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, this 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, these 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 90,000,000 tons. The ore requirements of the consuming mills will be at least 100,000,000 tons and probably more in the very near future. So you see that what is in prospect is an increase of something like $200,000,000 a year in the cost of raw material for the steel mills, and an even greater increase in the price of the final steel products.

This prospect would be completely changed by the Seaway. If it existed today, it would enable Labrador ore to compete at present ore prices in virtually all of the Great Lakes districts. The ore occurs as outcroppings or with very light overburden over vast areas, and production could be expanded at low cost to meet any likely level of annual demand.

In these circumstances, that figure of $200,000,000 a year is just one of the costs of <u>not</u> completing the Seaway. It is a cost that would have to be met by the ultimate consumers of iron and steel, that is to say by all citizens in both our countries. In just a few years it would outweigh the whole cost of the St. Lawrence project -- power works, navigation facilities, everything.

Another Seaway benefit would be the savings in the costs of transporting grain, coal and other commodities that now are carried in large and economic lake vessels for only part of their journey. As it is they must trans-ship either