

The officers selected, accompanied by their families, will spend their full time becoming proficient in the second official language and gaining a fuller understanding of the cultural values of the community environment in which they will live for a year. Courses of study will be prescribed according to the level of achievement already reached by each officer. Their wives will participate in a similar course of study according to their needs.

Laval University in Quebec City and the University of Toronto and York University in Toronto are giving full support to the programme.

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### PIPELINE PROJECT REJECTED

Prime Minister L.B. Pearson announced recently that the Government had not approved a pipeline project, proposed by Trans-Canada Pipe Lines Limited, which would have involved the construction of a major new pipeline from Emerson, Manitoba, to Sarnia, Ontario, through the United States.

The line, which was to have been operated by the Great Lakes Gas Transmission Company, a new company owned by the Trans-Canada and the American Natural Gas Company, would have served mainly to bring additional gas from Alberta to markets in Southern Ontario and Quebec, and would have also carried additional gas to export markets in the U.S.

The project was the subject of an application to the National Energy Board on which public hearings were held last March. In a report submitted to the Government, the National Energy Board stated that, subject to the approval of the Governor in Council, it was prepared to issue the certificates and licences sought by Trans-Canada, subject to various conditions. The Board found that, by the criteria specified in considering such applications, the project could be approved. In its reasons for the decision however, the Board drew to the attention of the Governor in Council aspects of the public interest that extended beyond its sphere of responsibility, including the question of whether the means of transmitting incremental supplies of Canadian gas to markets in Southern Ontario and Quebec should become established in another country, and whether the balance-of-payments considerations and investment were acceptable in relation to economic policy.

### NATIONAL POLICY DECISION

According to Mr. Pearson, the Government was guided in its decision by basic considerations of national policy, not by consideration of any technical defects or shortcomings in the application or in the Board's treatment of it. "We have no fault whatever to find with the Board's report," he said. "In fact, the Board has dealt exhaustively as well as conscientiously with the application. Neither do we find any fault with Trans-Canada for seeking to establish what appeared to it to be an attractive business proposition, and one which Trans-Canada put forward in good faith as being consistent with the public interest."

The opinion of the Board is that the margin of economic advantage for this project, compared with the alternative of Trans-Canada increasing its facilities in Canada, is not as large as had been calculated by Trans-Canada. The basic point, however, is that once a 36-inch pipe-line system through the United States were established, it would almost inevitably become the main line. Additions to that system would be more economical than additions to the 30-inch system through Northern Ontario, and the Canadian line would increasingly assume a secondary position as a line to serve markets along its route.

The Government does not believe it to be in Canada's best interest that the future development of facilities for bringing Western Canadian gas to its Eastern Canadian markets should be located outside Canadian jurisdiction, and subject to detailed regulation under laws of the United States which are naturally designed to protect the interests of United States citizens.

Another factor of importance in the Government's decision relates to the national policy, approved by Parliament, of having main gas-transmission lines constructed in Canada, a policy reflected in the act incorporating Trans-Canada Pipelines Ltd. That act provides that the company may "within or outside Canada construct...pipelines...provided that the main pipeline or lines...shall be located entirely within Canada". While the line to be located outside Canada to transfer gas from Western to Eastern Canada would not be built by the company itself but by a partially-owned subsidiary, and while it might not at the outset be the main line, the Government felt, as already stated, that it would almost inevitably become the main line and that the arrangements would not be in accord with the spirit of the policy laid down by Parliament in the Company's legislation.

### CONFIDENCE NOT LACKING

The Prime Minister emphasized that the Government shared the view of the Energy Board that the "amity and comity" that has grown up between Canada and the United States in matters of trade in natural gas, is valuable and should be encouraged. "This decision does not imply any lack of confidence in the continuation and development of co-operation between the natural gas industries and the respective regulatory agencies in the two countries," he said. "On the contrary, approval of this application might give rise to future difficulties where United States regulatory authorities might be put in the embarrassing position of having to resolve a conflict between their duty under United States laws and their desire to co-operate with Canada."

There is an application by the Great Lakes Gas Transmission Company before the Federal Power Commission of the United States for permission to transport gas through the United States. It has, however, been met by a competitive application by the Northern Natural Gas Company, which would have bought gas from Trans-Canada at Emerson and replaced it with gas from United States sources for delivery to Canada at Sarnia.