

Oil crisis might hit speeders' wallets; Crackdown part of conservation effort: [Final Edition]

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ABSTRACT (ABSTRACT)

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Ottawa could well consider gasoline rationing, Slibar said, as an alternative to letting pump prices soar. They would reach 95 cents a litre at a crude oil price of \$70 US.

FULL TEXT

Edmonton

More police could do battle against speeders if a Middle Eastern war caused oil shortages, a provincial official said Friday.

And Ottawa has drawn up plans for a "white market" in gasoline rationing coupons if a severe petroleum shortage develops, according to an international agency.

It's all part of planning for the worst -- a prolonged war that results in damage to oil fields and refineries around the Persian Gulf.

And that kind of catastrophic outcome is a real possibility that could force the kind of measures being considered by Alberta and Ottawa, said Jack Slibar, an economic risk assessment analyst with Consultants International.

"Canada's demand-restraint measures would really hit consumers," said the Toronto analyst, referring to possible rationing programs.

An initial measure now being considered in Alberta is to beef up police enforcement of speeding limits to cut down on gasoline use, said Norm MacMurchy, a provincial deputy assistant energy minister.

But the measure -- which conserves gasoline use because slower speeds result in reduced fuel consumption -- doesn't appear to be necessary now, MacMurchy said.

"The world is in a very good situation generally," he said, referring to current inventories of oil.

A conservation campaign is also being considered by the province but won't be put in place unless supplies become a problem, MacMurchy added.

But Slibar said a prolonged Middle Eastern war could result in the destruction of 13.5 per cent of world crude oil supplies.

The result would be oil prices as high as \$150 US a barrel, compared to current prices around \$27 US.

And Ottawa could well consider gasoline rationing, Slibar said, as an alternative to letting pump prices soar. They would reach 95 cents a litre at a crude oil price of \$70 US.

The federal government has already drawn up plans for a coupon rationing system for gasoline in the event of a severe shortage, according to an internal document prepared for the International Energy Agency.

Ottawa disclosed its plans to the 21-country agency, of which Canada is a member, and described how coupons would be equally distributed to all consumer automobile owners after the needs of business were met first.

"Coupons, once issued upon proof of eligibility, (would be) freely exchangeable on the `white market,' " says the agency document obtained by The Journal.

And a small emergency planning staff would quickly expand to more than a thousand people in the event of rationing, the document says.

But in Ottawa, energy department official Loretta Mahoney said no coupons have yet been printed and the government considers rationing a very remote possibility.

And Canadian consumption of gasoline fell further in December than had been anticipated. Higher prices, some conservation measures and the slowing economy were responsible, Mahoney said.

But Slibar said Canadians can't assume a healthy oil supply situation will last in the event of a war.

"What happens if chemical or nuclear weapons are used? What happens if Israel becomes involved and the whole Middle East goes up? We have to remember that we have never had a situation like this and there is no economic model that can predict how this will turn out."

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