

the proposed oil shipments should by-pass Pacific coastal waters adjacent to Canadian territory. It is appreciated that United States residents in the Puget Sound area may be able to accept significant risks of damage from oil spills as a "trade-off" against the assumed economic benefits from oil supplied by tanker to the Cherry Point refinery; however, no persuasive case has been made to justify Canadians accepting these serious risks (demonstrably likely to have greater impact in Canadian than in United States territory) without any benefits to offset them.

In its Aide-Memoire of July 9 the Department of State alluded to the question of joint contingency plans to deal with potential oil spills. Since there is a difference of view between the Canadian and United States Governments as to the nature and magnitude of oil tanker movements that should be permitted in the future in the inner waters on the West Coast, there does not exist at this time any agreed and workable basis for the establishment of a joint contingency plan in that area. The Canadian Government would, however, be prepared to exchange technical information as the first step in examining the situation on the Atlantic Coast.

In the June 29 discussion, in the context of the expressed Canadian opposition to the proposed tanker movements in the inner coastal waters, the United States side enquired about alternative sources of oil supply for the States in the Pacific northwest. In order to explore this aspect of the question the competent Canadian authorities would be prepared to discuss the technical and other factors which might affect the continuing contribution to the oil needs of the region from Canadian sources.