

CANADA/UNITED STATES ENERGY RELATIONS

Energy is a dynamic field of interaction between Canada and the United States. Trade in energy accounts for a tenth of all the goods and services that cross the border. The United States bought C\$8 billion worth of Canadian natural gas, oil and electricity in 1980, making Canada one of the major energy suppliers to the United States. By the same token, Canada bought almost C\$1 billion in U.S. coal, making Canada the largest foreign purchaser of U.S. energy.

The Canada/United States energy relationship, however, goes far beyond trade in raw materials. There is a long tradition of cooperation in the energy field, the latest example of which is the Alaska Highway Natural Gas Pipeline (the Northern Gas Pipeline), a private joint venture endorsed by the Canadian and U.S. Governments. In the area of investment, U.S. companies helped launch the Canadian petroleum industry after the second world war and still remain important participants in the sector. The United States has also been an important source of financing for Canadian electrical utilities. In trade, there is a valuable hidden energy content in many of the raw materials and semi-finished goods that Canada exports. Internationally, Canada and the United States cooperate closely in a number of multilateral organizations, such as the International Energy Agency in Paris, and both are participants in the economic summits, the next of which will be held in Ottawa in July 1981.

CANADIAN ENERGY AND THE NATIONAL ENERGY PROGRAM

Canada's energy circumstances are unique. Canada is in the enviable position of being a net energy exporter, but like the United States it is not self-sufficient in oil. Canadian net oil imports amount to roughly a tenth of Canadian consumption, exposing Canada to world pricing developments and to the risk of curtailment. While the Canadian electricity sector is largely in the hands of provincial government-owned public utilities, the fast growing oil and gas sector of the Canadian economy is 75% foreign owned and controlled. The anticipated rapid growth of this sector over the next decade threatens to increase the general level of foreign ownership in the Canadian economy, already extremely high when measured against other industrialized countries. Finally, Canada has a remarkable potential as an energy producer. While conventional oil supplies are diminishing rapidly, Canada has abundant gas and heavy oil resources and has only begun to explore for hydrocarbons in the Arctic and offshore. Canada is also a major world producer of hydroelectricity and is endowed with vast coal and uranium resources.