Petroleum Products Controls

January and February of this year, our exports of gasoline to the United States were 11,517 gallons, and they jumped in March of this year to 5,332,000. This compares with only 72,000 for March of 1972. If we take our total exports of gasoline for January and February combined, were 81,265 gallons, but for March our export of gasoline had risen dramatically to 12,367,289 gallons. When you realize that our total exports last year, including our exports to the United States, were only 17 million gallons and that in the month of March alone this year we exported over 12 million gallons, you begin to understand what is happening, namely, that when the oil companies found they were restricted to exporting 1,235,000 barrels per day maximum of crude oil they began to export from Canada gasoline to meet the demand in the United States. It was a method of evading the restrictions on the export of crude oil.

● (1550)

It is significant that the exports of gasoline did not rise spectacularly until the restrictions upon crude oil were put into effect. There will be some question as to whether or not this is affecting many people. It is certainly affecting the independent operators. I have had many telephone calls from independent operators and I will give one example. One company here, the Capital City Gas Bars which operate some 24 stations in the Ottawa-Stittsville-Maniwaki area, has been notified by British Petroleum that they will only be allowed gasoline for two stations after June 1. The result is that they are going to close all 24 stations and this will throw some 200 employees out of work in this district. It seems to me that the time has come for the government to take the logical step, which we argue they should have taken last February, of extending these export controls on oil to cover gasoline and other refined products. This would plug the loophole which the oil companies are using to supplement their oil exports by additional gasoline exports.

In my opinion it is no longer satisfactory to revert to the old formula that certain amounts of oil or gasoline are "surplus to our needs". The fact is that in Canada we must conserve our supplies of cheap gas and oil because when our present supplies run out—and that time is not too far distant—we will be required to turn to much more expensive energy resources, such as oil from the tar sands and natural gas from the Arctic and the Mackenzie delta. It, therefore, seems the very essence of common sense to be conserving our cheaper conventional fission fuels rather than to be exporting large quantities, and then at an early date having to pay much higher prices for the necessary energy to operate our economy.

The second proposal I am making in this motion is that the government should introduce a two price system to protect the consumers west of the Ottawa valley who represent a captive market as a result of the government's oil policy. Ever since 1960 or thereabouts the area west of the Ottawa valley has been reserved for the western oil companies. This gave to that area a security of supply, but the consumers have paid millions of dollars for that security. This is a captive market which was given to the western oil companies without any agreement about a price formula, and with the consumers having no form of redress whatsoever with respect to the price. The oil shortage in the United States, and the demand for oil at almost any price, has resulted in prices going up in the area west of the Ottawa valley. Oil prices have risen anywhere from 55 cents a barrel to 70 cents a barrel, depending on grade and area—an increase of about 20 per cent.

I notice with alarm that some of the United States oil periodicals are predicting that this summer wellhead price for oil in Canada will go up by another 40 cents a barrel. During the last six months the price of gasoline and fuel oil for home heating have all increased, and we are justified in asking whether or not these very substantial increases in the price of oil and petroleum products is warranted. When the president of Imperial Oil was asked why these increases were taking place, he summed it up in one phrase. He said it was "attributable to international supply and price factors". Putting that into simple English, the president of Imperial Oil was saying that his company and the other oil companies were taking advantage of rising prices in the United States to charge Canadians more for the privilege of using their own oil.

Some hon. Members: Shame.

Mr. Douglas: I submit that there is no evidence whatsoever that justifies this 20 per cent increase over the past six months. The oil industry in Canada in 1972 increased its profits by 20.4 per cent over 1971, and in the first quarter of this year it increased its profits by 31.7 per cent over the same quarter for the previous year. Let me take the largest of these companies, namely, Imperial Oil, because when they raise the price all the other oil companies follow suit within a few days. Imperial Oil, which is 70 per cent owned by Standard Oil of New Jersey, in 1972 had profits of $157 million after taxes, which is up 11 per cent from the $136 million they made in 1971, which was a good year for their profits in that year were up 29.5 per cent over 1970. This price increase does not result from a payroll increase. The payroll of Imperial Oil in 1971 went down by 3.5 per cent because in that year they closed the refineries in Winnipeg, Regina and Calgary, and in 1972 their payroll went up by 3.5 per cent. So in that two year period, 1971 and 1972, their payroll was virtually stable, but their profits in that two year period went up by 40 per cent. Imperial Oil's profits over the past ten years, after paying taxes including corporation taxes, went up by over one thousand million dollars. They paid to the governments of Canada, in royalties in that ten year period, some $40 million, representing 4 per cent of what they put in their own pockets.

● (1600)

We have to recognize that 99 per cent of the petroleum refining industry in this country is foreign owned and controlled. Therefore, those corporations have been given a monopoly under the National Energy Board act to fleece the Canadian consumer with the supine connivance of an apathetic and timid government. I am suggesting that the government should seek legislative authority under Part IV of the National Energy Board Act to set prices for all oil produced and sold in Canada.

The minister takes refuge in the fact that he has no power to set the price with respect to imported oil, and I am not suggesting for a moment that he has. But in the same statement the minister points out that off-shore oil