

Oil and Gas
AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

[English]

ENERGY

OIL SUPPLIES FROM FOREIGN SOURCES

The Acting Speaker (Mr. Laniel): Order, please. Leave having been granted to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the steps the government proposes taking to meet the continuing interruption of oil supplies from foreign countries, and more particularly, what plans it has for (a) procuring alternative supplies to meet the needs of eastern Canada; (b) organizing public support for reducing the consumption of energy supplies this winter, and (c) instituting a system of oil rationing should this become necessary, the motion is therefore as follows:

That this House do now adjourn.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the purpose of moving the adjournment of the House is to draw the attention of members of parliament and the Canadian people to the fact that we could face a very serious oil shortage in Canada this winter. I think the worst thing we can do to the Canadian people is to keep issuing Pollyanna statements that all is well when all is not well.

I do not think a series of soporific handouts to the Canadian people will go very well if later this winter we find ourselves in desperate straits for lack of adequate petroleum supplies. Therefore, my colleagues and I feel that this matter should be discussed in parliament in order to draw attention to the situation but, more importantly, in order to give the government an opportunity to tell parliament and the Canadian people what plans it has, and what steps it proposes to take, to deal with a serious crisis should it occur. It has been said that the art of governing is the art of foreseeing, and surely this parliament—and particularly this government—have a responsibility to foresee what eventuality is likely to arise, and to act accordingly.

The threat which faces us is the possibility of a very serious oil shortage this winter. This will affect mainly eastern Canada. As far as the area west of the Ottawa Valley is concerned, that region is supplied with crude oil from western Canada and there should be no serious problem. We produce some two million barrels a day, more than half of which is shipped to the midwestern United States. Also, the consumers west of the Ottawa Valley are protected by the price freeze which was announced by the Prime Minister (Mr. Trudeau) on September 4 and which is to continue until the end of January. The Minister of Energy, Mines and Resources (Mr. Macdonald) has said

[Mr. Speaker.]

that at that time they propose to fix the price on the basis of Montreal.

I want to say, Mr. Speaker, that if that happens I think the minister will be in trouble with the people of Canada; he will certainly be in trouble as far as this group is concerned. That is not our immediate problem. West of the Ottawa Valley I think there is no danger of an oil shortage, but eastern Canada depends almost entirely on overseas sources for its crude oil supplies. About 25 per cent of that oil comes from the Middle East, and at the present time the indications are that this may be curtailed.

The Arab states have been making various statements. Over the weekend the oil bulletins from Beirut named Canada as one of the countries which would be cut off. Some time today Saudi Arabia announced that Canada is not to be one of the countries against which a total embargo will be enforced, but the same statement pointed out that the Arab states, and Saudi Arabia in particular, proposes to cut their production by 25 per cent in the month of November and an additional 5 per cent in the month of December. If that applies to Canada, as one can only assume from the statement that it does, it will certainly mean a serious curtailment in our supplies from the Middle East.

Many people are under the impression that it is the Americans who are going to suffer most from an embargo, but it should be pointed out that the Americans only depend on the Middle East for 6 per cent of their oil requirements while eastern Canada depends upon the Middle East for 25 per cent of its requirements. Whatever action the Middle East countries take with respect to limiting their exports of oil to Canada, it will have a very serious impact upon supplies in eastern Canada.

● (2010)

Moreover, some of the Arab states have taken the position that any country which ships oil to the United States, a country on which they have placed an entire embargo, will itself be subject to the embargo. As over 50 per cent of our oil goes to the United States, we have no way of knowing what the attitude of the Arab states will be to Canada.

While most of our attention has been focused on the actions of the Arab nations we have overlooked another serious danger. Sixty per cent of our imported oil comes from Venezuela. That field, in the main, is controlled by Exxon. There is a danger that supplies of oil originally destined for Canada may be diverted to the United States if the Middle East nations place a total embargo upon that country.

I am not suggesting for a moment that Exxon would deliberately cut off Canada from supplies of Venezuelan oil. However, I am saying that if the United States were to be in desperate straits this winter, that country might apply pressure on Exxon and ask the company to meet the requirements of the United States first: quantities of oil destined for Canada could be diverted to the United States. None of us wants this to happen. All of us hope that there will not be any shortage of oil in eastern Canada this coming winter. But it would be a mistake if we were to live in a fool's paradise and assume that we will not face any crisis at all this winter. Our purpose in