

Canada Oil and Gas Act

Let us consider a few countries that act quite differently from the way we act in Canada. One of our friends, Mexico, has an interesting policy in regard to its oil industry, which has been nationalized totally since 1938. It seems to me that the petroleum industry in Mexico is doing quite well, as is indicated by our Mexican imports and the fact that just a year ago we were proud to be able to make agreements with Mexico because they could guarantee the flow of their resource while we in Canada cannot. The reason for this is that the Mexicans have control and ownership of their resource while we in Canada do not.

Let us look at a country which is closer to us in many respects than Mexico—Great Britain. The British National Oil Corporation has first claim on 51 per cent of all oil production and its purchase is negotiated at market price. The BNOC may offer participation to joint venture partners including foreign-owned firms, but it retains control of all the projects it enters into as a co-partner.

My own home country of Norway with Statoil, the government oil company, can take up to a 70 per cent interest in any block of land that it does not presently own. Since the announcement of finds of natural gas off the north coast of Norway the other day, oil companies are flocking to that part of the country under these provisions. But as weak-kneed and milquetoast Canadians, we are hesitant to begin to implement policies like those in Norway or Great Britain.

Even Australia, which is recognized for its relatively weak position compared to that of many other countries, has a policy where foreign companies are allowed to explore but only Australian and naturalized foreign investors can produce energy resources. To qualify as a naturalized company, a foreign company must have 25 per cent equity owned by Australians, a majority of Australians on its board of directors and a public commitment to increase Australian equity by 51 per cent within a certain period of time. This is a much stronger statement than is found in Canada's policy, by a long shot.

When it comes to Canadian half measures as a result of the Liberal government's program, the Liberal goal is 50 per cent Canadian—meaning mainly private—ownership by the end of the decade. As one energy observer speaking recently in the United States has noted:

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Do you suppose that a party proposing to reduce foreign control . . . to 50 per cent within ten years would be regarded as anything but cautious to a fault? I doubt that Americans would tolerate anything like 50 per cent foreign ownership in any major industry—let alone a vital, basic industry like oil and gas. And to tolerate it at a time when that industry is claiming an enormous and ever-rising share of the national wealth is simply unthinkable.

Do you know who the author of that quote was, Mr. Speaker? It was the infamous Marc Lalonde in his New York speech a few months ago, indicating again, very clearly, that this was about the smallest, most inconsequential step that a government could take, and was almost apologetic for the cautiousness of this particular bill, Bill C-48.

What about the difference between ownership and control of such a strategic resource? The Liberals' goal of 50 per cent Canadian ownership, if ever achieved, would still mean that the powerful petroleum industry, overwhelmingly foreign dominated, would remain under foreign control. Foreign control would still remain. Because of the way stockholdings can be manipulated, foreigners could still control a company or an energy project even though, technically, it would be Canadian owned. Fifty per cent Canadian ownership does not necessarily mean 50 per cent Canadian control. Even under the government's own provisions in Bill C-48, a joint venture with the multinational Imperial Oil Company controlling 70 per cent of the project, and Petro-Canada controlling only 30 per cent, would be classified as 51 per cent Canadian owned. However, it would obviously leave the foreign-controlled Imperial controlling the venture in total.

An hon. Member: Sham!

Mr. Riis: Let me be more specific, because this is a very crucial concept. Again, I think we have the impression from the rhetoric surrounding Bill C-48 and from reading the various clauses that, in fact, Canadian control and ownership will be occurring in Canada's frontier lands and offshore developments. However, it works this way: Imperial is 70 per cent foreign owned. Therefore, 70 per cent of 70 shares equals 49 shares foreign owned. Thirty per cent Canadian owned of Imperial's 70 shares equals 21 shares. Petro-Canada, which is in the project for 30 per cent, is 100 per cent Canadian-owned, as we all know; therefore, its 30 shares are Canadian owned. Therefore, Imperial's 21 shares plus Petro-Canada's 30 means a 51 per cent Canadian-owned project. However, the original partnership still gives Imperial not 51 per cent control but 70 per cent control. Certainly control is where the action is as opposed to the simple ownership.

It is interesting to note that 14 out of the 25 largest oil and gas producing companies are still foreign controlled in Canada. They dominate the industry's sales and cash flows. Unless we obtain control of the largest companies which dominate the market, surely "50 per cent Canadian" has virtually no meaning at all.

We in the New Democratic Party want majority control as well as majority ownership. When we look at countries in situations similar to Canada, virtually every country we can examine has developed a strong policy which would equal Canadianizing as we know it in this country. One might point out that the Americans do not have such a policy, and indeed they do not. But certainly the incentive is not there either; for when one looks at the American petroleum industry, which companies obviously own and control that industry? American companies own and control it. Therefore, there is not the incentive that we find in a country such as Canada which has sold out such a crucial and strategic resource to foreign corporations.

I want to talk for a moment or two about public ownership versus privatization. The Liberal plan of Canadianization really means replacing private foreign ownership with private