are changed significantly.

Another reason for concern is the narrow distribution range of known reserves. Ninety per cent of them are located in only 14 countries. In addition, outside the Middle East, the Soviet Union holds the largest known oil reserves. But there are growing doubts that the U.S.S.R. can maintain production levels to meet its needs as well as those of Warsaw Pact allies. Hence, the possibility arises that certain of these countries, for the first time, could become significant purchasers on the international market during this decade. Responsible political leaders must be concerned when so few precious eggs are in so few baskets, during an age when virtually no part of the globe has been immune to drastic political, social and military change.

Radically restructured market

Coincident with the changes in supply and demand dynamics, has been a radical restructuring of the international oil market. Until a decade ago, more than 90 per cent of the oil traded internationally was controlled by a very few, very large private companies — the seven sisters as they have come to be called. By the beginning of the Seventies, however, an increasing number of smaller independent companies became more significant in the international market. Changes were further accelerated by the events of 1973-74. A number of governments in producer countries assumed legal ownership of their petroleum resources and imposed controls over production and pricing. Increasing amounts of oil were marketed through inter-governmental agreements, a number of oil-importing countries themselves have created state-owned oil companies to conduct oil-marketing transactions and, as we pointed out earlier, there was the increasing role of the small independent companies, often as third parties. As a result of these changes in market structure, which are still under way, less than half of the internationally traded oil is now controlled by the major companies.

But apart from the changes of the past decade in the supply-demand balance and in market structures, other broader considerations made price increases for oil inevitable. The trend is likely to continue through the remainder of this century. In reviewing these other factors, I would point out, first, that it is important to recognize the dimensions of the problem. Experts in the field believe that the oil remaining to be produced is equivalent to at least five times as much as has been produced thus far in the world. And so the problem is not that the world is rapidly running out of oil; the problem is that we are running out of easily accessible and easily extractable oil. From now on, an ever larger proportion of the oil we use will come from fields where development and production costs will be much higher. We will, for example, require the application of relatively costly secondary and tertiary recovery techniques. In addition, much of the oil will come from areas which are presently remote or from under the ocean where difficulty of access will push up production costs.

New resources

I think it is also true that in the coming decades increased oil production will not be sufficient to meet our energy needs. We will have to learn to use energy much more efficiently and to rely proportionally less on oil. Canada's national energy program, which my Cabinet colleagues will discuss with you during the conference, is designed to achieve this objective at home. Internationally, for the remainder of this century