

Both sides have agreed to prohibit restrictions on imports or exports, including quantitative restrictions, taxes, minimum import or export price requirements or any other equivalent measure, subject to very limited exceptions: (1) short supply or prevention of exhaustion of a finite energy resource, but only if the exporting Party provides proportional access to the diminished supply and does not otherwise discriminate on price; or (2) national security, to supply military establishment or critical defense contracts, respond to a situation of armed conflict, prevent nuclear proliferation or respond to direct threats to supply of nuclear materials for defense purposes.

Parties will consult on energy regulatory actions which could directly result in discrimination inconsistent with the principles of the Agreement.

With respect to existing measures, Canada has agreed to: (1) limit the application of its "surplus test" for energy exports to a monitoring function, with any possible future restriction subject to the proportionality and non-discriminatory pricing conditions above; (2) eliminate its requirement that uranium exports be upgraded to the maximum extent possible in Canada prior to export; and (3) eliminate a discriminatory price test on electricity exports. The United States has agreed to: (1) eliminate the legislative restriction on enrichment of Canadian uranium; and (2) allow exports of Alaskan oil to Canada, up to 50 thousand barrels per day on an annual average basis, subject to a condition that such oil be transported from Alaska in U.S. flag vessels.

Both sides have agreed to: (1) support continuing Bonneville Power-B.C. Hydro negotiations, encouraging parties to work out their differences consistent with the objectives and principles of the Agreement; and (2) allow existing or future incentives for oil and gas exploration, development and related activities in order to maintain the reserve base for these energy resources.