

Oral Questions

estimate of what the shortfall will be between the 900,000 barrels a day that we normally require and what we are likely to be getting?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Not at the moment, Mr. Speaker. As the hon. gentleman knows, the meeting of the Arab states last weekend confirmed their policy that certain states would be embargoed and also confirmed certain policies regarding reduction in production. How that reduction will affect the supply to each of the recipient countries such as Canada is at the moment still to be determined.

Mr. Speaker: The Chair will recognize the hon. member for Nanaimo-Cowichan-The Islands for a further supplementary, followed by the hon. member for Edmonton Centre, the hon. member for Calgary North and the hon. member for Calgary South.

Mr. Douglas: In view of the minister's statement a few moments ago that the government is pursuing the possibility of dealing with the state oil trading company in Venezuela for any oil that government may take in kind, may I ask the minister what plans he has for marketing such oil in Canada? Does he intend to set up a national marketing mechanism to deal with that oil in order to see that it goes to the areas where it is most needed?

Mr. Macdonald (Rosedale): Mr. Speaker, I do not think that in the short run a national marketing mechanism would be necessary in the sense that I think the government of Canada, through existing agencies, could undertake the responsibility of acquiring the oil and making it available to various refiners that might be short of feed stock. As for the long run, the best agency for doing this is all bound up, of course, in the decision whether or not we will have a national petroleum corporation.

OIL EXPORT TAX—POSITION OF MINISTER OF FINANCE—
DISCUSSION BY PRIME MINISTER WITH PREMIER
BARRETT

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I have a question for the Minister of Finance. Did the Minister of Finance promise at the meeting with Alberta officials that there would be prior consultation before he reversed his field on the export tax on oil?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, my intervention in the meeting with my colleague and the Alberta ministers was to examine the position of the export tax and particularly the situation of Syncrude.

Mr. Speaker: Order. I will allow a supplementary to the hon. member for Edmonton Centre and then the Chair will recognize the hon. member for Calgary North.

Mr. Paproski: Mr. Speaker, the Minister of Finance did not answer my question but I will direct my supplementary question to the Prime Minister. In his discussions with Premier Barrett last week did the Prime Minister discuss the Canadian export tax on oil and did the premier approve the measure?

[Mr. Douglas.]

Right Hon. P. E. Trudeau (Prime Minister): That conversation was privileged, Mr. Speaker.

OIL—POSITION OF GOVERNMENT RESPECTING
SYNCRUDE DEVELOPMENT—POSSIBLE TAX INCENTIVES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. In view of the cabinet leak to the effect that the government intends to nationalize or is considering nationalizing one of the corporate parties to the Syncrude project, is the minister now in a position to encourage or to discourage the immediate development of the Syncrude project to assure supplies of crude petroleum for all Canadian needs now and in the future? That is the question today; we are talking about supply.

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I should like to confirm a statement made outside the House, namely, that a *Globe and Mail* report of a proposal to acquire either Gulf or Shell is totally without foundation.

An hon. Member: Oh yeah?

Mr. Macdonald (Rosedale): Yes. With regard to the Syncrude position, I would point out that it is a rather fundamental matter of taxation policy whether a special change should be made in our taxation law affecting the Syncrude project, and this is a matter that the Department of Finance now has under study.

• (1450)

Mr. Woolliams: In light of the fact the Minister of Finance's department has this under study, what tax incentives will be given to this project to assure a supply of crude petroleum for Canada and at the same time encourage an immediate labour force of more than 10,000?

Mr. Lewis: It's phony; there is no tax incentive.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Trudeau: What is Lincoln telling you?

Mr. Speaker: Order, please. There seems to be a private verbal confrontation at the other end of the chamber. If that is now completed, perhaps the minister might be allowed to reply to the hon. member's question.

Hon. John N. Turner (Minister of Finance): Mr. Speaker, both the Minister of Energy, Mines and Resources and I said to the Alberta ministers that it was in the interests of this country that the Syncrude project go forward. The problem is not only how to reconcile the Syncrude project, or the agreement between the consortium and the province of Alberta, with the existing tax laws, but of developing and announcing guidelines for federal tax resources policy. To that effect we are reviewing our position and, indeed, in light of information supplied to the Alberta ministers they are also reviewing their position. I will be meeting with the Syncrude people later this month.