

market to make decisions for us, when there is no free market at work.

Bear in mind that this is from an American petition of oil producers.

Also, there are proposals in the United States to increase taxes on gasoline and to introduce an oil import fee. It is becoming increasingly apparent that Congress and the new administration, which will take office in a year's time, will be under pressure to intervene in the growing American dependence on foreign supplies of energy. In my opinion, Canada will have a limited say in the nature of future U.S. policy initiatives which bear on Canadian energy affairs, notwithstanding Chapter 18 of the Free Trade Agreement on institutional provisions and the attempt in the agreement to interlock the two countries in a coordinated energy policy stance.

Canada and the United States are facing different energy problems, and both countries need the flexibility to pursue differing solutions. The Free Trade Agreement seriously limits Canada's ability to pursue its own policy path. It is a lesser constraint on the United States. A U.S.-driven policy that Canadians do not like would be very hard to change—much harder, I submit, than it was for us to change the National Energy Program.

It has been asserted that the energy component of the Free Trade Agreement is little more than an extension of our energy-sharing commitment as a member of the International Energy Agency. This is misleading on two counts. First, the IEA commitment applies only to sharing oil in the event of a curtailment in supply; the Free Trade Agreement covers all energy commodities traded between Canada and the United States. Second, a country's obligations under the IEA agreement can change as its oil import/export situation evolves. The Free Trade Agreement binds Canada to a proportional sharing of its energy supplies, regardless of future domestic circumstances. Article 908 of the Free Trade Agreement provides that the IEA's 1974 agreement on an international energy program shall take precedence in the event of an inconsistency between the two.

Let me now turn to the last part of my remarks and address the question: What alternatives are there to the energy policy path which the federal government is following today?

I believe that future Canadian energy policy must be grounded in five elements, which I present in no particular order.

First, conservation must become a centrepiece of Canadian energy policy, with the federal government providing the leadership. Experience has shown that conservation initiatives are often economically advantageous when compared with the cost of developing new energy supplies. To the extent that we continue to reduce the relative importance of oil in the domestic energy mix, Canadians benefit in a strategic sense through lessened exposure to unexpected events in the world oil market. Using less energy per unit of gross domestic product also strengthens Canada's competitive position in international trade.

[Senator Hays.]

Second, greater efforts to exploit our extensive resources of bitumen and heavy oil—primarily, but not exclusively, for domestic use—should be made to offset our declining production of conventional light crude oil. The decision to proceed with the Lloydminster heavy oil upgrader is one example of this, as is the incremental approach to developing the oil sands. As a companion measure, enhanced oil recovery should be actively promoted to ensure the most efficient exploitation of Canada's remaining resources of conventional crude oil.

Third, federal energy policy must be fair and equitable in a regional context. Producers of energy commodities and the provinces in which these resources reside must not be exploited by an inequitable transfer of wealth to other segments of Canadian society. Support for the development of renewable energy forms should be expanded: all regions of Canada have access to renewable energy resources whereas Canada's resources of the fossil fuels—oil, gas, and coal—are much more limited in their occurrence. Federal energy policy should act to reduce today's marked imbalances in regional energy supply. Here the sequence of research, development, demonstration, and deployment can be fostered through the federal policy process.

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Fourth, Canadian policy must anticipate future disruptions in the supply of oil or their equivalent in price shocks. Canada must control the degree to which it allows its energy transmission systems to become re-oriented to supply the U.S. market. At the same time, Canadian policy must still assure the United States of a measure of security of supply consistent with our own security interests.

Fifth, market forces should determine day-to-day energy dealings in normal circumstances. The role of the federal government is to oversee Canada's energy development in a strategic or long-term planning sense.

I began my remarks by referring to the pivotal stage that we have reached in Canadian energy policy-making. I am confident that our country has the capacity in its natural and human resources to ensure a prosperous and secure energy future. We have yet to be assured that our political leaders are up to the task.

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, this order had stood in the name of Senator Gigantès. Honourable senators will remember that he had adjourned his own motion and was to continue with a second and third instalment. So I suggest that the debate be adjourned in the name of Senator Gigantès.

On motion of Senator Frith, for Senator Gigantès, debate adjourned.

AGRICULTURE

NEED FOR COMPREHENSIVE FINANCIAL SUPPORT PROGRAM FOR GRAIN PRODUCERS

Hon. H.A. Olson rose pursuant to notice of Tuesday, December 15, 1987: