

years may pass before that investment is recovered. Lower royalties in the early years of production would improve the pattern of cash flow, and allow some projects to proceed sooner than would otherwise be the case. We acknowledge that royalty issues lie principally within provincial jurisdiction and initiatives to influence the rate of petroleum development, apart from Canada Lands, are foremost a matter of provincial control.

Facilitating petroleum development by removing administrative lags is an important task for government. Establishing a pipeline right-of-way is frequently a time-consuming and contentious process, as the United States discovered in building the Trans Alaska Pipeline System (TAPS). In the north, where there is particular concern about the environmental impact of petroleum development, we believe that route selection should proceed in advance of the need, to allow resolution of the issues that interested parties will raise.

- 4. The Committee recommends that the federal government complete the planning for a transportation corridor along the Mackenzie Valley in anticipation of pipeline construction and to provide a surface transportation link with the Mackenzie Delta, taking into account native land claims and environmental impact.**
- 5. The Committee recommends that the federal government plan a transportation corridor from the Mackenzie Valley to the Alaska border in anticipation that an oil and/or natural gas pipeline may be required to transport Alaska's petroleum production overland, subject to native and environmental concerns being resolved satisfactorily.**

It is in Canada's interest that reserves of light crude oil in the non-OPEC world be maximized. More oil would thereby be available to importing countries in the event of another embargo or other disruption in OPEC supply. It is particularly important that the United States solve its worsening oil supply problem, given its central position in the world economy and its pivotal role in Western security.

- 6. The Committee recommends that the federal government encourage the United States to explore for and develop petroleum resources in Alaska's Arctic National Wildlife Refuge, provided that environmental and aboriginal concerns can be satisfactorily resolved.**
- 7. The Committee recommends that the role of Canada's foreign assistance agencies be continued in promoting the exploration for and development of conventional petroleum resources in developing regions of the world and especially in the Western Hemisphere.**

A higher level of exploration and development activity will lead to a larger fraction of the Western Hemisphere's light crude oil resources being discovered and used. Also, it is in the developing world where future rates of growth in the demand for oil will be greatest. If the petroleum potential of oil-importing developing countries can