further $10 million per year. (Its elimination will also increase natural gas revenues by $4.2 million per year, electricity revenues by $1.8 million per year and uranium revenues by $0.6 million per year.)

The Agreement will have no immediate impact on product imports from the United States because Canada does not impose any import tariffs on oil products. In the longer term, Canada will be constrained from placing tariffs on product imports to protect the domestic refining industry, except under certain emergency conditions. Canadian refiners, however, will benefit from improved access to the U.S. market, which will increase exports and enable better utilization of excess refining capacity leading to lower unit costs. In addition, large-scale product exports from the United States to Canada are unlikely unless new product pipelines are constructed for that purpose.

The "rule of origin" provision in the Canada-U.S. Free Trade Agreement deems all oil products *refined in Canada* to be Canadian, regardless of their feedstock source. This provision will be of particular benefit to refineries in the Atlantic Provinces, which, although entirely dependent for feedstock on imported crude oil, will have tariff-free access to U.S. markets for their output.

Natural Gas

The right of consultation, if the United States takes regulatory action which discriminates against Canadian supplies, may be helpful in assuring that FERC decisions do not unfairly penalize natural gas imports from Canada.

Natural Gas Liquids

There will be no direct impact on the NGL industry as a result of the Canada-U.S. Free Trade Agreement.