

Saskatchewan is Canada's second largest oil producer. In 1986 Saskatchewan produced oil worth over \$2 billion accounting for more than 13% of provincial GDP.

Uranium is also an important energy resource in the province. One of Saskatchewan's mines, the Key Lake operation is now the largest producer in terms of output in the world.

The agreement signed on January 2, 1988 provides greater security for energy exports to the U.S. market. It offers the assurance of continued access to U.S. markets free from growing protectionism in the U.S. Both sides have agreed to prohibit most discriminatory restrictions in whatever form on exports and imports. The reasons for which the U.S. can take import restrictive actions have been significantly narrowed, especially in the area of so-called "national security". More specifically, existing U.S. barriers to trade in energy will disappear, including

- tariffs on crude oil and refinery products (including refinery products manufactured from imported crude oil)
- the "superfund" import fee
- customs user fees
- the uranium enrichment restriction.

Threatened barriers are ruled out vis-à-vis Canadian exports, e.g., the oil import fee.

And, there is a special regulatory consultation provision to try to avoid future FERC and other regulatory decisions discriminating against Canadian products.

For uranium, the FTA means that the present threat against \$300 million worth of annual uranium exports to the U.S. is removed. Under current legislative rules and U.S. court actions, the U.S. Department of Energy is being forced to ban the processing of foreign produced uranium. This legislation will be changed under the FTA.

The general export control disciplines of the FTA apply to both countries and all goods, including energy. They provide that either country can impose export controls for GATT compatible reasons, for short supply or conservation reasons. If export controls are imposed, exports must be allowed up to the proportion (in the previous three years) of exports to the other country relative to total domestic supply. The effect of this will be to ensure fair treatment of customers on both sides of the border in the event of government-imposed export controls. This assurance of fair