

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER RESPONSIBLE FOR
BUILDING AND URBAN DEVELOPMENT IN HUNGARY, HON.
KALMAN ABRAHAM

Mr. Speaker: Order, please. Before proceeding with the question period, may I ask hon. members to join me in signalling the presence in our gallery of a distinguished visitor, together with a delegation of his ministers here on official business. I refer to the presence in our gallery of the minister responsible for building and urban development in Hungary, the Hon. Kalman Abraham.

Some hon. Members: Hear, hear!

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REGIONAL ECONOMIC EXPANSION

DECISION ON FINANCIAL ASSISTANCE FOR SYSCO TO
MODERNIZE PLANT

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, on Tuesday, November 28, 1978, during the minister's visit to Cape Breton, he was quoted in the *Cape Breton Post* as saying:

A decision will be made before the end of the year on whether Sydney Steel will get funds for modernization needed to carry out a ten-year sales contract crucial to its future.

We are now in the middle of February and no such decision has been announced. Can the minister tell us why the delay on this decision, and whether we can expect early action on this crucial matter for Cape Breton and Nova Scotia?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Indeed, Mr. Speaker, I remember quite well mentioning the possibility and the hope I had at the time of concluding these negotiations. But since November, following discussions we had with the New Brunswick premier, we had to set up a small task force which has reviewed the existing proposals and which has started a new round of negotiations not only on a certain contract which had been already negotiated, but on other projected contracts with other possible purchasers of the goods. We hope that within the next few days—and I repeat, within the next few days—they will make their findings available to me. I shall then be able to recommend to my cabinet colleagues the course of action the government should take concerning this proposal.

[*English*]

Mr. Hogan: Mr. Speaker, I want to thank the minister for that information and ask him if this confirms the suspicion at this stage that if an agreement is not reached in the next few weeks between Sysco of Nova Scotia and Tisco of British Columbia, the whole Sysco plant could fall on its face?

Oral Questions

ENERGY

IMPORTATION OF MEXICAN CRUDE OIL THIS YEAR

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Yesterday, and again today, he indicated that the negotiations with the Mexican state oil company might mean that Mexican crude would be available in Canada by the end of this year. Because our earlier information from both Mexico and the industry here in Canada indicated that this would not be available until at least the second quarter of 1980, I wonder if the minister could inform the House how much we are negotiating for this year and how much Mexican crude is expected under these negotiations this year, that is, 1979.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources and Minister of State for Science and Technology): Mr. Speaker, the arrangement which I discussed and which was agreed to when I was in Mexico early in January was that Canada would guarantee to the Mexicans a market for 100,000 barrels a day, and the Mexicans would guarantee to us a supply of 100,000 barrels a day.

● (1440)

The Mexican government indicated that it would be able to start deliveries in the order of 15,000 to 20,000 barrels a day before the end of this year, but very much toward the end of this year. Also, it expected we should be able to get the full volume of 100,000 barrels a day by late 1980 or early 1981.

Mr. Lawrence: What is the expected shortfall that will have to be made up respecting the Iranian cutoff?

Mr. Gillespie: Mr. Speaker, at the moment it is impossible to give any precise answer to that question, if for only one reason, that it would be impossible to estimate how long the crisis in Iran will go on and how soon they may be able to start production. At the present time, part of the shortfall is made up by increases in production by other OPEC nations, particularly Saudi Arabia. As I indicated in the House as well, part of it also is being made up by a drawdown on inventories. I am confident, if there is a relatively early increase in production by Iran, that the measures already taken should see Canada through.

We may come out rather better than most other countries because we have an option most other countries do not have. That is to say, we have some surplus producing capacity, some surplus oil in the ground rather than in storage above ground, which we can call on at the present time during what I hope is just a temporary period.