

Bevington statement proposed takeover Nexen

October 2, 2012

Mr. Dennis Bevington (Western Arctic, NDP):

Mr. Speaker, I am pleased to have an opportunity to speak to this, and I will be sharing my time with the member for Winnipeg Centre.

We are speaking to a motion that says that, in the opinion of the House, the government should not make a decision on the proposed takeover of Nexen by CNOOC without conducting thorough public consultations, and these accessible public hearings should be on the issue of foreign ownership in the Canadian energy sector with a reference to state-owned enterprises.

So far in the debate what I have learned from the government side is that in terms of policy and direction on this, the Conservatives are simply not there. They do not have the capacity to make a decision that is in the public interest because they do have the policies that allow them to analyze public interest.

In this world today, state-owned enterprises are the norm in the energy sector across the world, whether it is Mexico, Norway, Brazil, Venezuela—in fact in most of the OPEC countries—and 75% of all oil resources are under the control of states worldwide. This is the reality of the oil and gas industry today. Only 7% of all oil and gas reserves are in countries that have a free rein on investment in oil and gas. Quite clearly, Canada is an exception, especially among energy exporting countries.

I think of all the major energy exporting countries, and Canada is the only one that allows a free rein on investment. We have a situation in which Canada is not lined up with the rest of the world. We must explain why our competitive system, as we have heard the Conservatives describe it, is going to work going forward for our children and grandchildren. In terms of reserves, 13 top oil companies are state-owned. This game is afoot around the world and where is Canada? It is stuck in the mud.

What is the feeling in Canada about energy? The general agreement, whether it is the premiers or the industry itself, is that we need a national energy strategy. Right across the country, there is a great deal of concern that we do not have one. This situation has been facing the Conservatives for the last six years, their time in government, and they have stonewalled on it. They have done nothing.

It would be easier to support ownership of any kind if there were a Canadian agreement on the maximizing of benefits from our non-renewable and finite energy sources. These are non-renewable. These are finite. When we take them out of the

country, we have less in the country, not more. So the bank account is being depleted as we speak, with our resources. What is the net benefit to Canadians from that? In the absence of a national energy strategy, how well does the laissez-faire approach work? How well is it working in the oil sands we are talking about today? One can safely say that it has been characterized by a chaotic and uncertain approach that jumps from one idea to the next. There is no control, no understanding of the environmental impacts of the oil sands. In fact, the industry itself has turned its back on the major agencies that were set up to study it and said they will not work.

Take upgrading bitumen, which is a big component in the oil sands, a big part of the money and the benefits that can be made by Canadians. In 2007, the industry was prepared to upgrade all the oil in Canada. It was prepared to invest \$100 billion in upgrading. How much is it ready to do today? Nothing. There is no upgrading capacity that is moving forward today in Canada, so we have lost that. Why did industry change so rapidly? What is it about our system that allows that kind of chaotic behaviour? (1340)

There is a lack of effective research. If we look at the numbers, they show that research in the oil sands is far smaller than it is in most other aspects of the international energy scene. Why is that, when we know that the issues around the development of the oil sands are complex and become more complex the deeper we go in the ground? At a breakfast held here in Ottawa before the summer break, a professor from the University of Calgary explained very clearly what is going to happen as companies dig deeper into the oil sands and how much more difficult that is going to become.

What about the direction for markets? We are proposing a pipeline to the United States to upgrade the bitumen in old refineries down there that were designed for Venezuelan heavy oil. In fact right now BP had one of its licenses turned down to operate one of those upgraders in the United States because it did not meet environmental standards. That is one idea that we have had.

The other idea is to market it in China, in the far east, through the gateway pipeline, though it opposed by almost every person along that route. The idea is to export raw bitumen to China at the same time we are exporting liquefied natural gas to China. We are going to combine them there in an upgrader. How does that work for Canada?

We have an industry with real problems, public relations problems in the extreme with the sale of a product that we cannot manage. Moreover, we cannot maximize the return on investments. We are squandering our resources on quick and dirty action in those oil sands. That is what is happening.

How can we as Canadians make a decision today about the value of transferring the ownership of one Canadian company to a state-owned enterprise in China when we do not have a plan that we can point to for the people who are taking over the industry,

saying that this is what we want them to accomplish if they come into the country, that this is how we want them to develop our country? It is not there.

What about our neighbours, the United States? What do they think about this? There is bipartisan horror at the idea of turning over 1.3 million acres of Gulf of Mexico oil leases to the Chinese. Why is that? It is because the U.S. understands the nature of offshore oil. They understand that the goal in their country is to develop the resources so that they are energy independent. They know that very well. That is why they are standing up. They are standing up for the interests of the United States.

Two weeks ago I brought up the matter of the leases in the Arctic. We just gave up a lease in the Arctic of over 900,000 square hectares to a company with almost no assets, a company that we knew was going to turn around and sell it to someone else, maybe the Russians, the Koreans, or the Chinese, who have icebreakers and deep sea drilling capacity.

Does our minister even have the power to say no to a transfer? No, he does not under the Canada Petroleum Resources Act that governs northern petroleum development. He does not have the ability to say no to a transfer.

Right across this country, we are failing our children and our grandchildren with our laissez-faire approach to an industry and energy source that countries right around the world are standing up for themselves and taking advantage of us for. That is what is happening right around the world.

Where is Canada? It is without a strategy, without a direction, flailing in the wind. That is a terrible thing to have to say in this Parliament.

Here we have a chance to change it. If the Conservatives get onside and start holding public hearings on these issues that are so important to us, that can make the difference. Stand up for Canada. Make a difference.