

The Action Plan

France intends to encourage investments and participation in coal mines situated in politically and economically stable countries. Considering Canada's abundant resources and the absence of export controls, efforts should be made to maximize trade in this area and encourage French investments in Canada in the light of Canada's policy on foreign investment. It is therefore planned that:

- a) Trade officials in Paris monitor the coal demand in France as well as the French government's plans for energy reconversion and investments and provide timely reports to the Canadian industry;
- b) Trade officials in Paris will continue to be in contact with potential French coal resources investors⁽¹⁾ and organize missions to Canada;
- c) A comparative study on transportation costs of coal from Canada to France be undertaken; (GRPI)*
- d) Potential Canadian investors interested in co-participation, will be contacted and introduced to French counterparts. (Embassy, Paris)

II. NATURAL GAS

The Opportunity

The French market potential for Canadian natural gas could very well evolve with the prospect of exploitation and transport by tankers of the Canadian Arctic's reserves.

In 1981, natural gas accounted for 14 per cent of the total energy consumption in France. It is expected that natural gas consumption will reach 17 per cent by 1990. Actual and projected utilization by volume in 1979, 1985 and 1990 are respectively 23, 30 and 42 million tonnes (Oil Equivalence). Domestic production accounted in 1981 for 25 per cent of the total French requirements; the balance was imported from the Netherlands (32 per cent), Algeria (15 per cent), the U.S.S.R. (14 per cent) and the North Sea (10 per cent).

It is estimated that, barring other finds, domestic resources originally estimated at 280 million tonnes (Oil Equivalence) will start to decline in 1985 and will dry up by the end of the century. There does not appear to be any serious short-term problem, however, as existing reserves and committed deliveries, principally from Algeria, are sufficient to afford France some relief until the anticipated increase in deliveries from Norway, the U.S.S.R., and other sources.

It is expected that the multi-nation contract with the U.S.S.R. for the supply of Siberian natural gas will bring to France up to 10 billion cubic metres yearly which would account, by 1990, for 32 per cent of the total French imports of natural gas. It should be noted that the French government remains con-

cerned over its dependence on the level of imports from Algeria (23 per cent) and the U.S.S.R. (32 per cent) by 1990. Other projected sources of supply, notably North Sea and Nigeria/Cameroon are not meeting production schedules.

The Canadian Potential

It is French policy to diversify sources of energy imports. For France, Arctic gas could be an important supplement to current supplies. Since 1978, France has registered interest in the Arctic Pilot Project (APP) in several bilateral talks. It was raised by Premier Barre in February 1979, when Prime Minister Trudeau announced the signing of an initial contract with Technip, a French firm specializing in liquefaction, and the possibility of France-Canada co-operation on tanker technology was also mentioned (see chapter on Industrial Co-operation). In February 1981, Gaz de France made a specific offer to Petro-Canada, involving proposed exports over a 20-year period. The project was also raised by the French during Energy Minister Lalonde's visit to Paris in January 1982 and on Prime Minister Trudeau's visit in November 1982.

The Arctic Pilot Project is designed to demonstrate the economic and technological feasibility of year-round shipping of liquified natural gas (LNG) from the Canadian Arctic in ice-breaking tankers. The sponsors (Petro-Canada, Nova, Dome and Melville Shipping) propose to produce 225 million cubic feet per day on Melville Island, liquefy it and ship it by LNG tankers to markets. Project sponsors are discussing currently the sale of gas to Europe with several European gas distribution companies. Public hearings, conducted by the National Energy Board (NEB) on the APP, were adjourned on September 1, 1982 pending clarification of eventual markets.

The Action Plan

The future export of natural gas to Europe and France in particular, is partly dependent upon economic and policy considerations not always related to marketing. The action plan must thus be limited to a close and constant surveillance by the Canadian officials in Paris, of the evolution of the French energy market, with a view to providing timely information to government officials and private companies concerned. Contact will continue to be maintained by the Embassy with Gaz de France the sole importer and distributor of gas, as well as with the Gas and Electricity Branch of the Ministry of Industry. It is also important to keep officials of these two groups apprised of the evolution of the Canadian government's decision vis-à-vis the export of natural gas to Europe.

5. AUTOMOTIVE PARTS

The Opportunity

The French automotive industry performed with good results in 1982, relative to other countries' automotive sectors. For 1982, France saw new registrations increase by a total of 12.1 per cent. No other

(1) Charbonnages de France, Comega and Total Énergie Développement (CFP, Total Group) being the most likely ones.

* Refer to the Glossary of Abbreviations, page 42.