

The services of brokerage and investment firms, available to all business enterprises in Canada, are used by oil companies in their equity and long-term loan financing operations.

An examination of sources of funds employed by the petroleum industry in Canada during the period 1946-1955 showed that funded debt (bonds, debentures, sinking fund notes and bank loans) accounted for 33 per cent of all funds supplied; equity stock (common and preferred stock) totalled 15 per cent; parent companies supplied 18 per cent; retained earnings used for re-investment were the equivalent of 29 per cent; and the sale of assets brought 5 per cent. There was thus a good representation of all financial sources in raising the huge sums of money required during this period of Canadian petroleum development. It is to be noted that all monies in this period came from various industry sources; there was no government participation. Aside from the recent participation in the Trans-Canada natural gas pipeline, and relatively minor activity in natural gas distribution in one of the provinces, there is no indication of government taking part in petroleum financing in Canada at any time in the future.

It is also of interest to note that 64 per cent of all expenditures were allocated to the exploration and producing phases of the industry during the period reviewed.

XI. Trade Policies Governing the Petroleum Industry

Government petroleum policy in trade matters is concerned principally with natural gas. Although there is direct control of the export of crude oil and petroleum products across provincial and international boundaries, the firm policy concerning the export and import of natural gas has been the most important trade policy matter of recent years.

This policy was set in March 1953, when the Minister of Trade and Commerce announced in the House of Commons that permits for the export of gas would not be granted "until such time as we are convinced that there can be no economic use, present or future, for that natural gas within Canada". This policy led to the building of the Trans-Canada pipeline from Alberta to Montreal entirely through Canadian territory, thus ensuring that this most important transportation link between the gas fields of Western Canada and the markets of Ontario (a fuel-deficient region) would be entirely within Canadian control. As the all-Canadian route was not, on a short term basis, as economic as a route through heavily populated areas of northern United States, government policy in 1956 provided for assistance to the Trans-Canada project through the construction by a Crown company of the difficult section of the pipeline through northern Ontario.

Control of the movement of oil and gas across international boundaries is provided for in The Exportation of Power and Fluids and Importation of Gas Act. This Act, passed in 1955, removed an authority in the previous Act which could impose export duties on gas, oil and other fluids, retaining only the right to place an export duty on exports of electric power. Furthermore, the new Act contains only the right to revoke export licences if there is a refusal or neglect to comply with terms of the licence; formerly an unrestricted authority to revoke a licence was held by the