

"International Canada" is a paid supplement to *International Perspectives* sponsored by External Affairs Canada. Each supplement covers two months and provides a comprehensive summary of Canadian government statements and of political discussion on Canada's position in international affairs. It also records Canadian adherence to international agreements and participation in international programs. The text is prepared by *International Perspectives*.

Bilateral Relations

USA

Natural Gas Export Prices

Dissatisfaction on the part of some US politicians about the price of Canadian natural gas exports to the US increased during December. Quoted in the digest *Inside Energy*, a US Republican Congressman, Tom Corcoran of Illinois, claimed that Canada had been "ripping off" US natural gas users for years and shouldn't be surprised that the Reagan administration wants gas export prices lowered. "The US government is finally getting serious and dealing with the natural gas problem," he said (*The Citizen*, December 15). Mr. Corcoran had made legislative proposals which would compel Canada to lower prices within six months or lose the contracts. There is no fear of jeopardizing future supplies of Canadian gas because Canada has nowhere else to sell it, he said. Also contained in the digest article was a quote from an unnamed Reagan administration official, who said that unless Ottawa voluntarily agrees to more flexible prices, Congress will "ram something down the throats" of Canadian officials. *The Citizen* December 15 reported that there were forty separate legislative proposals before Congress for dealing with natural gas prices.

Further US intentions were revealed in the House of Commons December 16 by Ian Waddell (NDP, Vancouver-Kingsway). He said, "I have before me the text of a letter from the Reagan White House, specifically from the assistant to the President, to seventy-five Congressmen, revealing plans to intensify pressure on Canada to reduce the price of natural gas which we export to the United States." Mr. Waddell pointed out to Energy Minister Jean Chrétien that Congressman Corcoran's bill to cut off Canadian gas imports had been introduced in the House of Representatives the day before. Mr. Chrétien assured Mr. Waddell that the government had been consulting with industry and the provinces about the problem. He said that an earlier statement he had made to an Energy Committee meeting remained. That statement was: "So should we have a more flexible approach for prices? I say 'no' for the time being because I want to make sure the Canadian

producers get the maximum possible price, maximum possible income."

In Washington on January 18, about thirty officials representing US customers and Canadian suppliers of natural gas attended a one-day conference organized by the US Energy Department's Economic Regulatory Administration, which is responsible for authorizing gas imports. The *Globe and Mail* reported January 19, "Representatives of Canadian gas producers agreed the export price must be flexible, but defended the take-or-pay system that commits US pipeline companies to buy certain volumes under long-term contracts even though much cheaper gas may be available." It was also argued that Canada's export price was so high that it had produced inequities in the US market and had encouraged many large industrial users to switch to other fuel. (Canada charges \$4.94 [US] a thousand cubic feet for exported gas now under a formula the United States agreed to in 1980 when fuel prices were rising; that price is now about double the average rate for domestic gas in the US, according to the *Globe and Mail* report.)

Also at the Washington conference, a group of twenty-seven Republican Congressmen filed a statement calling on the Reagan administration to revoke import authorization for Canadian gas unless Canada agreed to renegotiate existing contracts with US companies. In the statement, the Congressmen called their threat "a Draconian prod." Marshall Crowe, former Chairman of the Canadian National Energy Board, now representing Canadian producers and the Alberta government, agreed that there should be some flexibility in pricing, but cautioned the panel against "short-term expedients" which would undermine long-term trade (*The Citizen*, *Globe and Mail*, January 19).

Later the same week, Congressman Corcoran and three other members of the US House of Representatives were in Ottawa for talks with Energy Minister Chrétien. Mr. Chrétien said after the meeting that he was receptive to their ideas for lower and more flexible border prices. But at a January 24 news conference in Washington, the Congressmen claimed that they had persuaded Canadian officials that the export price of gas must come down in

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