

I am advised by the defense authorities of this Government and by the Federal Power Commission that, notwithstanding the additional diversions authorized in May, there is now a gravely urgent need for more power in the Niagara Falls area for manufacturing vitally necessary to the United States National Defense and Lease-Lend Programs. I understand that a similar need exists on the Canadian side.

On the United States side in this area there is idle equipment which could at once utilize an additional diversion for power purposes of 7500 cubic feet per second. I understand that, on the Canadian side, the existing equipment is in the course of normal operations fully used only in daytime hours and that, if fully used during the night hours, it could utilize an additional diversion amounting, in the daily aggregate, to 6,000 cubic feet per second.

I propose therefore that, for the duration of the emergency and in any event subject to reconsideration on October 1, 1942:-

1. The Canadian Government will raise no objection to an additional diversion for power purposes of 7,500 cubic feet per second, in terms of the daily aggregate, through existing facilities, on the United States side of the Niagara River above the Falls, and
2. The United States Government will raise no objection to an additional diversion for power purposes of 6,000 cubic feet per second, in terms of the daily aggregate, through existing facilities, on the Canadian side of the Niagara River above the Falls.

These diversions would be subject to an operating margin of one per cent of the total diversions whether authorized by this agreement or otherwise, and could be exceeded to that extent in order to provide for small excesses which may occur at times in the interest of efficient operation.

Upon acceptance of these proposals by your Government, it will be even more important than it was earlier in the year to proceed with the construction, in the 1942 open season of remedial works. The United States-St. Lawrence Advisory Committee and the Canadian Temporary Great Lakes-St. Lawrence Basin Committee (created pursuant to the Exchange of Notes of October 14, 1940) should be instructed immediately by the respective Governments to concert for the purpose of jointly recommending to the two Governments - (1) the exact nature and design of the works that should be constructed in 1942, and (2) the allocation of the task of construction as between the two Governments. Upon the recommendations being accepted by the two Governments, and the acceptance notified to each other, the construction would be undertaken pursuant to the recommendations. The total cost of the works would be divided equally between the two Governments regardless of the allocation of the task of construction.

The United States Government proposes further that upon the entry into effect of the Agreement for the Utilization of the water in the Great Lakes-St. Lawrence Basin signed on March 19, 1941, the foregoing arrangements will be subject to the provisions of Article IX of the Agreement, and that it will be open to the Commission appointed under the provisions of the Agreement and carrying out the duties imposed upon it,