

U.S. firms, it continues to provide foreign investors with terms that compare favourably with those available in most other producing countries.

Canada, like the USA, must import oil to meet its domestic needs. At the same time, Canada produces significant surpluses in other forms of energy including natural gas, heavy oil and electricity, which we export to the USA. These exports are not large compared to total U.S. consumption, but they are important and reliable sources of supply for certain U.S. markets and earned Canada about \$6.6 billion in 1979.

Other areas of bilateral cooperation abound. The most significant example is the 1977 Northern Gas Pipeline Agreement. The southern segments of this project are well under way and will be used to export some of the current Alberta natural gas surplus until 1985 when, with the completion of the northern segments, Alaska gas can be transported to U.S. markets.

In 1979, the two countries published a joint study on Electricity Exchanges which identified opportunities for increased trade. With Alberta and Saskatchewan as full participants, they also signed an understanding on tar sands and heavy oil research and development. Since 1975, oil has been swapped across the border to maintain supplies to certain U.S. refineries with savings on transportation costs. The two countries are now looking into further cooperation on increased use of coal, petroleum product swaps and tar sands development.

Canada also cooperates closely with the USA and other nations on international energy questions and related financial issues in multilateral organizations, notably the International Energy Agency.

### Environment

Cooperation on environmental matters predates even the 1909 signing of the Boundary Waters Treaty, which underpins our water resource management and environmental relations. Both countries assign high priority to the close monitoring and resolution of transboundary environmental problems of public concern on both sides of the border.