

development. The program provides a blueprint to end Canada's dependence on imported oil and to right a system which, if continued, would work against increased Canadian participation in the energy sector and in favour of the largest, mostly foreign-owned petroleum companies. In 1979, for example, 72 per cent of the revenues of the oil and gas industry went to foreign-owned companies at a time when the industry was claiming a constantly increasing share of the nation's wealth. While this program will necessarily affect multinationals operating in Canada, including US companies, it continues to provide foreign investors with terms that compare favourably with those available in most other producing countries. This is all the more so since the Alberta-federal agreement on energy pricing and taxation provides for substantially higher prices than were originally foreseen under the NEP and, therefore, strong incentives to the industry for exploration and development.

Canada, like the USA, must import oil to meet its domestic needs. At the same time, Canada produces significant surpluses in other forms of energy including natural gas, heavy oil and electricity, which are exported to the USA. These exports are not large compared with total US consumption, but earned Canada about \$9.5 billion in 1981 while serving as important and reliable sources of supply in certain US markets.

There are numerous other areas of bilateral co-operation - for example, the Northern Gas Pipeline. Construction of the south-western segment is complete and construction of the south-eastern segment is now well under way. Both segments will be used to export some of Alberta's current natural gas surplus until the northern segments are completed and Alaska gas begins to flow through the pipeline to US markets.

In 1979, the two countries published a joint study on electricity exchanges identifying opportunities for increased trade. They also signed an understanding on tarsands and heavy oil research and development in which the provinces of Alberta and Saskatchewan are full participants. Since 1975, oil has been exchanged across the border to maintain some supplies to certain US refineries while saving on oil transportation costs. Both countries are now looking into the possibilities of further co-operation in base-load electricity exports from Canada and co-ordinated responses to energy-related emergencies.