

Conclusions

The Canada-U.S. Free Trade Agreement affects Canada both as an energy producer and as an energy consumer. From its perspective as an energy producer, Canada obtains protection from changes in U.S. trade law at a time of growing protectionism. The few tariffs which exist with respect to energy trade, all on the U.S. side of the border, will also be eliminated and new tariffs cannot be imposed. Freer trade will enhance industry profitability and, by increasing the size and security of potential markets, lower the risks of investments in major energy projects. This will enhance our energy supplies, increase employment and open new opportunities to advance our technological capabilities.

By creating a stable trade environment, the Canada-U.S. Free Trade Agreement will make Canada a more attractive place for all types of investment. This will contribute to economic growth and job creation. At the same time, Canadianization policies will be grandfathered, enabling the Government of Canada to promote a strong Canadian presence in the energy sector. The offshore energy accords are not affected by the Agreement, and will continue to contribute to an attractive and stable investment climate for the frontier regions.

From its perspective as an energy consumer, Canada's energy security is not adversely affected and could be enhanced. Our security lies in a flexible, diverse and responsive marketplace that is able to meet the ever-changing needs of Canadian consumers. It also depends on a strong domestic energy industry developing energy resources to meet our future requirements. The Agreement will facilitate the efficient functioning of energy markets and will strengthen the Canadian energy industry.

Above all, energy security is an international problem — one that can be solved only by working within the international marketplace, not by withdrawing from it. To the extent that specific regions of Canada may remain vulnerable to disruptions, the Canada-U.S. Free Trade Agreement does not inhibit us from taking special measures, such as building strategic oil stockpiles, to deal with security concerns.

The Agreement also does not oblige Canada to ship any given quantity of energy to the United States. Rather, if short supply or similar export constraints are invoked, the Canadian government is