

accordance with the demand, there is only one possible way then of readjusting prices, namely the establishment of a compensated discount for the Canadian people and not for other countries.

[English]

## PROCEEDINGS ON ADJOURNMENT MOTION

### SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**Mr. Deputy Speaker:** Before recognizing the Minister of Energy, Mines and Resources (Mr. Macdonald) it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Victoria (Mr. McKinnon)—National Defence—request for retention of the kilt for Highland units; the hon. member for Assiniboia (Mr. Knight)—National Revenue—request that the government not seek return of over-payment to farmers under Wheat Inventory Reduction Program; the hon. member for Perth-Wilmot (Mr. Jarvis)—Agriculture—taxation of marketing quotas—Possible revision in light of representations by farm groups.

● (1700)

## GOVERNMENT ORDERS

### BUSINESS OF SUPPLY

#### ALLOTTED DAY S.O. 58—SUGGEST IMPOSITION OF CONTROLS ON PETROLEUM PRODUCTS

[Translation]

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, first I would like to refer to one of the issues raised by the hon. member for Charlevoix (Mr. Caouette). It was a repetition of the suggestion put forward by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) to the effect that one of the reasons for the considerable increase in Canadian gas exports in March was the control over crude oil exports set by the government in February.

I would like to emphasize that there is no relation between those facts. Most of the refined oil exported from Canada in March originated from Quebec and Nova Scotia refineries and not from Alberta where crude oil controls were in effect. So, the crude petroleum imports from overseas are used in Canadian regions. We note that the increase in exports is larger in those areas. So there is no relation between the larger gas exports and the control set on crude oil by the government at the beginning of February.

[English]

Mr. Speaker, the motion put by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), in essence, has two parts to it. In effect, there is a reference

### *Petroleum Products Controls*

to the short-run and immediate problem of motor gasoline and, secondly, in parts (b) and (c) it has reference to the longer run issue, namely the kind of structure we should create for the Canadian oil market given the somewhat changed circumstances of our petroleum situation in the mid-1970's. I should like to take a little time dealing with the motor gasoline question because of the legitimate special concern on this point, and after that my remarks will refer to the long-run situation.

The hon. member referred in his question on Friday to a number of independent dealers who had been suffering problems concerning the supply of refined motor gasoline. He made particular reference to one firm in respect of this situation. We are familiar with the situation regarding this firm and are hopeful that through the informal assistance of the National Energy Board this problem might be met. I might put to him and to others, both in the House and out, who are familiar with similar situations, that particularly when we talk about the independent distributors of gasoline I wish to be familiar with their situation, to see in what way the government and particularly the board might be of assistance in dealing with the problem.

I think it might be of some assistance if, really in response to the gentleman's question of last Friday, I put some figures on the record which I now have from the National Energy Board with regard to exports during the month of March. I am advised by the board that gasoline exports to all countries during the month of March were 12,367,000 gallons which is at the rate of just under 12,000 barrels a day. Since the very large bulk movement occurred in that month, and as exports were expected to rise sharply in any case, I think the events of April may have more significance. The board estimates that April exports of gasoline were lower than those of March, that is, something under 10,000 barrels a day. It is still a significant figure in comparison with previous years, but bear in mind when we are talking about 12,000 barrels daily, with the daily Canadian production of motor gasoline of around 500,000 barrels, we are talking about 2 per cent of the Canadian production.

In the present volatile situation, of course, it is very difficult to make a prediction with regard to the current market. However, officers of the board have been in constant contact with the refiners and I can assure members that the gasoline situation is receiving day-to-day surveillance. I would, however, like to emphasize to the House, and repeat what has been indicated privately to the major refiners in Canada, that the government has the same expectation with regard to refined products as was expressed earlier in this year with regard to unrefined petroleum, namely, that the needs of the Canadian market would receive priority and that if we find that informal arrangements of the kind that have operated for many years through the agency of the board are not effective in protecting the Canadian market, I will not hesitate to recommend to my colleagues the extension of the export control system to refined as well as unrefined petroleum.

I think it might be useful to mention a number of factors which have contributed to the very substantial increase in petroleum prices internationally since 1970. There has, of course, first, been an increase in taxation by the overseas producing countries brought about primarily