

the possibility of securing home heating oil for this winter.

If we cannot secure supply in the usual manner from Saudi Arabia or other countries we have other openings because I heard some reassuring words from the minister. Perhaps he knows other sources of supplies. We are happy that he can have such sources, and we hope he will find some.

I am pleased that this debate took place, not to put all the blame on the federal government, because in Quebec as elsewhere we have all something to be blamed for. We have yet to learn that to govern is to foresee and I hope that the minister will try to accommodate us to the best of his ability so that this winter the central government, together with the Quebec authorities, reach some decisions, not to put all their eggs in the same basket but to ensure a supply that will eliminate conflicts.

I think that it is our own country which can provide us with the best protection. In my view, there is nothing like doing your own thing and if all the eastern provinces, including Quebec, can draw from their own gas resources, they ought to stop counting on other sources in order to meet their daily requirements.

● (2050)

[English]

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, in speaking to the motion tonight I should like to follow the general framework put forward in the motion itself, speaking first of the question of supplies to meet the needs of eastern Canada; then I will talk about the potential of interruption and about the measures that have been and will be taken during the next 45 days to meet the demands of the eastern Canadian market.

Secondly, I would talk about the measures we would propose if in fact the threatened interruptions, and they are just threatened and not actual at the present time, become a fact. And, thirdly, I will talk about the system of rationing which would be contemplated if, indeed, interruption reaches a certain level and further rationing of supply does become essential.

I propose, then, to talk firstly of the question of interruption of overseas supply to eastern Canada. Probably the best starting point is the communiqué issued by the Organization of Arab Petroleum Exporting Countries, bearing Cairo dateline of November 4, 1973, which might be useful to have on the record. I quote:

The Arab oil ministers met at Kuwait for the second time on November 4 and 5, 1973, and studied the way their first decision was implemented and its result. They have made the decision including:

1. The total reduction of production by every Arab state implementing the decision shall be 25 per cent of the production of the month of September including the quantities deducted as a result of cutting off oil supplies to the U.S. and the Dutch market. After that the reduction will continue in December by 5 per cent of November production. The reduction will not affect the share of which every friendly state has been importing Arab oil exporting countries during the first nine months of the current year.

2. Algerian energy minister and the Saudi oil minister shall be sent to the Western capitals to explain the Arab viewpoint

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regarding the oil decision made at the two meetings held by the Arab oil minister.

To summarize the Arab oil position at the present time as disclosed to us by the diplomatic activity of Canadian representatives abroad and by the activities of my colleague, the Secretary of State for External Affairs (Mr. Sharp), the Arab countries have basically divided their oil customers into three lists: firstly, the friendly countries in which list they include the United Kingdom, France and certain other countries to whom, as the report indicates, there would be no cutback whatsoever in oil supplies base upon the first three months of the current year; secondly is the neutral list to which Canada has been assigned, countries which are not to be subject to curtailment as are the so-called unfriendly countries on the third list, such as the United States and The Netherlands.

Those on the neutral list will be entitled to an equitable division of the reduced production from the Arab oil areas. How much that reduced oil production will be depends on a number of variables which cannot be determined at the moment, including how large is the amount to be withdrawn from the United States and the Netherlands, how many more countries will be added to the friendly list and therefore will have first claim on the reduced production, and the number of neutral countries.

So at the moment of speaking, the actual amount of reduction cannot be known in the case of any particular country on that neutral list, except that we do know what the so-called unfriendly group of countries, the United States and The Netherlands, can count on for the time being until the disagreement between the Arab countries and Israel is resolved or until such period of time as the Arab states will be cutting off oil supplies to these two countries.

I suppose the first matter to be considered is that while it is difficult, on the basis of that information, to have a full reading of the amount to be affected, we do at least know some dimensions of the Arab oil supply and, therefore, what some dimensions of the 25 per cent cut for November will be. The announced original cutback of 25 per cent for November, to be followed by a further 5 per cent each month to be extended to the end of the current winter, represents on the average about 21 per cent of world exports of crude oil to consuming countries.

Considering our own crude oil and home heating supplies, that is, our home supplies in Canada as of October 1, we anticipate that the loss of home heating fuel in eastern Canada will be something just under 10 per cent of the estimated demand for home heating oil during that period. I think that even before the Arab-Israeli war one could fairly say there had been a breakdown in the private supply system which had hitherto been run by private organizations, that is, by the companies in eastern Canada. Indeed, the government was active during the summer to try to remove the deficiencies of this particular supply system.

I think it is fair to point out that the eastern Canadian market was partially supplied by overseas suppliers, the majority of supply came from refineries in eastern Canada which refined either west of the Ottawa Valley line in refinery centres such as Sarnia and Toronto with western Canadian crude, or east of the Ottawa Valley line refining