

and another 2,000 miles in the U.S.

Mr. Trudeau, who with Mr. Carter spoke at a news conference after their meeting, said: "...We're trying to make a project which would be to the advantage of the American people and to the Canadian people. From our side, we are very happy with the co-operation that you, Mr. President, and the American people have shown.... We'll have to, apart from going to our legislatures, make sure that the transmission of the energy itself is in keeping with the high principles that we've set ourselves in terms of protecting the environment, making sure that the benefits of the native people will be guarded in every way and that, of course, our provinces and our Yukon Council will be involved in the execution of this...."

Mr. Carter believed that, once the agreement had been approved, the project would be "expeditiously built, consistent with sound environmental practices". He would appoint a "strong federal construction co-ordinator and inspector to ensure effective project design and management".

#### Benefits to Canada

In a report issued on September 9, Mr. MacEachen stated that it "would provide major economic energy and related industrial benefits for Canada with sufficient safeguards to minimize adverse social and environmental impacts". He pointed out that the provisions governing construction of the northern pipeline system would yield the following major advantages for Canada:

Access to gas in the Mackenzie Delta as and when required through a lateral connecting with the trunk line at Whitehorse for up to 14 per cent less cost per 1,000 cubic feet of gas than the alternative link at Dawson originally proposed by the National Energy Board, resulting in a transportation saving on the existing 5.2 trillion cubic feet already discovered there, of some \$1 billion. (All transportation costs and savings expressed as an average over 20 years of operation assuming 5 per cent annual inflation and no cost overruns.)

Substantial stimulus to continued petroleum exploration and development in the Western Arctic, together with the possibility of additional stimulus to exploration in the conventional areas of Western Canada, should existing surplus supplies be used to expand markets in Eastern Canada, and/or to accelerate exports to the U.S. under existing contracts



*Under the terms of the agreement, the pipeline would run from Prudhoe Bay to Fairbanks, Alaska, along the corridor of the existing Alyeska oil pipeline and from Fairbanks it would generally follow the route of the Alaska Highway through Alaska, the Yukon Territory and northern British Columbia and Alberta.*

or through gas exchanges over time as contemplated by the NEB.

#### Compensation payments

An advance payment of up to \$200 million by Foothills (Yukon) Ltd. to provide compensation for social and economic costs over the period 1978-82 resulting from pipeline construction in the Yukon, which would be credited against future property taxes on the system.

Payment by the pipeline company, on completion, of \$30 million in annual property taxes, escalated annually by the increase in the gross national product price deflator. Even after amortization of the company's advance payment the proposed tax system would yield more than \$1 billion over the 25-year economic life of the system if annual inflation averaged 5 per cent. This is more than twice the return under the arrangement proposed by the Lysyk Inquiry and three times that advocated by the NEB. In addition, Foothills (Yukon) would be required to pay \$35 million in property taxes prior to completion of the line and to cover a number of direct costs to governments and individuals associated with the project. Further revenue would be generated during the construction period by income

and other taxes.

#### Job creation

A substantial boost to the economy through the expansion directly and indirectly of output and employment across Canada, with construction of the trunk line and the lateral to the Mackenzie Delta resulting in direct expenditures on goods and services in Canada of about \$4 billion. Nearly 100,000 man-years of employment would be generated by the project, some 69,000 directly through pipeline construction and 31,000 man-years created by indirect economic activity promoted by expenditure of pipeline-generated income. Some 2,200 jobs are estimated, during peak construction.

Canada's international balance-of-payments position would receive a strongly positive boost both from capital inflows associated with the project during the construction period and from subsequent receipts from the U.S. for transmission of Alaskan gas through the Canadian-based system.

Creation of new short- and long-term training and job opportunities for Northern residents, particularly natives, that will result directly and indirectly from building of the pipeline and its effect in stimulating continued petroleum exploration and other industrial development.

Provision of natural gas to communities along the route of the pipeline in the Yukon and northern British Columbia and Alberta. In the case of the Yukon, the company will spend up to \$5 million to provide lateral lines for distribution to neighbouring communities of gas that would be made available at the prevailing Alberta border price — resulting in a substantial saving for many Yukon centres.

#### Native claims, environment

Deferral of a start on the laying of pipe in the Yukon section of the system until January 1, 1981, to provide reasonable time for settlement and implementation of native claims in the Territory, but still allow work to go forward during a critical period to permit completion of the system by the company's amended deadline at the beginning of 1983.

Time under the construction schedule to complete ongoing environmental studies. The environmental assessment initiated earlier will be continued in accordance with the provisions of the Federal Environmental Assessment and Review Process.