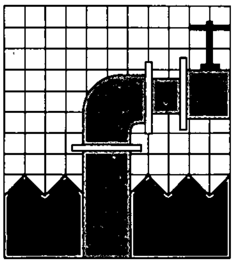
ENERGY



Energy production and products constitute an important segment of the Canadian economy. Output in 1985 was valued at more than $60 billion, of which more than 20 per cent was exported to the U.S., providing nearly 275,000 jobs.

- Canada has concerns with U.S. "Superfund" duties and proposed import fees on oil; the FERC "as-billed pass-through" pricing order on natural gas exports; the Bonneville Power Administration access policy; threatened quotas and potential countervail charges on electricity exports. Remaining tariff barriers, particularly on petroleum products, could be eliminated in a new trade agreement.

- The oil and gas sector had sales in 1985 of about $50 billion. It employed 200,000 and had exports amounting to about $13 billion. Slightly under half the 800 firms are Canadian owned. The industry is concentrated in B.C., Alberta and Saskatchewan. The U.S. is Canada's only major market for oil and gas.

- The electrical power sector, 85 per cent dominated by government-owned utilities, earned $14 billion in revenues in 1985 and exported 10 per cent of output from New Brunswick, Quebec, Ontario, Manitoba and B.C. It employed 75,000 people.

- Canada imported less than $500 million from the U.S. in crude oil, gas and electricity in 1985, and $850 million of petroleum products.

- Even with free trade, there would not be total continental integration. Each country has its views of ownership, security of supply, and national development imperatives, e.g., Canada's policy on frontier exploration.

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