refineries, pipe lines and a wide range of supporting facilities. A very high proportion of the capital required in the oil industry has come from the United States and many of your large oil companies are leaders in the Canadian oil industry. At the present time, United States investors have a stake well in excess of $3 billion in Canadian oil. Indeed, about half the total United States direct capital investment in Canada since 1950 has been concentrated in Canadian petroleum. For this reason alone - not to mention such considerations as common defence interests, as a result of which the oil pipe line from Northern Alberta and British Columbia to the Puget Sound area was built - the health and prosperity of the Canadian oil industry are of direct and substantial concern to the United States.

I should like to say a few words to you today on the subject of oil because, as some of you may know, the Government of Canada has recently announced a new national policy affecting this important industry. Canadian policy in relation to oil has traditionally been free of governmental control and regulation. In this field, as in others, we have been guided by the basic principle that private enterprise, pursuing its best interests in response to normal market forces, would foster a vigorous, healthy industry, growing in response to our own expanding economy and the needs of our natural export markets.

Canada is both an importer and an exporter of oil and petroleum products, although our imports vastly exceed our exports. Our markets in Eastern Canada absorb more than $450 million of crude oil and product importations (translated into United States terms, this would correspond to imports into your country of more than $10 billion <u>per annum</u>). About four-fifths of this total consists of crude oil which is processed in our large Eastern refineries, largely concentrated in Montreal. We import in excess of $75 million a year from the United States, mainly petroleum products. Unlike the situation in the United States, we impose no quantitative controls whatever on the importation of oil and petroleum products. Crude enters duty-free and the tariff rates on products are quite moderate. Exports, at the rate of about $100 million a year, consist almost entirely of crude oil. This oil moves overland by pipe line to oil-deficient areas in the United States lying adjacent to the international boundary. Your imports of Canadian crude make up about one per cent of your total demand and 11 per cent of crude imports from all countries.

State of Oil Industry

In recent years there has been a good deal of concern and disappointment with the state of the oil industry in Canada. The matter has been reported on by a Royal Commission and more recently our National Energy Board conducted an intensive study of the situation. The Canadian Government could not fail to be impressed by the results of these studies. They showed that