

In presenting the estimates of the Department of External Affairs and of CIDA to this Committee, I shall confine myself to a few major topics of importance to Canada's external relations. This means that I shall leave aside a number of other matters which are also of importance, but on which either this Committee has recently had rather full briefings, as for instance, on the Law of the Sea question, or which are moving toward some significant stage in the coming months.

For instance, the structures and relationships in Latin America are going through a period of active reassessment which we are following with great interest. As the results of this rethinking emerge, I shall wish to take a later opportunity to suggest where Canada might fit into any new hemispheric patterns and proposals.

Energy Situation

Since last I spoke to this Committee on the estimates of the Department of External Affairs and of CIDA, there has occurred a series of related events with far reaching and widespread consequences for the world as a whole and inevitably, therefore, for Canada. The major event of this series is, of course, what has been called the energy crisis. In fact, the problems of the supply and price of oil are only the currently most acute symptoms of a much wider problem: the increasing demands made by mankind on the world's food and industrial resources.

When I spoke to you last May, I mentioned the increasing preoccupation about a prospective energy shortage and associated balance of payment questions. At the time, it was clear that the world would have to think hard and rapidly about its energy resources, in view of the tremendous annual increase in demand upon these resources, which has been the pattern in recent years. What was not foreseen at that time, was that this situation would suddenly become acute, with respect to both supply and price, particularly of oil.

The sharp and sudden rise in the price of oil has had extraordinary 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 cooperated in the follow-up to that Conference which is aimed essentially at identifying the economic facts of the situation, trying to ensure that appropriate steps to correct the situation are being taken in the various international institutions, and to lay the ground work 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