

EXECUTIVE SUMMARY

Complacency is invading energy policy-making. With the current glut of crude oil in world markets, we see little concern about future security of supply. But petroleum is not simply another economic commodity whose availability will be adequately regulated by the workings of the marketplace. We reject the premise that energy, in its various manifestations, is nothing more than an article of commerce; at times environmental, social, strategic or political considerations hold sway over market forces.

The Committee and government have a responsibility to look beyond day-to-day events and to consider longer-term possibilities. To that end, government policy-making should be more concerned with the broad direction of Canadian energy development and less with the details of the marketplace.

Petroleum still dominates Canada's energy affairs as it does those of most countries. Oil is no less a strategic commodity today than it was in the 1970s. Terrorism or war in the Middle East could disrupt the global flow of oil at any time — the 1973 Arab oil embargo and the Iranian Revolution showed that even the prospect of shortage can cause panic.

Industry observers point out that although OPEC's share of world crude output has been halved since its peak in 1976 and new non-OPEC production has increased by seven million barrels per day since 1973, the underlying situation has not changed. OPEC controls an estimated 68% of world conventional oil reserves, the Communist bloc another 12%. Overproducing the more limited reserves of the United Kingdom, Norway, Mexico, Egypt, India, Brazil — non-OPEC countries whose production has expanded sharply since 1973 — can only result in OPEC's reserves position being even more dominant in the 1990s.

The oil problem has not disappeared; it is merely dormant. This period of relative calm should be used to plan carefully for a more secure energy future, one which minimizes the importance of oil and our reliance on imports.