

solution to the problem was provided when the CRTC announced postponement of further implementation of its commercial-deletion policy pending an assessment of the effects of amendments to the Income Tax Act that disallow as a business expense the cost of advertising on U.S. border stations and an examination of alternative methods of achieving the aims of Canadian broadcasting.

There were frequent consultations between the two countries on a variety of international trade and monetary questions, which were held in a bilateral context as well as in the context of issues facing such international forums as the MTN, GATT, the IMF and the UN.

Energy

The energy sector continued to be an important and active area in 1976.

The *ad referendum* transit-pipeline agreement, which will provide reciprocal security of passage and non-discrimination for the hydrocarbon resources of each country crossing the other in existing or future pipelines, was initialled in January. Officials of both governments exchanged information throughout the year on developments in the transportation of northern gas to southern markets.

While the increase in the border price of natural gas and the gradual reduction in Canadian crude-oil exports caused some concern in the United States, there was increased understanding of the justification for Canada's energy policies, and both governments continued to approach the energy problem pragmatically. Officials also met to discuss oil-supplies and existing and potential oil "swaps".

Canada worked in close co-operation with the United States and other countries on international energy and related financial questions in the International Energy Agency and at the Conference on International Economic Co-operation.

Marine boundaries and fisheries

Both Canada and the United States announced in 1976 plans to extend their respective fishing-zones to a 200-mile limit in 1977.

As a result of these plans, discussions were resumed on the four maritime boundaries that remained unsettled. Discussions were also held on a new bilateral fisheries agreement. No final agreement was completed in 1976. As the year ended, intensive negotiations were under way to reach agreement on interim fisheries arrangements.

Environment

In 1976, a high priority continued to be given by both countries to transboundary environmental matters. In a note of October 12, 1976, the Canadian Government, concerned about the possible injurious effects of the Garrison Diversion Unit in North Dakota on Canadian health and property, requested that the U.S. Government defer further construction, and decisions on construction, of the Lonetree Reservoir until after the International Joint Commission (IJC) report on the transboundary implications of the Garrison project had been received and subsequent discussion between the two governments had taken place.

On another environmental matter of major importance, the Canadian Government continued to voice its opposition to a proposed oil-refinery and tanker-terminal at Eastport, Maine, and more particularly its resolve not to agree to the transporting of large volumes of pollutants through Head Harbour Passage.

There were consultations between the two countries on the question of West Coast tanker traffic from Alaska, on Beaufort Sea drilling operations, on Rio Algom's proposed Cabin Creek coal-mining development in British Columbia, the construction of a thermal-power plant on the East Poplar River just north of the Saskatchewan-Montana border, on the Great Lakes Water-Quality Agreement, and on a Canadian proposal to construct regulatory works in the Richelieu River for flood-control purposes.

The International Joint Commission continued to play a very active role in Canada-U.S. environmental relations. Among the significant transboundary environmental matters considered by the Commission during the