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obliged only to refrain from imposing restrictions that would reduce exports below the proportion of Canadian supply which U.S. buyers had purchased over the previous 36 months.

The Canada-U.S Free Trade Agreement does not prevent governments from pricing energy above or below market levels, but it may make such policies less attractive to implement. In the long run, such actions can introduce major economic inefficiencies which may serve

to reduce economic growth. In a market-based pricing environment, domestic prices will tend to equal export prices. The Agreement is therefore consistent with the manner in which Canadian energy policy has been evolving.