an application to the board. That would be the situation if any one country got into the position where its consumption was to be forcibly reduced because of a lack of supply. Indeed, the arrangement goes a little further than that, in that if a particular region of a country were to have its oil consumption forcibly reduced because of a lack of supply, that would be cause for making an application to trigger the emergency oil sharing arrangement.

So, one can conceive that an application could be made in the relatively near future to the governing board for activation of the arrangement. The governing board would consider the application. I have no doubt that a group of countries would want to try to prevent a single incident from triggering the arrangement. I think you can read that out of the arrangement the other day where we had come to the agreement with respect to the 5 per cent level that, to prevent any unusual or unexpected triggering, the thing will move up gradually. So the governing board would have the final say in determining whether or not the arrangement would be activated, and the various governments would then be called upon to respond.

● (1430)

Senator Grosart: As a supplementary, might I ask the minister if he is saying that the effect of this treaty or agreement, whichever it may be—and it may be both—would be that if one member country of the agreement asserted that in one region the 7 per cent point had been reached, Canada could then legally, by certain processes, be obliged to share its petroleum product resources?

Hon. Mr. Gillespie: The answer is no, Senator Grosart. What I indicated was that, using the Canadian situation as an example, we would have the right to apply to the governing board and say to the governing board, "We believe now that you should trigger emergency oil sharing arrangements," and, in theory, I believe we could do so. I do not think that that particular plea would get very far, because action has already been taken to ensure a degree of sharing at the 5 per cent level. So I think that would not be a course of action which would be likely to happen. But I was really using that as an example of some other country in a similar position which might well make that request. The final decision would be made by the governing board.

I should point out that when we talk about sharing, we are not obliged under this agreement to share in the sense of exporting oil from Canada to other countries. Our major obligation is with respect to demand restraint; that is, that we ourselves should reduce our demand in this country by 7 per cent.

Senator Grosart: Would that be our demand on total usage or merely on imports?