

Energy Supplies

legislation it is proposed that the government in an emergency situation will have the authority to set up an allocation board. By an amendment moved by the minister, which our party will support, it is proposed that Petro-Canada can be named by the governor in council as a member of the allocation board. We think that is a good idea. However, we have gone one step further and said that, in our opinion, Petro-Canada should not only be a member of the allocation board but should be the sole importer of oil into this country. We say that in order to ensure two things. First, it would ensure security of supply. There has been a great deal of talk by members of the official opposition to the effect that only the multinationals with their pools of oil will be able to meet the needs of the Canadian people. That is myth. It is a hangover from a day that is long gone.

There was a day when the multinational corporations had pools of oil because they were the operating companies in the Middle East, Africa and Venezuela. That is no longer true. With the exception of Canada and the United States, in almost every country the great pools of oil have been nationalized. Today they are being developed by government-owned oil companies. That is true today for Mexico, Venezuela, Saudi Arabia, Iran, Iraq, Nigeria and practically all of the oil producing countries.

The oil companies which once controlled the supply of oil have been reduced today to being middlemen and transporters of oil. Exxon, Gulf, Shell, British Petroleum and all these other companies simply buy from these state trading corporations the oil which they need for their subsidiaries. They have the tankers, they ship it and then sell that oil to their subsidiaries and sometimes to other independent companies. They do not have any pools of oil.

For a number of years the trend for the producing countries through their state oil companies has been to insist that they want to deal with oil companies owned by the importing countries. That has been said again and again. When the Shah of Iran was still sitting on the Peacock Throne four or five years ago, he visited Washington where he was interviewed by the press. He said that they would prefer to deal on a government to government basis. The reason he gave was that every time they raised the price of oil at the wellhead by \$1 a barrel, the multinational companies, which are the middlemen, raised the price \$2 a barrel. Therefore, they were not only blamed for the \$1 barrel increase for which they were responsible but for the \$1 a barrel which the oil companies added as part of their mark-up.

This has been said by the governments of Mexico, Venezuela and many Middle Eastern countries. I think it can be demonstrated that security of supply is much greater on the basis of having Petro-Canada, with all the prestige that goes with representing the government and the people of Canada, secure our oil supplies. There would be much greater advantage and a greater degree of certainty than if this were done by a multinational company, particularly a multinational company which has incurred the hostility of many of these oil producing countries.

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The other benefit of making Petro-Canada the sole importing agency has to do with price. I have heard a good deal of talk from the representative of the Progressive Conservative party to the effect that having Petro-Canada act as the sole importing agent would increase the price. Exactly the opposite would be the case. A government agency buying oil directly from government oil agencies in various part of the world and selling it in Canada to the oil companies which have refineries and facilities for distributing it would ensure that the price charged to the ultimate consumer would be the actual cost of purchasing, shipping it and refining it, with a mark-up for the oil companies which render those services.

One thing the Canadian people would be sure of—and they cannot be sure of it now—is that a multinational company purchasing oil in any part of the world, ostensibly for one of its subsidiaries, say, in Canada, could not under pressure from its own government divert that oil to its own country.

That is what happened in the case of Exxon. Exxon, under an obligation to deliver 100,000 barrels to its subsidiary Imperial Oil, decided unilaterally to divert 25,000 barrels a day to the United States. We cannot complain about that, I suppose, if we look at the situation from the point of view of Exxon. After all, Exxon is incorporated in the United States. It wants to get along with that government; it wants to keep the good will of the people of that country. I suppose the decision it took is one which most of us would take if we were members of the board of directors of Exxon. But by using Petro-Canada to make these oil purchases, we would know that oil contracted for delivery to Canadian oil companies would reach Canadian oil companies and would not be diverted. We cannot be sure of that under the legislation before us.

That is why I had hoped the minister would rise to take part in this debate. As we know, Exxon has thumbed its corporate nose at him twice. First, the hon. gentleman said to Imperial Oil: "We want you to deal directly with the state-owned company in Venezuela, the source of supply". But it did not take Exxon very long to tell Imperial Oil what to do. After all, Exxon owns Imperial Oil, or 70 per cent of its shares. They said, in effect: "You tell Gillespie to forget it".

The second occasion was when the minister demanded restoration of the 25,000 barrels which has been taken away from them. It is true some adjustment was made. They cut the 25,000 to 9,000 as a gesture, but in principle they told him to mind his own business. This was their business, they estimated, and they could distribute oil wherever they wished.

The government has made a lot of fuss. The minister has beat his breast here in the House. He was standing up to Exxon, he told us; he was not going to allow the Canadian consumer to be dependent on what the multinationals did. But what is the role laid out for Petro-Can in this bill? It is merely that it can be a member of the allocation board should the government so decide and be given the right to import oil from Venezuela if it can get agreement from Venezuela to do so after the present agreement with Imperial Oil expires.