

to 6.6 million cubic metres. On average, Canada's refineries operate at a utilization rate of 80 percent, a rate that has remained constant since 1991.

There is an open market for the distribution of oil. From the refineries, oil products are transported by pipeline, rail and truck. In addition to the major integrated oil companies, there are numerous smaller, local distributors that also market oil products.

**Reliability:** Canadian refineries currently meet domestic demand, have adequate excess capacity margins, maintain good inventory levels and are net exporters of petroleum products. Demand for oil products throughout Canada can be easily met from domestic suppliers or, when logistically advantageous, from the United States.

Canadian refineries will continue to adapt to new challenges in the industry to meet the changing demand for oil products. At the same time, environmental concerns and regulations will result in further upgrading of facilities.

**Prices:** Canada's oil prices are low. Table 2.7 gives prices for light and heavy fuel oil for industry.

**TABLE 2.7**  
**Oil Product Prices in Selected OECD Countries**  
 (US \$/ton of oil equivalent; second quarter, 1994)

Country	Light fuel oil	Heavy fuel oil
United States	154.6	91.9
<b>Canada</b>	<b>163.9</b>	<b>101.1</b>
United Kingdom	207.9*	113.0
Germany	261.7	119.7
Mexico	283.5	61.6
France	297.6	140.2
Japan	346.1*	180.6
Italy	756.1	161.3

\* price in 1993

Source: International Energy Agency, Energy Prices and Taxes (Second Quarter, 1994).

### Natural Gas

**Availability:** With a large reserve base, Canada's natural gas production ranked third in the world in 1994. Marketable production of 138.7 billion cubic metres in 1994 was a new high. A little over 80 percent comes from Alberta.

Domestic consumption is increasing, which is mainly due to the rise in demand from industrial users. Since deregulation of the industry in 1985, exports of gas to the U.S. have also been rising steadily and now account for a little over 50 percent of total Canadian marketable production. (See Figure 2.5.)

An extensive pipeline system, about 320,000 kilometres of varying diameters, moves natural gas across the country, to points as far west as Vancouver Island, to Quebec City in the east, and to "export points" for onward transmission to the United States.