

Commentary

## Easterners could freeze in the dark

**GORDON LAXER**

FROM MONDAY'S GLOBE AND MAIL

MAY 28, 2007 AT 8:42 AM EDT

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. I had spent several days preparing for my presentation, and two days in transit. Later, I learned that Mr. Benoit's behaviour may have been prompted by a secret guidebook for Conservative chairmen, designed to interrupt witnesses challenging government positions.

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

I was cut off after noting that the United States has a National Energy Policy (a 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 a NEP of our own.

Indeed, Canada's official goal is greater continental co-operation, 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.

Further, I was surprised that the government was not even studying Canadian energy security.

The National Energy Board wrote me on April 12: "Unfortunately, the NEB has not undertaken any studies on security of supply." Yet the board's mandate is to "promote safety and security ... in the Canadian public interest."

I asked if Canada, as a member of the International Energy Agency, will 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.

A rising share of those imports, 45 per cent, comes from OPEC countries, primarily Algeria, Saudi Arabia and Iraq. Meanwhile, imports from safer North Sea suppliers have shrunk to 37 per cent.

Many Eastern Canadians heat their homes with oil. Western Canada cannot supply all of Eastern Canadian 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, five more export pipelines are planned.

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 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 Security and Prosperity Partnership, however, call for Canada to quicken environmental approval of tar sands exports, to establish more LNG terminals dedicated to export to the U.S. and to bring in temporary Mexican workers without permanent resident rights. These things will not help our energy security.

Instead, Canada needs to realize that security trumps trade interests, and that the tar sands' production is Canada's biggest contributor to rising greenhouse gases. All our efforts to cut our fuel use will be for nothing if the tar sands continue to be developed for export to the U.S.

It turns out Canada has a 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.

Alberta and Norway have similar amounts of oil and gas, yet Alberta's Heritage Fund has \$14-billion (U.S.) while Norway's has \$290-billion.

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?

---

Gordon Laxer is a professor of political economy and director of the Parkland Institute at the University of Alberta