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A GOOD YEAR FOR CANADIAN OIL

Addressing the Independent Petroleum Association of Canada in Calgary on March 1, the Minister of Trade and Commerce, Mr. George Hees, described the National Oil Policy as an attempt to achieve "a series of target levels of production of oil and natural-gas liquids to reach approximately 800,000 barrels a day in 1963". He noted that the 1961 production target had been "an average of 640,000 barrels a day, with a level of not less than 625,000 barrels a day to be attained by mid-year". These aims, he went on, were to be achieved "by the increased use of Canadian oil in domestic markets west of the Ottawa Valley, and by some expansion of export sales, largely in existing markets which could be reached through established pipe-lines".

In answer to his own question as to what the record showed "a year later", Mr. Hees said:

"...Complete statistics covering 1961 production of oil in Canada are not yet available, but all the indications of the preliminary figures support my congratulating you on reaching both of the interim targets set for 1961. The record shows unmistakably that the target level of production of 625,000 barrels a day to be reached by mid-year was exceeded. There is good reason to believe final figures will confirm that the industry at least reached the production target of 640,000 barrels a day average for the year 1961. More important than the figures themselves are the real sense of achievement and renewed vitality which have permeated the industry over the past year.

"As a result of our co-operative effort, production of oil and natural gas liquids increased in 1961 by some 100,000 barrels a day, or by some 18 per cent

over the level of 1960. Approximately 70 per cent of the increase was marketed in the United States, the larger portion of the export gain going to the Puget Sound area of the West Coast. As a result, exports in 1961 were about equally distributed between this West Coast area, District V, and the northern tier of states ranging from Minnesota to New York and comprising parts of Districts I - IV. This growth in exports was greater than had been expected by the industry in its discussions with the National Energy Board late in 1960. The initial increase in exports undoubtedly reflects a response to the National Oil Policy. However, the increase would not have been so great nor so firmly rooted if it did not also reflect the general underlying vitality of the Canadian oil industry and its ability to compete in certain United States markets.

"It would appear there was a levelling-off in the rate of growth of exports in the last few months of 1961 and there are some indications that, apart from seasonal variations, our exports for the first six months of 1962 will not vary much from the level established during the last few months of 1961.

DOMESTIC CONSUMPTION

"Let me turn from exports, then, to what has been happening in our own consumption of Canadian crude. In contrast to the growth of exports, the increase in the use of domestic oil production in Canada was somewhat lower than had been anticipated, although this accounted for some 30 per cent of the increased production. Virtually all of this growth took place in the Province of Ontario. Crude and product demand

(Over)