

And by comparison with other countries, I can think of no more secure place to invest money than Canada.

**Energy policy explained**

Let me now turn to the vexed question of energy. In the energy field, the cause of much recent anxiety has been Canada's National Energy Program (NEP). One aspect of the NEP which has been much misunderstood is "Canadianization". The "Canadianization" objective is really very simple: it is to increase the share of the oil and gas industry owned and controlled by Canadians — to 50 per cent of the industry a decade from now. The emphasis is on making room for Canadian oil and gas companies, not on forcing foreign companies out. There is no question that we do intend to give Canadian companies the opportunity to grow more quickly. What we do not intend to do, and will not do, is make the operations of large international oil firms unprofitable. In fact we know of no investment regime in any other major producing country which is as attractive as ours — including the United States!

In Canada, we are dealing with an extraordinary situation. Throughout the 1950s and 1960s, foreigners owned nearly 80 per cent and controlled over 90 per cent of Canadian oil and gas assets. They also controlled nearly 100 per cent of refining and marketing operations. Resource-rich Canada was not "home" to a single multinational oil company, not even a small one.

Before the NEP, an unintended by-product of government policies was increased foreign ownership. New windfall profits from huge increases in oil and gas prices favoured the firms with the largest production. The pre-NEP policy framework virtually guaranteed that the big, mostly foreign-owned, firms would get bigger. By 1980, almost a third of all the non-financial sector profits in Canada went to the foreign-owned and -controlled oil and gas industry.

No other developed country faced this predicament. No other country, the U.S. included, would tolerate it. Without changes, enormous power and influence in Canada would have been destined to fall into a few foreign hands. We saw that we had to act and act promptly.

**Changes can be advantageous**

I want to dispel any impression that the NEP has suddenly made the role of foreign firms in the Canadian hydrocarbon industry uncertain and unpredictable. The rules of the game have, indeed, changed because the situation has changed. In fact, the oil and gas industry everywhere has been transformed since the early Seventies. But the changed rules in Canada are clear. They can be ignored to the detriment of future balance sheets. Or they can be used advantageously by foreign companies who are sensitive to the Canadian environment.

Many foreign-owned companies are quietly rearranging their affairs in Canada to take advantage of the NEP. According to the U.S. Department of Commerce, affiliates of U.S. oil companies plan to increase their investment in Canada this year by 32 per cent. That figure makes one wonder what all the fuss is about.

Canadian energy and investment policies command broad national support. We are prepared to discuss the international effects of these policies and to try to deal with

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