next few years, may I say that if one were to adopt the proposal put forward by the previous speaker you would have to suggest that if we all traded less, we would be better off. I do not think that is true. I do not think that we as a nation can escape the fact that there is an energy shortage throughout the world, and especially in the United States. I do not think we can dodge the changes that are developing throughout the world any more than we can escape food shortages, vast famines and political events that occur.

In the discussion of what our relations should be with the United States—which after all is the only country that can afford to buy our expensive energy—from the point of view of the export of gas and oil, it seems to me some historical events should be noted. For most of Canada's life we have been an oil deficient country. Only in 1954, with the discovery of Leduc, did Canada approach anything like energy sufficiency in gas and oil. The energy needs of central Canada and the western prairies were dependent upon imports from the United States. Had the United States not allowed oil exports to Canada, the Canadian economy would have been seriously retarded for a long time, and I suggest we might well have had only one-half or two-thirds of our population. For example, western Canadian agriculture would have developed at only a fraction of the rate it did.

Canada has now become one of the few western industrialized nations that has an adequate oil and gas supply for its immediate use. Bearing in mind that less than 20 years ago we had practically no oil and gas production, it is wise to remember that times change, and not always in our favour.

In his motion the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) speaks of the curtailment of gasoline shipments to the United States. I suggest that this curtailment of gasoline flies in the face of the many attempts to increase the export of more refined products, which has been the goal of many governments for a long time and the goal of the NDP. In the province of Manitoba, the NDP government has pledged itself to export more processed materials. Let us all also consider that oil from offshore that is surplus to our needs we can refine and re-export. Any oil we require, we can get from the Middle East, which does not deplete our own resources. So for a while, at least, we can benefit from the shortage in the United States.

While the Canadian public has to be protected, this placing of export controls on refined petroleum products means that we are negating much of the effort we have made to export refined products. It also places in jeopardy the large refineries at Come-by-Chance and Melfort Point, the production of which is beamed to the American market and is considered surplus to Canadian needs.

Furthermore, we cannot be unaware that the President's message to Congress has an evaluation content that must place the long overdue energy policy of the Canadian government into perspective. The important item in the President's message is that all existing tariffs on imported crude oil and oil products have been removed, and has direct control over the quantity of such crude oil and refined products. This is being replaced with a licence fee import system starting May 1 of this year. Under this new system, tariffs are only paid on the amount of oil over the amount imported in April. These tariffs will increase from about 10.5 cents a barrel initially to 21 cents per barrel by November 1, 1975.

● (2130)

In addition, between 1973 and 1980 the amount of oil already covered by this fee will decline progressively until in 1980 all oil will be eligible for fee. The fees themselves vary as between crude oil and refined petroleum products. For residual fuel oil the import fee starts at 15 cents per barrel, rising to 63 cents per barrel by November, 1975. For gasoline, fees will start at 52 cents per barrel, rising to 63 cents during the same period; and there are proposed import fee exemptions for 75 per cent of crude oil imports during five years for new or expanded refinery capacity in the United States. In other words, the president has anticipated the motion of the hon. member for Nanaimo-Cowichan-The Islands and the United States is already going to substantially increase the import tariff on gasoline in the next two and a half years.

In regard to natural gas, the President has proposed that gas from new wells or gas newly dedicated to interstate markets, and continuing production from expired contracts, should no longer be subject to price regulation at the wellhead. Thus, the future price of gas will be related to a mix of regulated and unregulated natural gas. In other words, the United States is anticipating rises in prices that will no doubt make for more efficient use of their energy resources, in the short term, to bias the import tariff so that crude oil will be favoured for importation over refined products. The United States has anticipated this motion and regards it in its interest not to import gasoline and other refined petroleum products.

The action of the President in respect of natural gas also indicates a departure from that which is proposed in this motion. It has long been felt that the price control of natural gas in the United States has stimulated its uneconomical use by being abnormally cheap. It is being used in the production of generating plants that could well be fuelled by other forms of fuel such as ooal. This would result in a saving of this very highly desired fuel. In other words, the United States has tried a price system and has discarded it in favour of the market system. This in itself should bring an end to the wasting of high quality products such as natural gas. For instance, it is stated that one-third of the energy used in an ordinary gas cooking range is consumed by the pilot light.

It is clear from President Nixon's message that these changes will have an effect on Canada in a very direct way and will tend to disrupt our domestic industrial strategy. We must develop our own domestic energy strategy in order to compensate for this change. The President's objectives are as detailed by the hon. member for Regina East (Mr. Balfour). They include continued and better protection of the United States petrochemical industry at the expense of foreign oil importers. This means curtailment on the importation of gasoline into the United States in favour of crude oil. Domestic tax laws in the United States are being changed to promote a redirection of exploration fees which have been going to Canadian frontier areas, to move intensified exploration in the United States.