

Range Transboundary Air Pollution, on the control of nitrogen oxides, was signed at Sofia on November 1. Work has now started on a third protocol for the control of volatile organic compounds.

The problem of toxic accumulation in the Arctic food chain was the subject of a scientific evaluation meeting held in Ottawa in February 1989.

In March Canada joined 33 other nations at Basle in signing the United Nations Environment Program (UNEP) Convention on the Control of the Transboundary Movements of Hazardous Wastes. Canada helped create a working group which will review rules, regulations and practices for the transport of hazardous wastes by sea, including territorial seas.

Canada continued to promote in various multilateral forums the concept of sustainable development. It was active in the United Nations debate and in achieving a consensus resolution in the General Assembly on holding a conference on the environment and development in 1992.

Increasing attention is being paid internationally to the problem of deforestation, particularly in the tropics. Canada is one of the largest bilateral donors in the field of forestry and supports the FAO Tropical Forestry Action Plan, which seeks to manage tropical forests in a sustainable manner.

Canada encouraged the integration of environmental concerns into international development bank lending programs, particularly the four-point plan that the Minister of Finance, the Hon. Michael Wilson, outlined in his September address to the World Bank.

Other forums in which Canada pursued its international environmental objectives included the Environment Committee of the OECD and the Senior Advisors on Environment and Water Problems, which meet under the auspices of the Economic Commission for Europe.

The Toronto Economic Summit may prove to have been a turning point for environmental issues as the Summit leaders recognized that global environmental problems require attention and urgent collective action. This theme is expected to be continued at the Paris Economic Summit, the Commonwealth Heads of Government Meeting and the Sommet de la Francophonie in 1989.

Energy

The need to achieve a balance between energy and environmental objectives became a key theme, both within Canada and in multilateral forums such as the OECD, the International Energy Agency (IEA) and the UNEP/WMO Intergovernmental Panel on Climate Change (IPCC). Bilaterally, Canada pursued its energy relations with, among others, the U.S., U.K., Japan, U.S.S.R., Norway, Mexico and Venezuela. Preparations continued for the World Energy Congress, to be held in Canada for the first time, in Montreal in September 1989. Among domestic energy policy events with foreign policy implications was the conclusion of the Energy Options Process, culminating in the August 1988 release of a report on Canada's energy choices into the next century.

Components of Canadian energy policy are a minimum of government intervention, a stable policy climate in which the market can operate freely, and openness to international influences. Recognition of the link between the Canadian energy sector and the forces of international supply and demand underlie this policy.

In view of the interdependence of the Canadian and world energy economies, Canada has worked to improve international co-operation relating to energy. It has taken a leading part in the IEA, which is an important forum for discussing energy issues and for developing strategies and collaborative approaches to energy security. Over the past year, the IEA's work has paid increasing attention to the environmental aspects of energy policies. It has continued to pay attention to energy security issues arising from OPEC's role in oil markets and pricing. An IEA team visited Canada in October to conduct an in-depth review of the government's energy policy.

Several international forums placed new emphasis on examining the complex inter-relationships between energy and the environment. The OECD carried out a review on the integration of energy and environmental policies. The IEA and the IPCC have begun to focus on the implications of the global greenhouse effect for possible energy policy responses. Within Canada, a federal-provincial task force on energy and the environment was established at the August meeting of the Minister of Energy, Mines and Resources and his provincial counterparts. Initially it will study the effects on energy policies of certain hypothetical limitations placed on carbon dioxide emissions.

Preparations continued for the World Energy Conference, a private sector gathering with an anticipated attendance of some 3 000 government and corporate leaders in the energy sectors of over 80 countries. This conference will address key issues such as sustainable development, energy security and investment for energy development. The Minister of Energy visited Japan in March for a series of bilateral discussions. Bilateral consultations at the official level were held with Venezuela in September and with the United States in December (the Energy Consultative Mechanism). In addition, a number of senior foreign government energy representatives visited Canada, including the energy ministers of the United Kingdom, Jordan and Kenya and officials from Norway and Japan. Both energy committees of Parliament travelled abroad to further Canada's energy interests, visiting Western Europe and Colombia.

A series of circumstances contributed to an increase in oil prices in the first few months of the past fiscal year. Greater than expected increases in oil consumption, a new OPEC production agreement bolstered by supportive measures on the part of some non-OPEC oil exporters, and accidents in Alaska and the North Sea produced an increase in oil prices as supply and demand were brought into a better balance. By March 1989 oil prices had reached a ceiling in the US\$20 range, up from a 19-month low of US\$12-13 in the autumn of 1988.

There were some significant energy developments in Canada with international implications. The Canada-U.S. Free Trade Agreement came into effect. The Canadian government moved to support energy megaprojects in the Hibernia oilfield off Newfoundland and in Western Canada. These projects attracted considerable attention outside Canada from countries interested in their magnitude and technological requirements. In September the Minister of Energy, Mines and Resources announced a new policy regarding the regulation of electricity exports and international power lines.