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Energy – a sudden crisis could also happen in Canada

“The recent energy crisis in the United States should be a stark reminder to us,” stated Energy, Mines and Resources Minister Alastair Gillespie, in an address to the Canadian Club on February 25.

Mr. Gillespie was referring to the recent severe cold weather in the U.S. which caused a crucial shortage of energy, mostly natural gas, when hundreds of thousands of school children had to stay home because there was no energy to heat their schools and a similar number of adults were laid off work temporarily.

The same crisis could happen in Canada, warned Mr. Gillespie, unless governments at all levels, businessmen, academics and public-interest groups, as well as individuals, took up certain “challenges” that he outlined briefly.

Excerpts from Mr. Gillespie’s address follow:

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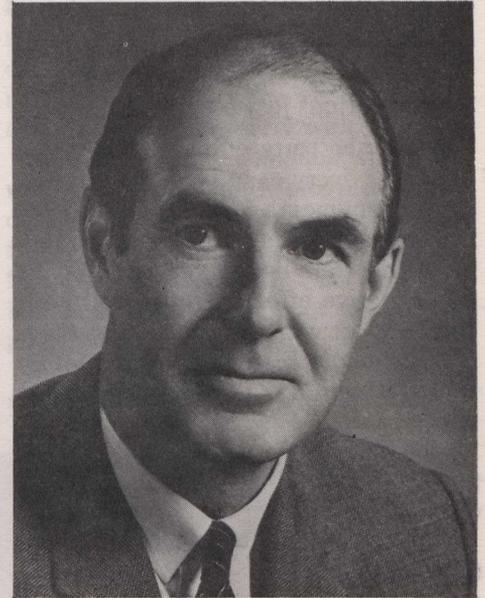
Let’s look at some basic facts. Our overwhelming dependence on oil and gas will continue for at least the next ten years. During the same ten-year period our own reserves of conventional oil will be running down to dangerously low levels. In each of the past five years we have used more than we have found and the outlook for future oil discoveries coming to market within the next ten years is, to coin a phrase, bleak.

Accordingly Canada, particularly the markets east of the Ottawa Valley line, will become increasingly dependent on foreign oil for the next ten years at least.

One of the worst features of that increasing dependence on foreign imported oil is that an increasing proportion of it will have to come from the Middle East, an area which has been politically very unstable in the post-war years. By 1990, the estimates I have seen indicate that the Western world may be depending on Saudi Arabia for 23 million barrels a day, or nearly one barrel out of every two of their oil imports. In strategic terms, this has to be a matter of great concern.

The balance-of-trade implications, therefore, of growing foreign imports at increasing prices can only be described as a matter of very great concern – from a deficit estimated at almost \$1.5 billion last year to a deficit forecast of \$4.5 billion in 1985.

Also, Canadians have been wasting energy as if there were no tomorrow



Energy Minister Alastair Gillespie

because we have taken it for granted and because until recently it has been cheap.

Conservation best policy

As well, the cost of finding and bringing to market new supplies of oil and natural gas, and developing other forms of energy for heating, and moving, sustaining and lighting our lives, is immense – \$180 billion or more in the next 15 years. This is why conservation is our best energy policy. Developing new energy costs four times as much as saving an equal amount of existing energy.

In the final analysis, the provinces own the resources – they hold all the aces. How much simpler the life of a

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