

Oral Questions

Yesterday the Hon. Member for Sarnia-Lambton presented a petition in the House. Part of that petition reads:

—the petrochemical industry is in trouble in Sarnia and in Canada because of the federal Government's Petrochemical Feedstock Taxation Policy; and that thousands of jobs are in jeopardy in both the short and the long term;—

Is the Minister aware that the taxation and revenue policies that have been put forward in the National Energy Program promise that the prices of feedstocks would not exceed 85 per cent of world prices and that that figure, in fact, was not expected to be reached until 1985? In many cases we have already exceeded that figure.

Madam Speaker: Order.

Mr. Gurbin: Is he prepared to change those taxation policies?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I am sorry, I did not hear the last part of that question. However, the Member is essentially wrong in his facts. The fact is that the oil-based sector of that industry is in serious difficulty everywhere. In fact the Canadian sector does enjoy an advantage because of the feedstock prices that were established by the National Energy Program.

The oil-based sector in the United States is also going through serious difficulties, with many plants having been shut down. It is true that the oil-based sector produces a limited number of products that cannot be produced from the gas-based sector. But these are very complex issues. I suggest that, if the Hon. Member has some worthwhile suggestions to make, I am sure that my colleague, the Minister of Industry, Trade and Commerce, would be glad to hear them.

It is not a simple problem, frankly, of a domestic nature in the country. The oil-based sector is in serious trouble everywhere.

REQUEST FOR NEW TAX POLICY

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, the industries that are shut down in the United States are shut down because of the recession. This is a Canadian problem because of the Canadian taxation and revenue policies that have been designed by the Liberal Government. That is what needs to be changed.

Will the Minister respond to the request of the industry and the Opposition to put forward a suitable and appropriate taxation and revenue policy to maintain our feedstock prices below 85 per cent of world and competitor levels? Will the Minister provide a long-term petrochemical feedstock policy pricing regime for the Canadian industry?

● (1420)

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, on behalf of my colleagues who are directly concerned and seized with this problem at the present

time, I will certainly take the Hon. Member's question as a representation as to the position of the Conservative Party on this issue. Certainly a long-term solution to the petrochemical problem is one which we would all like to achieve. That is what the Government is attempting to do at the present time.

STATE OF WESTERN PETROCHEMICAL INDUSTRY

Hon. Don Mazankowski (Vegreville): Madam Speaker, I direct my question to the Minister of Energy, Mines and Resources. Perhaps he can enlighten the House a little more concerning the plight of the petrochemical industry. As he well knows, the natural gas based petrochemical industry, largely based in western Canada, is clearly struggling to survive. As a matter of fact, at the present time there are some \$7.5 billion worth of petrochemical projects on hold, largely due to the loss of the competitive edge which the western based industry had. It is now in a position where feedstock prices are 10 per cent higher than the international price and the U.S. price. Two years ago, the Alberta based producers had a 25 per cent price advantage.

Has the Minister looked into the reason why the Government has allowed the western petrochemical industry to lose its competitive advantage, and why it refuses to take corrective action to allow this industry to grow once again?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I have nothing to add to what my predecessor just said to the House. At this time we are studying the problem, which is very complex, as we must take into consideration the east and the west, the feed stock base of natural gas, and also of oil, affecting the petrochemical industry, and so on. We are reviewing the situation at this time, and when we have a new policy we will announce it.

REQUEST FOR EARLY GOVERNMENT ACTION

Hon. Don Mazankowski (Vegreville): Can I interpret what the Minister of Energy, Mines and Resources said as meaning that the Government will simply ignore the potential loss of 60,000 jobs as a result of the failure of the petrochemical industry? The fact is that we are not talking about months or years. We are talking about days and weeks for the survival of this very important sector of the Canadian economy. Why does the Minister refuse to act?

Some Hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I just said that we are reviewing the situation at this time. Very soon we will announce a policy.

Miss MacDonald: You do not know the difference between feedstock and energy prices.