

Energy

o Concerns have been expressed that Canada negotiated a continentalist energy policy.

Response

The FTA leaves full scope for both Canada and the U.S. to monitor energy exports to ensure that enough of a surplus remains. Prior review of export contractual proposals by the NEB and licensing of exports will continue.

Both sides retain the right to decide when a situation of short supply might be emerging and what will to be done to support internal conservation efforts, just as they now do under the GATT. NEB review can provide essential inputs to reaching such decisions in the case of Canada.

Were a situation to arise where export restrictions do prove necessary, what is new under this Agreement is an obligation that the Party taking the action (eg. Canada in the case of an NEB finding that not enough of a surplus exists to authorize further exports to the USA) respects the proportion of overall supplies in previous years that went for export to the other Party, and ensures that the action does not otherwise cause discrimination between the export and domestic prices for the product involved.

In essence, these new provisions would treat our major customer equitably in any situation in which we found it necessary to restrict exports. It is not, however, an entirely new concept. In the energy area itself, both Canada and the U.S. have already undertaken International Energy Agency supply sharing commitments for times of oil supply emergencies. Those will remain.

There are major benefits to be derived from the removal of U.S. market access barriers for Canadian shipments of uranium, crude oil, refinery and other energy products, including electricity. There are also major gains in terms of security of that access, because the reasons for which the U.S. can take import restrictive actions have been significantly narrowed, especially in the area of so-called "national security". More specifically, existing USA barriers to trade in energy will disappear, including

- tariffs on crude oil and refinery products (including refinery products manufactured from imported crude oil)
- the "superfund" import fee
- customs user fees