

Why is the project necessary from a navigation standpoint?

With respect to navigation, the main objective is to remove the present bottleneck in the St. Lawrence River.

Removing the bottleneck would save many millions of dollars a year in the cost of moving shipments that today pass its small canals or follow alternative routes to market. This alone would be sufficient reason to construct the Seaway. Now it also promises to be the key that will unlock the future for the iron ore fields of Quebec and Labrador, opening large new markets for these ores in the Great Lakes area. By the same token it will give the interior steel mills the best new source of ore at the lowest cost, a matter of serious concern at the moment.

Iron ore

It is this significance of the Seaway for the iron ore development in Labrador that is receiving most attention today. In spite of a welter of confusing testimony, the essential facts will be quite clear to anyone who takes the trouble to winnow the wheat from the chaff.

The most obvious benefit, from a Canadian point of view, is that the Seaway will open a much larger market for ore from Labrador than could otherwise be reached. As you know, this mining development is going ahead now, with the initial goal of shipping 10,000,000 tons a year. But with the Seaway, and after paying any likely level of tolls, the ore could compete in virtually the whole Great Lakes market, otherwise largely out of economic reach. The mining interests see an immediate sale for at least 20,000,000 tons a year, just double the present goal, and a growing market thereafter.

But there is another side to this coin too. That is the problem of ore supplies now facing the steel mills within reach of the Great Lakes, which account for 75 or 80 per cent of steel production in the United States. For many years the backbone of this production has been the high-grade iron ores of the Mesabi and other ranges near Lake Superior. Production of these ores can no longer keep up with mounting demand, and the mills are seeking additional sources of supply.

Seaway or no Seaway, those mills are going to get the necessary ore, make no mistake about that. But at a price. That is the point -- at a price.

The additional supplies may come partly from more costly workings of high-grade ore, partly from more costly development of taconite and other low-grade iron formations, and partly from imports brought further inland with greater transportation charges. To put the same thing another way, the necessary supply will be forthcoming from these various sources only if the steel mills offer a higher delivered price for ore. At the moment no one can say precisely how much higher, but the indications are that the increase may be a couple of dollars a ton or more within a comparatively few years. Ore shipments from Lake Superior last year were something over 100,000,000 short tons. The ore requirements of the consuming mills will be at least 120,000,000 tons and probably more in the very near future. So you see that what is in prospect is an increase of something like