

western Canadian gas eastward to serve Quebec and to penetrate into the maritimes. As I said, Petro-Canada is one of the initiators of this potential project of real benefit to Canada. If realized, we hope it will substitute Canadian sources of energy for expensive, imported sources of energy.

**Some hon. Members:** Hear, hear!

**Mr. MacEachen:** This bold project, if successful, could displace substantial volumes of imported oil and could as well provide a base for the utilization of Arctic islands gas in the Atlantic area and Quebec. This project will come before the National Energy Board for public hearing and decision later this year. So I ask hon. members opposite: Do they not think that this particular initiative taken by Petro-Canada is not of considerable interest and potential benefit to the Atlantic area?

While on the subject of natural gas, and not wanting to confine myself to the activities of Petro-Canada in Atlantic Canada, I must mention Petro-Canada's Arctic pilot project, a \$1.5 billion scheme to bring natural gas from the eastern Arctic islands by tanker in liquefied form. While the terminal for discharge of this gas will not necessarily be in Atlantic Canada, it could obviously bring important benefits to the region in terms of gas supply and the sourcing of equipment.

Finally, I would like to draw the attention of the House to the fact that Petro-Canada is right now negotiating with Pemex, the Mexican national oil company, contractual arrangements to give effect to the intergovernmental understanding reached last month which provides for the supply to Canada of 100,000 barrels a day of secure Mexican oil in the 1980s. I was rather surprised last night to hear the hon. member for Northumberland-Durham give the impression that it was somewhat shameful for Petro-Canada to be engaging in these international activities, that it was somewhat immoral, that it was a matter which should be left to the multinational corporations. We believe that this is a legitimate role for a national petroleum company which is operating in the public interest and in the interest of the people of Canada.

I am aware of the concern of residents of the Atlantic provinces, of consumers in Atlantic Canada and of provincial governments in Atlantic Canada about the region's heavy dependence on oil and about the fact that this oil is currently imported from potentially insecure foreign sources. I have just drawn attention to efforts being made by Petro-Canada to discover and develop the region's own petroleum resource potential, to substitute domestic gas for imported oil and to assure a higher degree of security for those imports which remain. Nevertheless, it is understandable that people in Atlantic Canada should look west and wonder whether and how they will be able to source at least a portion of their oil needs from discovered and developing resources in our own west.

● (1630)

I would appreciate some additional analysis from members of the official opposition as a follow-up to the rather plaintive

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cry uttered by the hon. member for Don Valley (Mr. Gillies) on February 16 in this House when he asked the minister:

I want to ask the minister how it is possible, in a country that has enough oil to meet the needs of all its citizens, that the government did not put in place long ago . . . distribution systems that would get out oil to the maritimes, which we ought to be able to do.

I took that formulation to heart, and I want to deal with it, I hope constructively. It brings me to the question of establishing a pipeline connection from western Canada to the Atlantic area. The government—as the minister pointed out very clearly yesterday—has made a start in this direction by providing financial guarantees for the extension of the Interprovincial Pipe Line system from Sarnia to Montreal, an extension which was completed in 1976 and which is today flowing more than 300,000 barrels of oil a day into the Montreal area.

**Some hon. Members:** Hear, hear!

**Mr. MacEachen:** That is the Sarnia extension. This extension east from Sarnia is by itself significant for Atlantic Canada. By reducing eastern Canada's total dependence on imported oil from about 800,000 barrels a day in 1973 to some 500,000 barrels a day now, the supply security of the whole area has been improved.

Of course, hon. members will say that the pipeline still terminates at Montreal. The idea has been put forward of extending the pipeline to Quebec city and there providing facilities for tanker loading to supply Atlantic refineries. As well, the idea has been canvassed of reversing one of the lines of pipe in the Portland-Montreal pipeline system with a view to flowing western Canadian oil via Portland, Maine, to Atlantic refineries.

Both these schemes, which are touching upon the question raised by the hon. member for Don Valley—if they did not touch on that they could not have touched on anything real—may have some merit. I understand from my colleague, the hon. Minister of Energy, Mines and Resources that a joint study of the partial reversal of the Portland-Montreal pipeline is to be embarked upon by the federal government, the affected provincial governments and the pipeline company.

Of course, any study of "Oil East" will require careful evaluation of the potential for the western Canadian petroleum resource base to support an additional eastward flow at least long enough to allow for depreciation of any new facilities which might be put in.

As well, the question of costs and cost differentials will require examination. The federal government is already spending a great deal of money on oil import compensation and on subsidizing the pipeline tariff differential between Toronto and Montreal. We will want to find out whether "Oil East" is likely to involve additional subsidies. As well, alternative means of better securing the Atlantic provinces' oil supply, including the use of strategic petroleum storage and the substitution away from oil to indigenous energy forms, will need to be looked into.

In response to the question raised by the hon. member for Don Valley, I really want to point out that these are important