

*Oral Questions*

signed by then must be completed by October, 1978 in order to qualify for a 17 per cent export subsidy based on the audited cost price. In view of the fact that unemployment this year is predicted to reach 700,000 Canadians or 7 per cent of the work force, is it the intention of the government to extend the Shipbuilding Temporary Assistance Program, STAP, in order to provide much needed employment in our major shipyards?

**Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce):** Mr. Speaker, this matter is presently before cabinet, and I would hope to be able to make an announcement with respect to this program in the very near future.

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**TRADE****POSSIBILITY OF NEGOTIATING FREE TRADE PACT WITH UNITED STATES**

**Hon. George Hees (Prince Edward-Hastings):** Mr. Speaker, my question is also for the Minister of Industry, Trade and Commerce. As the United States Trade Act, 1974, which came into force last January 3 gives the American President the right and power to negotiate a free trade pact with Canada, and as there is great pressure from within the American Congress for such a pact, can the minister say if the government has received any indication from the United States government that it intends to initiate discussions leading to such a pact in the near future?

**Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce):** Mr. Speaker, it is true that the act provides that power for the United States administration but the priority of both the United States government and the Canadian government is to seek trade liberalization through multilateral trade negotiations.

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**ENERGY****NATURE OF AGREEMENT WITH SYNCRUDE CONSORTIUM—REQUEST FOR TABLING OF COPY OF AGREEMENT**

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of the fact that yesterday we received conflicting answers and in some cases non-answers, and in view of the importance to the members of the House and the people of Canada knowing exactly the terms and conditions under which the federal government has committed itself in the agreement with the Syncrude consortium, I should like to ask the minister what written agreement there is—I am assuming this is not purely a verbal agreement—dealing with a matter of hundreds of millions of dollars. Was there an exchange of letters of intent or is there a memorandum of agreement? If there is such an agreement, is the minister prepared to table it so that we will know exactly and precisely the terms and conditions under which the government of Canada is entering into it?

[Mr. Crouse.]

● (1500)

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, there was no written document exchanged in this regard. As I said in my statement to the House, this is an agreement in principle which is subject to the negotiation of a detailed partnership or joint venture agreement between the new parties and the existing ones. That, of course, will be a document of some legal technicality and complexity. It will have to be worked out by the representatives of the governments and of the Syncrude partners and it will take quite some time. The existing Syncrude partners will go ahead with the work on the Syncrude project. If, of course, the conditions of the various governments cannot be met, then there would be no obligation. But we are expecting that an effective legal document can be negotiated by the parties, to permit the project to go ahead.

**SYNCRUDE PROJECT—FORMULA FOR SELLING PRICE OF PRODUCT**

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, I have a supplementary question. If the agreement is merely contained in the statement of principle which the minister enunciated, let me say this: One of the principles was that the government has agreed to grant to the partners in the Syncrude consortium what the minister calls the internationally oriented price for the production from their plant. I ask the minister if he and the partners in Syncrude have devised any formula as to what is meant by the term "internationally oriented price." Is there a formula? How was it arrived at? The minister is reported to have said outside the House that he meant the Montreal price, plus transportation. Is that the formula? Surely, the minister and the consortium did not reach agreement on such an important matter without a clearly defined idea as to what the term means.

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, it is the Montreal price, plus a charge for transportation and quality differences.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** A final supplementary question, Mr. Speaker. I take it that the minister means that there is to be an adjustment for transportation, which means taking the Montreal price, plus the price of transportation to the point in Canada where the oil is sold.

**Mr. Macdonald (Rosedale):** No.

**SYNCRUDE PROJECT—PROPORTION OF OPERATING COSTS TO BE BORNE BY FEDERAL GOVERNMENT—PARTY TO WHOM FEDERAL SHARE OF OIL SOLD**

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** The minister had better clarify that. According to the answer given yesterday by the President of the Treasury Board, I take it that this price is not to be paid to Syncrude, but to the partners of Syncrude, for the oil which they take. If that is correct, does this mean that the Canadian government will take 15 per cent of the oil and that we will pay each year 15 per cent of operating costs?