In light of these unique circumstances, the Canadian Government in October 1980 introduced the National Energy Program. Among other goals, the Program is designed to ensure Canadian self-sufficiency in oil by 1990 through a combination of conservation, conversions to natural gas and electricity, and rapid exploration and development of new domestic oil supplies. The Program also sets an objective of 50% Canadian ownership in the petroleum sector by 1990, a relatively moderate but important goal to ensure that Canadians participate in a greater share of the benefits from this vital sector of their economy.

In many ways, the National Energy Program sets the Canadian framework in which the Canada/United States energy relationship will now develop. Canada looks forward to maintaining a strong and healthy energy relationship, helped by the fact that under the Program Canadians can look forward to control of their own energy future. The Program acknowledges that exports of energy surplus to Canadian needs are desirable. Foreign investment, including U.S. investment, continues to be very welcome in Canada, and foreign investors if they choose can share in and can prosper in Canada's energy future. The Program also respects the long tradition of bilateral cooperation that has distinguished Canada/United States energy relations since the beginning of the century when the first power transmission line was built across the border.

CANADA/UNITED STATES ENERGY TRADE

One of the major elements in Canada/United States energy relations is trade. The export of its surplus energy provides Canada with important revenue that counterbalances the payments made by Canada for imported oil and for U.S. coal. The United States receives from five to ten per cent of its imported energy needs as secure supplies from Canada. A closer look at these transborder energy flows and related issues will help to put the Canada/United States energy relationship in clearer perspective.

Unlike oil, natural gas tends to get in the news only during supply emergencies such as occurred in the eastern United States in 1977 (and again in New England in 1981) when emergency supplies from Canada were made available. The fact is that natural gas is now the primary energy commodity traded between Canada and the United States. 1980 saw about 800 billion cubic feet of Canadian gas, worth approximately C$4 billion, sold primarily to markets in California, the Pacific Northwest and the U.S. Midwest. This was equivalent to just under 380,000 barrels of oil per day, even though sales of Canadian gas were down because of unusually soft market conditions in the United States.

...3