

the producing countries. Third, there must be avoidance of energy waste, through more efficient use of energy. Fourth, the conference called for urgent development of new and alternate energy sources. Those were the conclusions, or at least the highlights, to emerge from the conference. Those conclusions apply as much to Canada as they do to every other country of the world.

The principal exporting countries of the world formed an organization in the 1960's known as the Organization of Petroleum Exporting Countries, generally referred to as OPEC. The countries making up that organization consist of Iran, Iraq, Algeria, Kuwait, Venezuela, Indonesia, Saudi Arabia, Libya, Abu Dhabi, Qatar and Nigeria. Saudi Arabia, Mr. Speaker, is today the country which for the next few years, more than any other, will be the fulcrum for energy supply in the entire world. Saudi Arabia will produce oil, and just enough oil, to keep the world supply at a level just at or below world demand. One can appreciate the ability of Saudi Arabia to command this position when it is appreciated that its present proven reserves amount to something in the order of 160 billion barrels, and that its daily production of oil is in the order of between 7 million and 8 million barrels a day, and that country has the largest potential oil producing capacity in the world.

Saudi Arabia's oil minister Yamani stated in London recently that even when Israel's withdrawal from Arab lands is completed, production will be restored only back to last September's level. Mr. Speaker, that represents less than current oil requirements and would not allow for the needed growth in oil supplies. In addition, the minister stated that only on their own timetable would the Saudi Arabians restore, gradually, production to the levels of September, 1973. The sheik also said the Arab states will "be more than happy to sit with consuming nations to discuss reasonable decisions on oil prices and production to preserve the world's economic system". He went on to say, however, that "buyers are knocking on our doors" offering higher prices and that it would be illogical to expect the Arab to say, "No, we don't want \$10 a barrel for our oil; please make it only \$7 per barrel."

I have brought out these details, Mr. Speaker, so that members of this House can appreciate the international factors in the world today which for the next few years will determine the supply and therefore the price. The handwriting is on the wall and the name of the game in the foreseeable future is continued shortages and escalating prices. Even if one assumes that the world will return to a more balanced situation, this will only take place when, according to Saudi Arabia's oil minister, "the Israelis have withdrawn from the territories they have occupied since 1967". I suggest, Mr. Speaker, that considering conditions in that part of the world and the probability that these negotiations will not move quickly, the Arab cutback will continue not just for a few weeks or a few months, but, more than likely, for much, much longer. It seems to me that we cannot look realistically to that part of the world in future for security of supply.

Analysis of future world energy supplies shows three different sets of problems; these relate to timing. The first problem is that which we face now and in the immediate future. The second is the problem which will confront us

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up to the end of the century; and, lastly, we must consider the problems in the very long term. The immediate short-term energy problem stems essentially from the present tightness in oil supplies, both products and crude. Under today's conditions, when oil constitutes over 50 per cent of energy demand in most countries, the problem is much worse than it was following a similar problem in the late 1950's and again in the late 1960's. Then, there was a good deal of surplus producing capacity in other countries of the world. This surplus does not exist today and will not in the foreseeable future.

Many of the large producing countries in the world have recognized that their reserves are finite. They have, as well, during the last couple of years doubled or tripled the take on a barrel of oil. The result is that while at present they are selling much less oil, the returns on less oil sold are much greater than they were.

An extremely significant factor in the world energy situation is that the energy problem of the United States, of Britain, of Japan or of any other country is not limited in its effects to that one country alone. An energy shortage in a key area today is likely to have world-wide repercussions and effect virtually every other country. Most unfortunately, the people of developing countries will be the hardest hit of all as they, least of all, can afford the high cost of energy which is so critical to their industrial growth. It was this very point that the hon. member for Don Valley (Mr. Gillies) made earlier this week. Canada's economy is inextricably bound to the economies of the United States and the other major trading nations of the world.

A consideration of the energy problems which will affect Canada is no way complete until this critical international component is brought into the mix. All economic planning must now look critically at the short-term and long-term impact. We are headed for continuing energy shortages in the world for the next 10 to 15 years and this will affect the standard of living in many countries. These shortages could translate into economic recession, high unemployment rates and, finally, competition for energy could lead to serious confrontation between nations. This would add nothing to supplies and would have the effect of skyrocketing prices.

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For Canada, it is necessary to re-evaluate trade patterns, both of the past and for the future. Canada's abundance of energy presents great opportunities for the long-range future, but also some very disruptive times in the short-term. The Minister of Industry, Trade and Commerce (Mr. Gillespie) has told us very little about the activities of his department in this important area. Are we to presume that the action is as minimal as his words? The Minister of Finance (Mr. Turner) meanwhile has said very little and when he does speak, he contradicts everything that the Prime Minister (Mr. Trudeau) and the Minister of Energy, Mines and Resources (Mr. Macdonald) are saying.

Canadians can hardly comprehend the sweetheart position in which they find themselves in today's world. It is essential, however, that Canada, which today is truly at a vital crossroads, takes the decisions and adopts the policies which maximize the advantages which we truly have