

amounts of capital were required to ensure the rapid development of Canada's oil and gas potential, a national imperative if self-sufficiency is to be achieved. These factors necessitated some form of encouragement for investment in new oil and gas development that would be attractive to Canadian investors and led to the establishment of the Petroleum Incentives Programme and the Canada Oil and Gas Lands Administration. Our ownership goal is modest: to have Canadians own 50 percent of the Canadian industry by 1990.

Canada is by no means the first country to treat energy supplies as a matter of strategic national importance and seek security over oil and gas supplies through ensuring significant domestic ownership and some government involvement in the industry. The entire oil and gas industry is under government control in most producing countries including Venezuela and Mexico. The U.S.A. is the exception, rather than the rule, being the home base for the world's largest oil companies which no doubt accounts for the fact that foreign control in the United States oil and gas sector is low. Regarding public enterprise, Petro Canada is still a youngster - though a strong and fast growing one - in the large family of oil companies wholly or partly owned by governments: British Petroleum in the U.K., Statoil in Norway, Agip in Italy, La Compagnie Francaise des Petroles in France, Veba in West Germany, the National Oil Company in Japan, Petrobras in Brazil.

The foreign oil industry will continue to prosper in Canada. A comparison with policies and practices in Norway, Great Britain and the U.S.A., among others, shows that Canadian legislation is less stringent and provides as high or higher rate of return on new oil for foreign investors than do these other countries. Assets are not being nationalized. Rather, acquisitions, through private purchases at market prices, have been on terms highly favourable to the sellers of those assets. Moreover, Canada is providing large incentives to foreign companies operating in Canada for oil and gas exploration and development. The regime in the NEP will be more favourable to foreign investors than in virtually any other country. But the incentives are being made even more favourable to Canadians so that they may increase their participation in a growing Canadian petroleum industry.

The key elements of the NEP have now been enacted by Parliament. There is a flexible and comprehensive framework in place for the development of the petroleum industry in Canada in which Canadian, as well as foreign firms, will more actively participate. Oil prices, interest rates and general economic conditions will of course affect