

1977, as opposed to the 10 per cent favoured by the other 11 OPEC countries. Although this split was resolved in July, when all members decided to remain at the 10 per cent level for the remainder of the year, the differing approaches within OPEC were manifested again in the discussions on 1978 price levels prior to the December 20 OPEC meeting in Caracas. Since that meeting did not reach agreement on new prices, the OPEC marker crude price was to remain at the July 1977 level (\$12.70) for the first months of 1978. This outcome reflected the current, and temporary, oversupply in the world oil market, as well as an appreciation by some of the most influential OPEC members, including Saudi Arabia and Iran, of the serious effect further abrupt oil-price rises might have on Western economies.

Non-proliferation

During 1977 Canada made substantial progress in implementing its policy, announced in December 1974 and further refined during 1976, on the safeguards applicable to nuclear exports. Agreements meeting the stringent requirements of Canadian safeguards policy were signed with Sweden on September 27 and with Romania on October 24. An agreement was also signed with the United States on November 15, which provided for interim safeguards pending passage of legislation by the United States to enable it to negotiate a more definitive agreement. Negotiations with the principal purchasers of Canadian uranium, the European Community and Japan, continued during 1977. Towards the end of the year, negotiations were successful in resolving outstanding differences between Canada and the European Community, and agreement in principle was announced on December 20. Negotiations with Japan had also progressed significantly by the end of the year.

Canada continued to support the work of the International Atomic Energy Agency (IAEA) in its efforts to promote the use of nuclear energy, while ensuring, to the greatest extent possible, that its use would not lead to a proliferation of nuclear-weapons capability. Canada informed the IAEA of its willingness to co-operate in developing and installing equipment to facilitate more effective safeguarding of CANDU reactors. In addition

to its regular IAEA contribution for technical assistance, Canada also continued its contribution for particular IAEA projects.

As a founding member of the 15-member Nuclear Suppliers Group, Canada has vigorously encouraged other nuclear-suppliers to raise the level of safeguards they apply to nuclear exports. While the supplying countries in the group have not been willing to go as far as Canada in requiring nuclear-recipients to accept safeguards on all their nuclear facilities as a precondition to transfer, Canada was nevertheless instrumental in the Group's reaching a consensus on guidelines for nuclear transfers to be applied by the members.

Non-proliferation was a principal subject at the London economic summit meeting in May. President Carter's opposition to reprocessing in the United States and his call for restraint by other countries in using reprocessing led to a difference of views between nations such as Canada and the United States, which have adequate domestic supplies of natural uranium and thus do not have a pressing economic need for reprocessing, and countries such as West Germany, France and Japan, which consider reprocessing an essential element in their national energy strategies. As a result of this difference, discussions were initiated at the expert level that led to the launching of the International Nuclear-Fuel-Cycle Evaluation in Washington in October. That study established the goal of an objective and comprehensive two-year evaluation of the various nuclear-fuel-cycle technologies and their proliferation risks. Canada has played a major part in the INFCE by its co-chairmanship of Working Group One (Fuel and Heavy-Water Availability) and its active participation in five of the seven other working groups of the INFCE.