

supplies from Iraq before the hostilities began between the Islamic Republic of Iran and Iraq?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I will check to make sure that my answer is completely correct, but it seems to me that some small quantities were imported from Iraq. By that I mean a small percentage of the amount coming into Canada. There may have been some cargoes. I believe it was a very small amount.

Senator Bosa: A statement was made over the weekend by Sheikh Yamani, the Petroleum and Mineral Resources Minister of Saudi Arabia, to the effect that that state was prepared to sell 100,000 barrels of oil to a state-owned oil company such as PetroCan. Has that deal been consummated? Was it negotiated and has it been under negotiation for some time? If so, what was the purpose? Was it to replace oil that we were not receiving from Iraq or was it to offset any possible reduction in the supply of oil from the Province of Alberta since it was stated by the Premier of Alberta that he would reduce the supply of oil to the rest of Canada?

Senator Olson: Honourable senators, it is true that Sheikh Yamani did indicate to the Prime Minister Saudi Arabia's willingness to supply oil on a state-to-state basis with negotiations being conducted by our representative national oil company.

Saudi Arabia has been, and continues to be, a major and secure supplier of Canadian requirements of imported oil. Canada will continue to rely primarily on other multi-national oil companies for its imported oil, but we are prepared to consider bilateral oil-purchase arrangements or agreements with selected oil producers including Saudi Arabia. Petro-Canada will be pursuing discussions with the Saudi Arabian national oil company in the future.

Hon. R. James Balfour: Has the minister quantified the cost, in terms of foreign exchange, of implementing the purchase of 100,000 barrels a day from Saudi Arabia to Canada?

Senator Olson: I do not have the figures with me, but I believe it is a fairly simple calculation; it will be 100,000 barrels a day times the price.

Hon. C. William Doody: Could the Minister of State for Economic Development indicate if the price is to be based on the price we pay to Albertans for their oil or are the Saudis getting a better deal?

Senator Olson: The honourable senator will know, of course, that the price will probably be somewhere in the same range as is now being paid for oil. There was a suggestion in one press report that it may be somewhat lower than new negotiated agreements. I can tell him also that it will be substantially less than is being offered for new supplies of synthetic oil that could be brought in from Canadian production.

Senator Doody: I am not quite sure that I follow the answer. Will the Saudis be receiving more money per barrel than we are currently paying Albertans or will the price be the same?

[Senator Bosa.]

Senator Olson: Honourable senators, in some cases it will be more and in some cases it will be less, depending on the classification of the oil.

My honourable friend will have realized that the federal government has indicated it is prepared to pay \$38 plus escalation for very significant amounts of new oil that could come into the stream from the tar sands and the heavy oil deposits in Alberta. However, on the other side, it would probably be less than the price being paid to the conventional oil industry now.

Senator Doody: One final supplementary: Would the honourable minister state that the Government of Alberta can receive the same deal now and in the same terms as the Government of Saudi Arabia will receive?

Senator Olson: Honourable senators, no producing province, including Alberta, has an excess quantity of 100,000 barrels per day to add to the Canadian requirements. They do, however, have some enormous deposits of tar sands and other oil classified as heavy oil which, after going through the processing system, becomes synthetic oil and is then, essentially, the same quality. The federal government has indicated that it is willing to pay up to \$38 a barrel plus escalation for those additional volumes that go into the Canadian consumer stream.

● (2040)

FOREIGN AFFAIRS

MIDDLE EAST—VISIT OF PRIME MINISTER

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government. In light of the very high profile that Canadians have in the international community in the areas of negotiation and peacekeeping—and I have in mind particularly the winning of the Nobel Peace Prize by the late Right Honourable Lester B. Pearson—does the itinerary of our Prime Minister in the Middle East include the prospect of any meetings with the leaders of the two warring states in that area?

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, Senator Bosa refers to the Arab-Israeli situation. As far as discussion of the Arab-Israeli dispute is concerned during the course of this present visit to the Middle East, both sides agreed on the necessity to reach an early and just solution. Both sides agree that the lack of a settlement complicates other regional problems and thus constitutes a continuing threat to world peace and stability. Both sides agree that the international community has a responsibility to help bring about a just solution. However, in terms of meetings with Egyptian and Israeli officials, I have no information on that subject, but further information will be sought.

TRANSPORT

AIR CANADA—ANNOUNCEMENT OF INCREASE IN FARES

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government. It has to do with a question