

effects throughout the world. Unless measures are taken to insure continued growth of the world economy, the world trading system could as a result be seriously undermined.

The main industrialized countries, which are large users of energy, have a major responsibility, because of their importance in world trade, to try to prevent this from happening. It was with this end in view that Canada attended the Washington Energy Conference in early February and has co-operated in the follow-up to that conference, which is aimed essentially at identifying the economic facts of the situation and trying to ensure that appropriate steps to correct the situation are being taken in the various international institutions and to lay the groundwork for an early and meaningful dialogue with the oil-producing countries on problems of mutual concern.

Another broad area of agreement in Washington was on the necessity for research into and development of the world's untapped sources of energy. These include the known deposits of the more complex forms in which oil is found, such as heavy oil and oil-sands in Western Canada, and the oil-shale deposits in the U.S. There is also the longer-term problem of the smooth transition to other forms of energy, such as nuclear power, about which quite a bit is already known, and the longer-term quest for geothermal and solar power.

As both producer and consumer, Canada occupies a rather different position from a good many of the other industrialized countries. While the net effect of oil-price increases on our balance of payments is very small, we cannot hope to escape the inflationary effects of still rising prices in an already serious world inflationary situation. Nor can we as a country heavily dependent on foreign trade afford to ignore the possible adverse effects on world trade caused by the run-down of foreign-exchange reserves and the general destabilization of world production.

Canada, therefore, has supported vigorously efforts to maintain the world pace of economic activity and to encourage the newly-wealthy oil-producers to play a role in international financial institutions commensurate with their new financial status.

We have learned with great interest that the producing countries are actively seeking ways in which to share with other developing countries some of their new-found wealth. Canada welcomes this positive step. Most of these countries are themselves in the process of development and in the earliest stages of industrialization. They have made clear their desire to use these funds for