

sion that deals with Article 904, the proportional access provision of the FTA, and Canada's position vis-à-vis the U.S.

The Free Trade Agreement does not give Canada greater security of supply, in that we import virtually no oil from the U.S. I suppose that we import some electric power and perhaps minimal amounts of gas, but virtually no oil, although we do have access to 50,000 barrels a day of North Slope crude, which we do not use on a market basis but could presumably secure, provided we took transport through the United States. I might say in passing that that is a remarkable example of how careful is the United States about letting its oil out of its control, and the degree to which it will go to ensure that it will address its serious problem of security of supply.

I quote from the energy options report. This is in the context of a discussion about proportional access and Article 904. I take this from page 49 of the report:

The issue, therefore, is not whether such assurances should be sought and given, but rather whether the concept of proportional access negotiated in the FTA is an acceptable means of giving these assurances from the Canadian standpoint. The Advisory Committee is satisfied that the proportional access clause can be implemented and managed in a way that does not prejudice Canada's energy security interest.

The reference there to "assurances" must be taken in the context of this report's being prepared before the FTA was entered into. I quote further from page 50:

The practical implications of this constraint—that is, the Article 904 proportional access constraint,

—are as follows. Supply emergencies are addressed by the International Energy Agency Agreement, which supercedes the FTA in cases of conflict. Under most reasonable scenarios, the IEA Emergency Oil Sharing System, or related mechanisms addressing pre-crisis situations, would require Canada to maintain, or perhaps even increase, its oil supply to the United States or other IEA member countries. Hence, the proportional access provision would likely not be relevant in this context.

The point here, honourable senators, is that this report from which I am quoting does not address the issue of regional security of supply. That would be addressed only by monitoring carefully our level of self-sufficiency and how our own crude feedstock needs are met. I make this comment now from memory, although I have the details somewhere in my notes. The current level of oil self-sufficiency in crude oil in Canada, I believe, is 64.1 per cent; that is, we supply 64.1 per cent of our own crude oil feedstock requirement. The balance is imported. Ten years ago we were supplying in excess of 70 per cent, and at one point in the 10 year period we were importing as much as 84 or 85 per cent.

The relevant point here is that our level of self-sufficiency is declining while our oil dependence in Atlantic and eastern Canada is increasing. On a market basis that trend will continue. I put it to honourable senators that, unless we do something about it, it will continue to the point where we have

what is essentially a pooled asset with the United States. Of course, we have signed the FTA and the section under discussion means that it will be difficult for us to interfere with that, although there are some circumstances in which we could do so.

I will quote further from the Energy Options Report, having given that background:

Specifically, the federal government retains full authority and has a heightened responsibility for the following:

to monitor all aspects of Canadian, U.S. and international energy balances, reserves to production ratios, trade flows, etc.;

to form a view on whether export volumes to U.S. markets can be sustained over the long term, considering the adequacy of Canadian reserves and production to meet future Canadian demand requirements; and

if the view is that these volumes cannot be sustained, to deny increases (i.e. refuse the export application) and to cap the Canadian supplies accessible to the U.S. market at the then-existing level (i.e. invoke proportionality).

I emphasize the words "has a heightened responsibility for the following" and point out that the Energy Option Committee recommends in very strong terms that that heightened responsibility involves managing our energy future.

The report goes on to say that if it is managed badly there will be an electoral consequence for the bad managers. I suppose my concern is that we have ignored the admonition of Energy Options. We are not managing our energy future in a prudent way and we are using as a reason external factors. When we do that we are ignoring the example of countries with which we compete who look after their own needs on a priority basis and who manage their affairs so as to take full advantage of export opportunities and to ensure security for their own markets.

I believe—and this goes beyond the simple concern respecting oil—that unless we learn from those other countries, and follow their example, we will make ourselves more vulnerable and will put ourselves in a position where we are going to be exploited by those very able competitors in other parts of the world, and here I think principally of the United States, Pacific Rim countries—in particularly Japan—and Europe, who approach their problems in a different way. We seem to take for granted things that they are forced not to take for granted, and thereby, I believe, we are doing a great disservice to our future. We should be managing our energy future. From questions that were answered by the Minister of Energy yesterday we know that the IEA is not taking into account the fact that we are dependent on imported oil at the same time as being a net exporter—a net exporter undertaking obligations to supply additional oil to other countries. This apparently is under negotiation, but at this point the reality is that there is no good answer to the question, "What happens to us in the event of short supply and an obligation to share when we are a