

metals maintained prices near the 1971 levels. The non-metallic mineral prices showed the greatest increase at 3.5%.

Petroleum (with natural gas), nickel, copper, iron ore and zinc together contribute three quarters of the total Canadian mineral output value and some discussion of production locations and markets is warranted.

Petroleum, comprising crude oil and natural gas production and refining, is Canada's largest mineral industry. Domestic production and exports are small in the context of the world's industry but are of great significance to Canada. The industry's growth in the past two decades has been of particular importance because of its effect on the balance of payments, as a source of revenue to the several levels of government, and for its impact on engineering and construction.

In 1972 total petroleum production (crude oil, gas and gas by-products) was valued at \$2,217 million, an increase of 17.1% over the 1971 value of \$1,893 million. Crude oil production is concentrated in Alberta, with Saskatchewan in second place and minor production elsewhere. The pattern of crude oil distribution in Canada reflects the National Oil Policy, which allocates markets west of the Ottawa Valley to Canada's mid-continent producers, while Quebec and Maritime markets are supplied by oil from overseas. Transportation costs from the mid-continent to eastern markets are significant and production costs are greater than in Venezuela or the Middle East. The mid-continent producers have an export market in mid-continental United States which in 1971 almost equalled the volume imported into eastern Canada. Canada produces oil almost equivalent to its total domestic needs but is unable to supply the eastern market at a competitive rate because of transportation costs. Alberta oilfields are producing at about 75% capacity and the region's economic reserves of oil will last 15 years at current depletion rates. Canada's North is the focus of much optimism for large-scale oil finds.

Natural gas is an important domestic product and an increasingly important export product. Generally gas and oil are found together. In Canada, the Arctic and the western provinces have the major known reserves of gas. Comparison of oil and gas production is best done by thermal values which are usually reflected in price. The value of the production of gas and gas by-products in Canada in 1972 was \$648.1 million, compared with that of oil at \$1,568.8 million; this represents a gas value of 41.3% of the oil value. In 1971 the gas value was 39.5% of the oil value. Future growth depends primarily on access to the United States market where import policy is focused on the price of natural gas rather than the volume imported, reflecting the scarcity of domestic gas reserves and supplies.

Canada's gas reserves are sufficient for 20-25 years but the known reserves of commercial gas declined for the first time in 1972. This does not include the discoveries of gas in the Arctic because there is as yet no economical method of transporting it to markets in the south. Sales of natural gas and gas by-products totalled \$648.1 million, an increase of 20.9% compared to the previous year.

Copper was second by output value in 1972. Production of recoverable copper from Canadian mines rose to 793,303 tons, an increase of 10.0% over the previous year. Copper remained in over-supply in the world but a better balance between supply and demand was achieved during 1972. Copper is produced in all provinces except Prince Edward Island. British Columbia, Ontario and Quebec accounted for 29.5%, 25.2% and 22.3% of the net value of copper production in 1972, respectively.

Nickel ranked third among Canadian minerals produced in 1972. World over-supply, which led to the accumulation of large stockpiles by Canadian producers during 1971, continued into 1972 and production was cut back further by world producers. However, signs of an increased demand were evident late in the year. Canada is the world's leading producer of nickel.

Iron ore production decreased in 1972 because of labour strikes in the Quebec-Labrador region. Production was valued at \$489 million, a decrease of 11.9% compared to the previous year. Of the 28.8 million tons exported in 1972, the United States received 18.1 million, Britain 3.5 million, Western Europe 5.3 million and Japan 1.9 million. Present Canadian production capacity is about 50 million tons a year and the pelletizing capacity is 25 million tons a year. Projects currently under way in the Quebec-Labrador area will increase both production and pelletizing capacities. Newfoundland, Quebec, Ontario and British Columbia are the only producers of iron ore.