

In the area of nuclear proliferation, the work of the International Nuclear Fuel Cycle Evaluation (INFCE), in which Canada has been playing an active part, has been proceeding well and appears on schedule for completion in February 1980. The results of this comprehensive two-year study will have important implications for international efforts to establish a nuclear safeguards régime capable of adapting to new technologies. The study results will be available for the Non-proliferation Treaty Review Conference in 1980, preparations for which will begin in April next. Bilaterally we were pleased to negotiate an agreement with Japan last year which fully meets our non-proliferation requirements. And the interim arrangement concluded with the European Community augurs well for the negotiations towards a comprehensive agreement which will likely begin early in 1980. I am happy to see that these arrangements with the European Community and Japan are working well and that they have made a positive contribution to the cause of cooperation in the nuclear field as a whole.

7. Energy Supply and Security

Recent events have shown the wisdom of Canada's policy of seeking greater energy self-reliance. Disruption of oil exports from Iran resulted in a net shortfall to world crude oil markets of the order of 2 million barrels per day. Shortfalls for Canada have been largely offset by swap arrangements, based on higher than normal Canadian production, with the USA. Nevertheless, continuing uncertainties about Iranian and other Middle East oil supplies, as well as strong upward pressures on prices, led Canada together with other members of the International Energy Agency (IEA) to decide on March 2 to undertake corrective action to deal with the prospective global crude oil shortfall of 2 million barrels in 1979. The twenty member countries have agreed to reduce their demands on world oil markets by such an amount, equal to about 5% of their own expected consumption, through increased internal production, conversion to other fuels and by conservation. This will not only ease their own situations but will help the rest of the world, including developing countries, to meet their supply problems. This IEA decision should also contribute to the easing of pressures on international oil prices.

For the foreseeable future Canada will need, both on its own and in cooperation with others, to make every effort to increase energy security by a range of measures, including careful management of our domestic energy resources, diversification of energy imports and active encouragement of efficient energy use in Canada. The