

It seems more likely that the U.S. wanted this part of the agreement, knowing that its energy situation is deteriorating and wanting to bind Canada as an energy supplier. In a recent talk one of Canada's trade negotiators observed that "what we have done is simply enshrine the government's energy policy in an international agreement."

What government energy policy? Did Canadians know that Americans would be guaranteed proportional access to Canadian energy supplies? If this agreement simply enshrines existing federal policy, why is energy minister Masse engaged in a year-long exercise, scouring the country for input to federal energy policy, after the fact?

Does the Free Trade Agreement improve Canada's energy security? We have given up some of our freedom to allocate energy supplies internally in time of a shortfall. The final text observes that a restriction on energy exports can be introduced only if (1) "the restriction does not reduce the proportion of the total export shipments . . .", measured against the most recent 36-month reporting period; (2) "the party does not impose a higher price for exports of an energy good . . . than the price charged . . . when consumed domestically"; and, (3) "the restriction does not require the disruption of normal channels of supply to the other party or normal proportions among specific energy goods supplied to the other party . . .".

The implications of these provisions are troubling.

The Free Trade Agreement does provide the United States with a greater measure of energy security by enshrining continentalism in energy marketing, but because the U.S. is becoming deficient in the nonrenewable energy forms apart from coal, I do not see that it provides anything in concrete terms for Canadian security. And it is debatable whether it guarantees a better market for Canadian energy commodities than we now have.

We will continue to be a swing supplier of energy at such times and in such amounts as Americans decide to purchase in times of normal markets. And if for some reason energy accessibility is constrained, the United States will still be assured of proportional access to our energy supplies. It is evident that the Free Trade Agreement promises greater benefits to the United States in the field of energy than it does to Canada.

In earlier actions this government had reduced its support of energy research and development, to our future detriment. We no longer have the energy division at the National Research Council, which served as the lead Canadian agency for research into renewable forms of energy development. Atomic Energy of Canada is losing \$100 million annually in funding for nuclear research and development.

Federal leadership on energy conservation and fuel substitution has been blunted, with the Canadian Home Insulation Program and the Canada Oil Substitution Program having been phased out early, and with the Natural Gas Laterals Program indefinitely deferred. Canada does not operate an oil stockpiling scheme, a measure which would provide short-term security in the event of another disruption in world oil supply,

and which was recommended by the House of Commons Standing Committee on Energy, Mines and Resources in its recent report "Oil: Scarcity or Security?"

From a Canadian perspective, the six-month notice period for terminating the agreement is too short. It does not impose the discipline on both parties of having to live with the agreement for an extended period if differences arise.

Canada is not likely to terminate the agreement because of its comprehensive nature and the broad range of opportunities available to the United States to retaliate against such action. It is much more likely that notice of termination would be initiated by the United States in response to political pressures. A longer notice of termination might allow a government to withstand a transient political attack on the Free Trade Agreement.

Within Canada we will see the market act to realign energy supply patterns north-south rather than east-west, because this is generally a less expensive and more efficient transportation arrangement. This has to some degree already occurred, with the Sarnia-to-Montreal extension of the interprovincial oil pipeline operating today at just one third of its capacity. Only the pattern of existing facilities provides some resistance to this shift. This ignores the political reality that we are our own best market, and, if we are not, we should be.

Previous governments, with the support of Canadians, were willing to pay a premium to extend our oil and gas transmission systems along the west-east axis of the country. Those initiatives were taken in the name of national energy security and were deemed by most to be wise investments.

As more of western Canada's crude oil output is directed south into the United States, eastern Canada imports progressively larger amounts of foreign oil. In the event of a future disruption in international oil supplies, we can only redirect domestic crude oil supplies to the extent that we share the shortfall with the United States. Natural gas poses a potentially more serious problem.

An argument advanced in favour of the Free Trade Agreement is that it prevents the Government of Canada from misusing its powers in the future to benefit a politically dominant region of the country, whether characterized as energy producer versus energy consumer or East versus West.

I don't think the agreement will work in this way. For one reason, the agreement does not bear on federal taxation of the petroleum industry, the means used to implement the most undesirable aspects of the National Energy Program.

A disturbing aspect of this argument is the implication that western Canadians should be comfortable with an American-driven energy policy. Referring again to the petition in the United States to restrict oil imports under the national security clause, I quote:

A policy of letting the market decide may seem to work when supplies are ample, and prices are falling, as they have indeed in recent years. But a change in the scenario—our rapidly growing dependence on oil imports—underscores the fallacy of continuing to look to the free