

countries by permitting the efficient use of refineries, pipelines and other transportation facilities.

Natural Gas

Canada is virtually the United States' only foreign supplier of natural gas. Last year it shipped 990 billion cubic feet to the United States, about 6 percent of U.S. demand. Much progress has been made on both sides of the border in deregulating natural gas. The Free Trade Agreement will ensure greater stability in the natural gas trade, increasing consumer confidence in natural gas as a secure alternative to imported oil.

Uranium

Canada accounts for 30 percent of the western world's production of uranium. The Free Trade Agreement maintains the open trade between Canada and the United States in uranium and ensures U.S. access to a secure and reliable source. It exempts the United States from the Canadian requirement that uranium be upgraded before export and removes the threat of restrictions on the enrichment of Canadian uranium in U.S. facilities for U.S. consumption.

Electricity

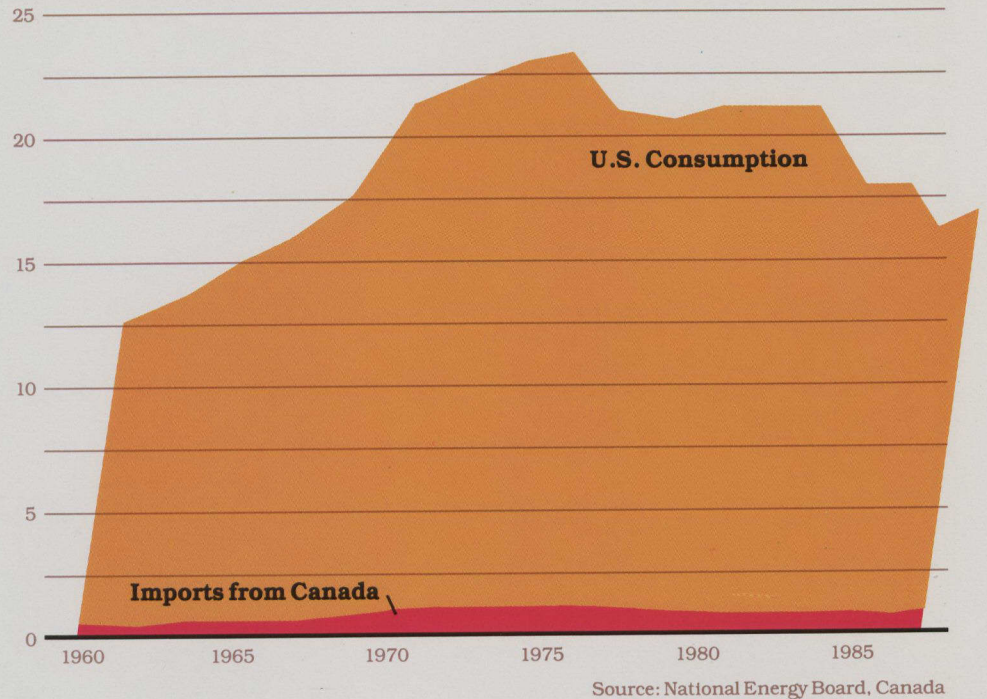
The Free Trade Agreement provides additional support for open electricity trade by removing a Canadian regulatory barrier related to pricing. In 1987, Canada sent some 43,350 GWH to the United States, about 1.8 percent of the U.S. demand, although this share was higher in the Northeast and Midwest. Power generated in Canada has become a significant factor in keeping residential, business and manufacturing costs down in New England and New York State and it reduces U.S. reliance on foreign oil. According to U.S. government estimates, Canadian electricity displaced U.S. imports of 120,000 barrels a day of Persian Gulf crude oil, resulting in a yearly saving of some (U.S.) \$600 million on the U.S. bill for imported oil.

Coal

Canada is the largest export market for U.S. coal—it bought 15.8 million tons in 1987 or 20 percent of total U.S. exports, worth (U.S.) \$650 million. The United States supplies all of Canada's imported high-quality thermal and metallurgical coal. Ontario steel mills and coal-fired generation facilities depend on the coalfields of the eastern United States.

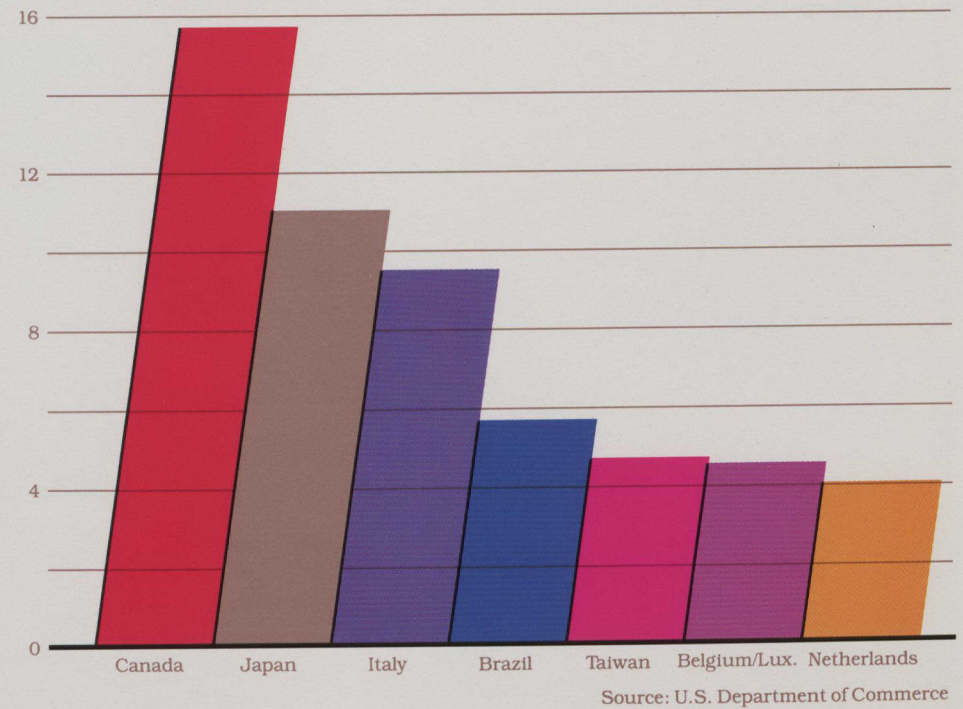
U.S. NATURAL GAS CONSUMPTION AND IMPORTS FROM CANADA

1960-1987, In Trillion Cubic Feet



U.S. EXPORTS OF STEAM AND METALLURGICAL COAL

1987, In Millions of Tons



A Productive Exchange

The Canadian-American energy exchange is a valuable ingredient of North American prosperity. The Free Trade Agreement recognizes the continuing importance of this historic symbiotic relationship.

Canada

Canadian Embassy/Ambassade du Canada