

serious challenge to the conduct of international relations. But embargoes as a conscious act have not occurred often in peacetime. The industrialized countries probably have more reason to be concerned about the possibility of supply shortages from disturbances in the producing countries, or from their quite legitimate desire to adjust their production rates to their economic and social objectives.

While industrialized economies appear to have a capacity for adapting over the long run they obviously do not respond as well to short-term limitations or interruptions. Countries are therefore faced with the choice of what may be unacceptable hardships, scrambles among themselves for supply, or international co-operative efforts to mitigate the effects. By and large Canada and its industrialized partners have chosen to place the policy emphasis on the co-operative method. Summitry, and the International Energy Agency in Paris, have become focal points for this co-operation.

The Canadian commitment to our membership in the IEA and to its work is a serious one. Although Canada is less vulnerable to supply and price upheavals than most of our IEA partners, we have a very high stake as a trading nation in their economic health and prosperity. Our membership in the IEA, as in the other institutions for economic co-operation with our industrialized partners, is one important means of furthering this Canadian interest.

Within the group of industrialized countries, the degree of energy vulnerability of its various members can influence the political positions they take on broad international issues. A country at one of the extreme ends of the vulnerability scale, such as Japan, must obviously place its energy and resource diplomacy very high on its scale of priorities. The positions taken by Western European countries and Japan on a variety of regional and international issues reflect this. Occasional tension between close friends and allies is not to be ruled out: the criticism that European countries have from time to time directed at energy profligacy in the United States and Canada is a case in point.

I cannot, of course, fail to mention the prime importance of the energy component in our own relations with the United States. This relationship is in itself a good illustration of how everybody's situation has changed in the past decade, as Donald MacDonald was recalling yesterday. It is now only dimly remembered that the main Canadian thrust in our bilateral energy relations ten years ago was to sell oil, and to complain that the United States was enforcing restrictions against our oil exports!

The Seventies were a period of major readjustment in energy relations and there were periods of some tension five or six years ago. The image of Canada as a vast storehouse of readily available hydrocarbons died slowly in the United States. Who can blame them, because it was an image we held of ourselves for a very long time.

I think that our two countries have accomplished the adjustment remarkably well. It would be accurate to say that among United States policymakers there is a general appreciation of the limitations which necessarily apply, and to tackle problems as they come, on a case-by-case basis. I think our experience has shown that the image

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