

Under the terms of the deal on energy, we have agreed to reciprocal concessions to remove barriers to trade in oil, gas, electricity and uranium, and both sides have agreed to prohibit most directly discriminatory measures such as quotas, taxes or pricing on both imports and exports.

At the same time there are reciprocal obligations which, when applied to Canada, mean that we have maintained our ability to take measures to prevent the over-exploitation of our energy resources and to make sure that we have an adequate supply, provided we maintain proportional access for the U.S. to any reduced supply. In effect, we have undertaken to treat good U.S. customers in a fair manner in times of shortage. In addition, we have constrained the ability of the U.S. to limit exports from Canada for reasons of national security.

With regard to electricity exports, the National Energy Board (NEB) will retain all its current practices, except one. When considering whether to issue an export licence, the NEB will no longer retain the criterion which specifies that the price charged a foreign customer should not be materially less than the price of the least cost alternative power available to the buyer. It will be up to the buyer and seller to negotiate the price.

The NEB will retain powers to operate surplus tests; to license exports to the U.S.; to assess the selling price of electricity against its social costs, and to require that a province which wishes to export electricity must offer it to neighbouring provinces at the same price and under the same conditions. This will ensure that PEI has a fair opportunity to purchase electricity from neighbouring provinces.

There is nothing in the agreement that prevents Canada from building a national electricity grid or from extending the east-west oil and gas pipelines to the Maritimes. The agreement has specifically grandfathered all existing foreign ownership policies in the energy sector. Finally, the agreement has not changed or limited the provinces' constitutional control over the ownership of resources or their powers to control production of this resource.

In sum, there has been no loss of Canada's sovereignty on energy matters. Rather, we have secured a market for Canada's energy products in the United States, while retaining the powers necessary to secure Canadian supplies of energy and fair pricing in Canada. This secure market for energy is as important to many provinces as Canada's agricultural and fishery policies are to PEI.