

price. Taxes and charges applied to feedstocks have reduced the feedstock cost advantages that the existing industry had expected and leave it inadequate to attract further investments. Removal of the COSC and the phasing out of the PGRT which were provided for in the Western Accord, will give gas producers more flexibility in setting feedstock prices.

The June 1, 1985 decontrol of crude oil and refined products will not restore a feedstock advantage for the oil-based sector since Canadian prices are expected to be higher than those on the U.S. Gulf Coast. There is the potential for reducing the oil-based ethylene producers' feedstock pricing if viable facilities can be converted to use the natural gas liquids (NGLs), propane and butane. Only the individual companies can determine if conversion to NGLs will result in viability.

Both the oil-based and gas-based sectors of the industry support a bilateral trade agreement with the U.S. that would lead to tariff reduction or elimination. This is particularly important for the Alberta and British Columbia industry which, on the whole, depends on export markets to a greater extent than petrochemical producers in Ontario and Quebec.

EXEMPT - 15(1)

Tariffs on petrochemicals between Canada and the U.S. are broadly consistent, although some sizeable differences exist for particular products. These tariffs are also relatively high and will remain so, even when reductions negotiated in the Tokyo Round are fully implemented. Non-tariff barriers are not significant for this industry.

Under the new energy agreement, recovery of the Canadian petrochemical industry and any future growth is dependent upon growth in world petrochemical demand and a strengthening of world energy and petrochemical prices.

STATISTICAL INFORMATION

<u>Principal Statistics</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Establishments	55	58	61	57	52
Employment	13,16	16,261	15,455	14,653	14,438
Shipment (\$ million)(1)	4,220	5,022	4,434	4,992	5,258
Exports (\$ million)	1,234	1,466	1,366	1,556	1,645
Domestic Shipments (\$ million)(2)	1,812	2,371	2,074	2,313	2,279
Imports (\$ million)	1,058	1,226	1,043	1,475	1,693
Canadian Market (\$ million)	2,890	3,597	3,117	3,788	3,972
Exports - % of shipments (2)	40.2	38.2	39.7	40.2	41.9
Imports - % of domestic market	36.6	34.1	33.5	38.9	42.0

(1) Includes Intermediates
 (2) and Products