

12 per cent of our petroleum requirements and being a net exporter of energy.

International relationships, particularly among the major powers, would be infinitely more complicated were it not for the fact that the Soviet Union has been able to meet its own energy and petroleum requirements, and, indeed, to meet the needs of most of its Eastern European partners. Nor has China, currently a small exporter of petroleum, been a significant player on the international market. Whether the Soviet Union will be able to maintain sufficient production to meet its own and other Eastern European requirements in the decade ahead remains to be seen, but one cannot ignore the possibility that they may have to come on world markets and the effect that this could have geopolitically, particularly in the Middle East. One prediction has it that by 1982 the communist countries as a group will have to import about 700,000 barrels of oil per day, compared to net exports in 1978 of about one million barrels per day.

The changing role of multinational enterprises is another important factor to be taken into account by those who must integrate energy into foreign policy considerations.

Most of the research, exploration, and development of petroleum resources and related trading arrangements have traditionally been undertaken by multinational corporations. For example, allocations to consumers were by and large organized and effected by the multinationals during the embargoes and shortages in 1973. Now, there is a trend on the part of the producing countries to assume control, not only of the physical assets but of trading relationships. This has led many governments in consuming countries to enter into formal bilateral arrangements to enhance their security of supply, and it is reasonable to expect that these trends will continue. Japan, for example, had about 20 per cent of its oil import requirements covered by state-to-state arrangements in 1979; in 1980 this percentage will reach over 35 per cent.

In establishing the Task Force on Petro-Canada the Federal Government set out the condition that there should continue to be a public sector entity with the capacity to act for the Government in the importation of crude oil. We are now engaged in negotiations with Mexico and Venezuela. The nature and form of state-to-state agreements may vary, but all will have as a basic aim the establishment of arrangements to ensure a stable supply from a given producing country to a given consuming country. For some time into the future — perhaps for a long time — these arrangements may be only supplementary to traditional trade channels which have by and large served us well.

I would like in my remaining time to touch on three aspects of energy and international relations. I do not pretend that these remarks will come close to exhausting the topic. I present them simply as illustrative of the general proposition that energy questions are and will be central to world economic and world political processes. The first is energy, the developing world, and our relations as industrial countries with the developing world. Secondly, I will touch on energy in the relations among industrial countries. Then, I would like to say a word about one way in which the development of new energy sources — in particular nuclear power — creates new requirements for

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