

Oil—U.S. Import Restrictions

United States in this matter, the Canadian government wishes to draw attention to a related problem based upon the trade agreements of the United States government. If it should be decided to impose restrictions upon crude oil imported into the United States, it might be concluded, as in 1951, that quotas should be allocated to supplying countries. If the recent and projected growth of the Canadian oil industry is taken into account, it is obvious that any allocation of quotas on past trade would be completely inadequate for Canada. This latter consideration leads again to the conclusion, on the part of the Canadian government, that Canada at least should be exempted from any restrictive policy which might be adopted for reason of defence.

I should go on to say that the Canadian government has been following this situation very closely. The current proposals for restrictions on United States imports of crude oil were first launched by the cabinet committee on energy supplies and resources policy, whose report was made public in Washington on Saturday, February 26. The committee suggested that imports should be restricted voluntarily by the United States industry, for patriotic reasons. The legislation which is being considered in congress would give the proposed restrictions a statutory basis. Either method would be damaging to our Canadian interests.

I find it difficult, if not impossible, to believe that the United States will adopt a policy of limiting imports of Canadian crude oil for defence reasons, or any other reasons. In the Pacific northwest region of the United States, for example, the Americans are as aware as we are of the importance and urgency, for economic and defence reasons, of tying on to Canadian sources of supply. This is in their own interests.

After the outbreak of war in Korea, a concerted effort was made by the United States and Canadian governments to maintain a high level of exploration and development in the Canadian west. As recently as two years ago, the United States petroleum administration for defence was still urging the Canadian petroleum industry to strive for new goals in exploratory drilling. It was also recommending priority treatment in the allocation of steel and other scarce materials for the establishment of new transmission and oil refining facilities. The Canadian and United States governments co-operated in the pursuit of these objectives and succeeded in diverting to western Canada large quantities of the drill pipe and other equipment necessary to carry out this program.

Against this background, I was perturbed to hear that the president of the Socony-Vacuum Oil Company had testified before the Senate finance committee in Washington

[Mr. Howe (Port Arthur.)

that his company would voluntarily reduce crude oil purchased for its Ferndale refinery from Canada.

I got in touch immediately with Mr. Brewster B. Jennings, president, Socony-Vacuum Oil Company Inc., and just before coming into the house I received the following telegram from him:

Understand my statement before Senate finance committee March 18 has been interpreted as indicating reduction importation Canadian crude oil for our refinery at Ferndale, Washington. Such an interpretation quite erroneous. We plan no change in Ferndale crude supply and shall accomplish all of reduction mentioned east of the Rockies from sources other than Canada. Copy of my statement before committee being mailed you today. Kindest personal regards.

This is signed by B. B. Jennings, president of the Socony-Vacuum Oil Company.

Mr. Donald M. Fleming (Eglington): Mr. Speaker, I am sure all hon. members in the house will recognize this as a very important matter. Any proposal on the part of the United States to impose the type of restrictions contemplated on the importation of Canadian crude oil into the United States is bound to be deeply deplored in Canada, and protests of this kind—vigorous protests—are bound to earn the approval of all hon. members in the house.

Actions of this kind could not be more unhappily timed than at present. Just after agreements have been entered into to extend, perhaps in limited form, the general agreements on tariffs and trade, proposals of this kind from Washington are bound to shake very deeply the confidence this country and others may have in the future of their trading relations with the United States.

I think I might say that this is the type of matter to which hon. members in this house will hope the government will apply continued and vigorous protests. We hope the minister will be able to give some report to the house soon on replies from the Washington government indicating that these protests have been successful in warding off this proposed action on the part of the United States.

[Later:]

Mr. E. D. Fulton (Kamloops): May I ask the Minister of Trade and Commerce a question arising out of the statement he has just made, having reference especially to the position which would confront the operations of the Trans Mountain pipe line if the policy under consideration in the United States were implemented. Perhaps I may be permitted to say that I am not quite able to follow the implications of the situation, in the light of the telegram received by the minister from