High on the list of priorities was a meeting between the importing countries of the Agency with members of OPEC and some of the less developed countries dependent on imported oil to reach broad agreement on energy supplies and prices.

Special facilities have been established for "recycling" surplus funds being accumulated by oil-exporting countries to make loans to oil-importing countries, both through the International Monetary Fund and the World Bank, and through special agencies and organizations of the oil-exporting countries. More recently, 24 of the major industrial countries have entered into a special "safety net" agreement to help finance one another on a large scale if they run into difficulties in financing their international deficits through normal channels. While the aggregate deficits of the industrial countries are very large — of the order of $38 billion a year for the members of the Organization for Economic Co-operation and Development (OECD) — the real problems are most severe for the developing countries. For them the increased costs of fuel, food and fertilizer have involved not only severe financing problems but setbacks in real economic development.

13.2.7.2 Natural gas

Natural gas continued to be in heavy demand throughout 1974 both in Canada and in the export market. An estimated 2,455 MMMcf (billion cubic feet) of marketable natural gas were produced in Canada in 1974. Net sales in Canada at 1,329 MMMcf were 8% greater than the 1973 total of 1,229 MMMcf. Net sales increased in all provinces except Saskatchewan and British Columbia, where substantial reductions in the amounts used for thermal generation of electricity outweighed increases in other end-uses.

Local and provincial natural gas utility companies purchase gas from major gas pipeline companies and operate their own pipeline systems to supply the public. These companies, primarily active in the final distribution of gas, currently spend increasing amounts on exploration and production in western Canada because of climbing wellhead prices and projected shortfalls with respect to expanding demand.

Quebec had the highest growth rate (25%) of all the provinces, primarily because of the improved competitiveness of natural gas in relation to substantially higher oil prices in eastern Canada and the low penetration of gas in earlier years. Ontario remains the largest provincial market.

Commercial users recorded the highest rate of growth at 16%, compared with an increase of 12% for residential users and 4% for industrial users and electric utilities. When gas consumed by electric utilities is excluded, industrial consumption is estimated to have increased by 11%.

Net exports of natural gas to the US totalled 959 MMMcf for the year, a 6.7% decrease from the 1,028 MMMcf exported the previous year. This decrease was attributable to delivery problems in the Beaver River field in northern British Columbia. While there may be sufficient gas reserves in a field to satisfy customer demand for a period of time, declining pressures and other production factors may limit the rate at which the gas can be extracted and delivered to market. Such problems in the Beaver River field caused a shortfall in meeting contractual obligations of Westcoast Transmission Company Limited to customers in the Pacific Northwest region of the US.

The National Energy Board issued no new export licences in 1974. Two applications to export gas made in 1973 by Alberta and Southern Gas Company Ltd. and Canadian-Montana Pipe Line Company were deferred until further notice. In September 1974, Pan Alberta Gas Limited withdrew an export application made in 1973.

New export price. A hearing in the spring of 1974 into the pricing of Canadian natural gas being exported under existing licences led to the establishment of a uniform border price substantially above the prices then prevailing. Long-term licences to export gas cover about 1 MMMMcf a year (about 40% of Canadian production). At the 1974 hearing, existing export prices were found to be unrealistically low when compared with the greatly increased cost of fuel oil, the principal alternative to gas for residential, commercial and most industrial uses. The Board recommended that natural gas being exported to the US should be priced on the basis of a scarce, non-renewable natural resource; that initially a new export price of $1 per thousand cubic feet (Mcf) be established; and that the price be increased progressively toward the commodity value. In supporting this recommendation, the government also endorsed the