

Diversion Project in North Dakota which might cause inter-basin transfer of foreign biota into Canadian waters remained an issue of concern to Canada. Another unresolved environmental item was the proposed flooding of a wilderness area of the Skagit Valley by a Seattle utility company.

Energy

Bilateral consultations on aspects of Canada's National Energy Program (NEP) continued in 1981, particularly on the subjects of the Crown share of oil and gas production in the Canada Lands and the Committee for Mega-Project Industrial and Regional Benefits. The Canada Oil and Gas Act, containing provisions affecting these subjects, was passed by Parliament in December, after several amendments to Bill C-48. The Department played a leading role in explaining the objectives of the NEP to the American public.

In response to the NEP and the Foreign Investment Review Agency (FIRA), the US Administration began an investigation of Canada's reciprocal status under the US Mineral Lands Leasing Act (which resulted in a confirmation of that status in early 1982).

The US Administration successfully submitted to Congress a package of waivers to US laws that were impeding progress in the private financial arrangements for the northern segment of the Northern Natural Gas Pipeline. The western leg of the "pre-built" section of the pipeline, from Alberta to California, became operational in October.

In May the National Energy Board approved in principle the export of 1,200 megawatts of firm, continuous power from Ontario Hydro from 1981 to 1991.

The value of Canadian exports of petroleum, natural gas and electricity to the US rose from \$8.5 billion in 1980 to \$9.6 billion in 1981.

Maritime boundaries and fisheries

In November the two countries referred the Gulf of Maine maritime boundary dispute to the International Court of Justice. President Reagan, on the eve of his visit to Ottawa in March, had concluded that the Fisheries treaty, which formed a package with the Boundary treaty, could not secure the consent of the US Senate and he therefore withdrew it. The Canadian government expressed its profound disappointment that this important treaty, designed to deal with a difficult bilateral problem and signed after lengthy negotiations, should not be put into effect.

The absence of an agreed upon management regime for East Coast fish stocks in the disputed area continued to be highly detrimental from the point of view of conservation. Nevertheless, it appeared by year end that the USA would soon adopt its first ever scallop management plan, which would impose some controls on its fishermen. The situation was not so promising on groundfish, however, where the USA was moving towards the easing of a