

WHAT I WAS TRYING TO SAY . . .

THE PRESENTATION ON CANADA'S ENERGY THAT SENT THE HARPER GOVERNMENT SCRAMBLING

by Gordon Laxer

At a meeting of the House of Commons' international trade committee earlier this month, Leon Benoit, the Conservative chairman, ordered me to stop my presentation as an invited witness. My remarks, he ruled, were not relevant. When his decision was successfully challenged by other members of the committee, Mr. Benoit adjourned the meeting and left the room.

I was astonished. Later, I learned that Mr. Benoit's behaviour might have been prompted by a secret guidebook for Conservative chairpersons, designed to interrupt witnesses challenging government positions.

If so, it backfired. Suppression intrigues people. They want to know what caused the storm.

CANADA HAS NO PLAN

I was cut off after noting that the United States has a National Energy Policy (NEP) that emphasizes self-sufficiency, energy independence and domestic ownership.

And while Canada, as part of our bilateral Security and Prosperity Partnership initiative, supports U.S. efforts to wean itself off Middle Eastern oil, I noted that we do not have an NEP of our own. Indeed, Canada's official goal is greater continental cooperation, at the expense of our own security of supply.

For example, in researching how Canada's energy security would be affected by exporting more energy to the United States, I learned that Canada has no plans, or enough pipelines, to get oil to eastern Canadians in the event of an international supply crisis.

I asked the National Energy Board if Canada, as a member of the



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International Energy Agency (IEA), is planning to establish a Strategic Petroleum Reserve. The IEA was created to counter OPEC's boycotting power; its 24 members are supposed to maintain 90 days of emergency oil reserves.

The NEB replied that Canada "was specifically exempted from establishing a reserve, on the grounds that Canada is a net exporting country whereas the other members are net importers."

But that doesn't make sense. Canada may be a net exporter, but it still imports 40 per cent of its oil – 850,000 barrels per day – to meet 90 per cent of Atlantic Canada's and Quebec's needs, and 40 per cent of Ontario's.

Many eastern Canadians heat their homes with oil. Western Canada cannot supply all of eastern Canadians' needs, because NAFTA reserves Canadian oil for Americans' security of supply. Canada now exports 63 per cent of the oil it produces and 56 per cent of its natural gas.

Those shares are currently locked in by NAFTA's proportionality clause, which requires us not to reduce recent export proportions. Mexico refused proportionality. Can Canada get a Mexican exemption?

Of course, we don't even have the pipelines to fully meet eastern needs and, rather than address that domestic deficiency, Canada has planned five more export pipelines.

RECIPE FOR DISASTER

Strategic reserves help short-term crunches, not long-term ones. Eastern Canadians' best insurance for a secure energy supply would be to restore the rule that was in place before the 1988 Free Trade Agreement ushered in the proportionality clause. This rule required that Canada have 25 years of proven supply before any export permit was approved.

Commitments under the SPP, however, call for Canada to quicken environmental approval of tar sands exports. This will not help our energy security.

It turns out Canada has an NEP, only it stands for No Energy Plan. And this is not helping Albertans and First Nations, who are the oil and gas owners. Their governments receive pitifully low resource rents.

Canada must adopt a different national strategy, in partnership with the producing jurisdictions. The infamous 1980 National Energy Program had good goals – energy self-sufficiency, independence, domestic ownership, and security (not unlike the current U.S. program) – but it was imposed unilaterally.

A new federal-provincial plan must raise resource rents so that producing regions can use the funds for their transition to a post-carbon economy. Otherwise Alberta will become, not the rust belt, but the fossil belt.

Instead of guaranteeing U.S. energy security, how about a Secure Petroleum Plan for Canada?

Was this off-topic?

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