fuel oil for a total licensed export of 62,421,000 bbl. Actual product exports in 1974 were 43,000,000 bbl or approximately 70% of the authorized amount.

The Organization of Petroleum Exporting Countries (OPEC) quadrupled the price of oil in 18 months. In Canada the government announced a price freeze on crude oil at $3.80/bbl in September 1973, and instituted voluntary price restraints on petroleum products. In January 1974, a First Ministers' Conference on Energy extended the price freeze on crude oil and the federal government announced important incentives to support half the capital cost of electrical interconnections and the first nuclear plant for each province in an effort to reduce eastern Canadian dependence on imported oil. At a further conference in March 1974 agreement was reached on a wellhead price for domestic petroleum of $6.50/bbl until June 1975. The uniform price was maintained in eastern Canada by an oil import compensation program which subsidized the purchase of high-cost foreign oil by importing refineries. Oil import compensation totalled $1,319 million for the period January 1, 1974 to March 31, 1975.

A shift in supply patterns was indicated by increased consumption of Canadian crude in 1974 at 346.3 million bbl, up 26.7% from 1972. Imports, displaced in the Montreal market by domestic crude, rose only 3.6% in this period. Venezuela has traditionally acted as the main supplier of oil imported into eastern Canada, but historical patterns were altered in the final quarter of 1974 when a larger share of import demand was taken up by crude oil from the Middle East. This trend is expected to continue, partly because of the decline in Venezuelan crude production and partly because east coast refineries purchase their feedstocks in the Middle East. The eastern refinery crude supply during 1974 was composed of 350,000 b/d from Venezuela, 422,000 b/d from the Middle East, 47,000 b/d from other foreign sources and 75,000 b/d from western Canada.

A new national oil policy was outlined in December 1973. It is concerned with the creation of a national market for Canadian oil; a pricing mechanism to provide sufficient incentives for development of oil resources; measures to ensure that any escalation in returns and revenues as a result of increased prices will be used in a manner conducive to security of supply and self-sufficiency; establishment of a publicly owned Canadian petroleum company to expedite exploration and development; early extension of a pipeline to serve Montreal and ultimately, as required, more eastern points; and intensification of research on oil sands technology to permit their full and rapid development.

To implement this policy the federal government announced that an all-Canadian, coast-to-coast pipeline network would be built. The first phase would be the construction of a 510-mile-long pipeline from Sarnia to Montreal to begin in 1975 with completion scheduled for the late fall of 1976. Hearings on the application by Interprovincial Pipe Line Ltd. to build the line were recessed in October 1974 to allow further study of the supply situation and the financial effects. The government and the company subsequently agreed on financial guarantees for the project. The proposed 30-inch pipeline would have an initial capacity of some 250,000 b/d and fully powered capacity of 650,000 b/d.

The voluntary restraint on petroleum product prices established in September 1973 was changed in May 1974 to permit an increase of ¼-cent a gallon on the basis of increased costs for marketing and refining. A further increase to reflect these non-crude costs was granted in February 1975, but competition held price rises to about 2 cents a gallon.

There have, however, been important changes in other aspects of the Canadian energy situation. Royalty and tax laws affecting the production of oil and gas and other mineral fuels have been changed substantially. The prices of other fuels and electricity have risen as a result of both the increase in oil prices and the high rates of inflation experienced in all industrialized countries. The success rate in finding additional resources of oil and gas in Canada and its territorial waters has been less than was hoped and the expected capital and operating costs associated with the exploration, development, production and transport of oil and gas from the oil sands and the Arctic areas have increased so substantially that serious questions are now being raised about the pace and the price at which such resources can be commercially developed.

Government innovations. In response to the major increase in international oil prices in the fall of 1973, Alberta announced its intention to set up a provincial marketing board through the Petroleum Marketing Act of January 1974 to control the production, marketing and