

Under the FTA, the United States will eliminate restrictions on the importation of Ontario's enriched uranium and will end its embargo on the exports of Alaskan crude oil by allowing Canadians to import up to 50,000 barrels per day. The FTA has also precluded the imposition of an oil import fee on Canadian origin crude oil or refinery products.

Both countries have agreed that as each other's best customers, they should get fair treatment should there be any controls on energy exports. Both remain free to determine whether and when to restrict exports and may continue to monitor and license exports. Should either government consider it necessary to control energy exports to preserve essential supply for domestic consumption, it will continue to issue permits for exports to the other up to the proportion of previous exports to total domestic supply. This is not a guarantee to supply any given quantity or type of energy, but it is similar to existing obligations for oil under the International Energy Agency. The provision will ensure Ontario continued access to its major supplies of U.S. coal, much of which is used to generate electricity and to produce steel.

The United States and Canada have also agreed to narrow significantly the "national security" reasons allowed under GATT for prohibiting energy imports. In the past, the "national security" capacity has been used by the U.S. to restrict oil imports and was cited vis-à-vis a de facto embargo on uranium for civilian use. It has also been one of the major arguments used by a U.S. coalition attempting to block the export of Canadian and Ontario electricity exports to the U.S.

It is important to note that nothing in the FTA prevents Canada's National Energy Board from monitoring and licensing energy exports. The Board can, for instance, continue to require an electricity exporter to offer the electricity to neighbouring provinces under similar conditions and that full costs of production be recovered. Similarly, nothing in the FTA inhibits Canada from taking special measures, such as building stockpiles, to deal with security concerns. Finally, the FTA does not change or limit Canada's current policies with regard to seeking 50% ownership of the upstream oil and gas industry.

The agreement has secured Canada's access to the U.S. market for our energy products, including Ontario's electricity. It leaves the Canadianization policy in place. It provides assurance that Ontario can have access to U.S. coal and it opens the U.S. market to uranium, mined and upgraded in Ontario.