

program will necessarily affect multinationals operating in Canada, including US firms, it continues to provide foreign investors with terms that compare favourably with those available in most other producing countries.

Canada, like the United States, must import oil to meet its domestic needs. At the same time, Canada does produce significant surpluses in other forms of energy including natural gas, heavy oil and electricity, which are exported to the United States. These exports are not large compared to total US consumption, but earned Canada about \$8.0 billion in 1980 while serving as important and reliable sources of supply in certain US markets.

Other areas of bilateral cooperation abound. The most significant example is the 1977 Northern Gas Pipeline Agreement. Construction of the southern segments of this project is now well under way, and will be used to export some of the current Alberta natural gas surplus until the northern segments are completed in 1985 and Alaska gas begins to be transported 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 tar sands and heavy oil research and development in which the provinces of Alberta and Saskatchewan are full participants. Since 1975, oil has been swapped across the border to maintain some supplies to certain US refineries while saving on oil transportation costs. The two countries are now looking into the possibilities of further cooperation in such areas as increased use of coal, petroleum product swaps, and tar sands development.

Canada also cooperates closely with the United States and other nations on international energy questions and related financial issues in multilateral organizations, notably the International Energy Agency.

Environment

Both countries assign high priority to the close monitoring and resolution of transboundary environmental problems of public concern on both sides of the border. Cooperation on environmental matters predates even the 1909 signing of the Boundary Waters Treaty, which remains a benchmark in our water resource management and environmental relations.

There are frequent bilateral consultations and negotiations on a wide variety of projects relating to the environment. An active and valuable role is played by the International Joint Commission, established by the Boundary Waters Treaty. The IJC has certain regulatory functions and, at the request of the Governments, undertakes special studies and makes recommendations.

An important recent development is the commitment of both Governments, reflected in a July 26, 1979 Joint Statement and an August 5, 1980 Memorandum of Intent, to develop a cooperative agreement and to take actions in the interim to reduce trans-boundary air-borne pollutants. This problem, and particularly the phenomenon known as acid rain, has been identified as a major threat to large areas in both countries.