

No. 10503

**UNITED STATES OF AMERICA
and
CANADA**

Exchange of notes constituting an agreement concerning arrangements for the export of petroleum to the United States. Washington, 25 September 1967

Authentic text: English.

Registered by the United States of America on 2 June 1970.

**ÉTATS-UNIS D'AMÉRIQUE
et
CANADA**

Échange de notes constituant un accord concernant des arrangements pour l'exportation du pétrole aux États-Unis. Washington, 25 septembre 1967

Texte authentique: anglais.

Enregistré par les États-Unis d'Amérique le 2 juin 1970.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT ¹
BETWEEN THE UNITED STATES OF AMERICA AND
CANADA CONCERNING ARRANGEMENTS FOR THE
EXPORT OF PETROLEUM TO THE UNITED STATES

I

CANADIAN EMBASSY

WASHINGTON D.C.

25th September, 1967

No. 303

The Canadian Ambassador presents his compliments to the Secretary of State and has the honor to refer to recent discussion between Canadian and United States officials and recent talks between the Honorable Jean-Luc Pepin, Minister of Energy, Mines and Resources, the Honorable Stewart Udall, Secretary of the Interior, and Anthony M. Solomon, Assistant Secretary of State for Economic Affairs, regarding Canadian levels of oil exports and the proposed looping of the Interprovincial Pipeline via Chicago.

The Ambassador has been authorized to inform the United States Government that the Canadian Government endorses the following arrangements:

- (1) It will ensure, short of imposing formal export controls, that exports of refinery feedstocks, as currently defined by the National Energy Board of Canada as including crude oil, condensate and butanes, to Districts I-IV do not exceed 280,000 b/d in 1968.
- (2) It will on a similar basis ensure that growth rates of exports of refinery feedstocks to Districts I-IV during the period 1969 through 1971 will not exceed 26,000 b/d per annum.
- (3) It assures the United States Government that
 - (a) the proposed Interprovincial Pipe Line Company's pipeline via Chicago will be a complete loop from Superior, Wisconsin, to Ontario, as outlined to United States officials

¹ Came into force on 25 September 1967 by the exchange of the said notes.

- (b) the economic viability of the loop in the initial period is not dependent upon new customer outlets, and
 - (c) no sales will be made in the Chicago area prior to 1970.
- (4) It assures the United States Government that it has been and continues to be the Government of Canada's policy to avoid disruption of United States markets and that it will exert every effort to ensure that Canadian exports of crude oil do not displace local production of crude oil in those states served by Canadian exports.
- (5) It assures the United States Government that the growth needs of existing customers will be satisfied before additional petroleum volumes available from either growth in Canadian exports or from shutdowns of United States refineries now using Canadian crude, are directed toward development of new markets.
- (6) It is understood and agreed that the above arrangements are contingent upon the issuance of a Presidential Permit for a border crossing associated with the construction of a loop line through Chicago and are subject to the following conditions and understandings:
 - (a) Only in the event of exceptional or emergency circumstances leading to changes in United States supply patterns may exports, pursuant to mutual agreement, exceed the specified limits made under the above commitments.
 - (b) At any time at the request of either government the two governments would consult with respect to any matter relating to the export of petroleum to the United States. In this regard the Government of Canada would request consultations regarding the above export levels only when it is satisfied that United States customers of Canadian feedstocks have exercised every effort to secure reasonably available United States domestic supplies of feedstock and that established United States customers are not unduly expanding their market area or their share of the established market.
 - (c) Any change in the United States mandatory oil import control program relevant to the commitments made by the Government of Canada, such as a change in the 12.2 per cent limitation would, of course, be the subject of consultation and possible changes in the above commitments and levels.

The Government of Canada would appreciate confirmation that these arrangements are satisfactory to the Government of the United States.

The Canadian Ambassador wishes to avail himself of this opportunity to renew to the Secretary of State the assurances of his highest consideration.

II

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of Canada and has the honor to acknowledge receipt of his note of September 25, 1967, concerning arrangements for the export of petroleum to the United States.

The arrangements set forth in the note are satisfactory to the Government of the United States, which looks forward to their successful implementation.

Department of State
Washington, Sep. 25 1967
