

exercise its option to build Libby Dam, the Treaty provides that Canada has the immediate right to make a major diversion from the Kootenay River into the Columbia River that would send approximately 90 per cent of the flow down that course. There are also provisions for major diversions at the end of 60 and 80 years even if the United States has built the Libby Dam. The permanent rights of Canada to the free use of the waters of the Kootenay River are thus protected.

I might emphasize at this point that the position of the Boundary Waters Treaty of 1909 has been kept very much in mind in recent negotiations. The applicability of that Treaty to the Columbia has been preserved to the fullest extent consistent with the great and beneficial developments envisaged in this new Treaty and our rights under the Boundary Waters Treaty have been completely protected against the time when the new Treaty may approach an end. The application of the Boundary Waters Treaty to other waters along the international boundary will, of course, be unaffected by the Columbia River Treaty.

The outline I have given of the main features of the construction projects and returns to Canada under the Columbia River Treaty has, of necessity, been brief and general. A study of its terms and of the tables I have submitted will fill in much of the detail. There is one further matter, however, on which it might be useful for me to provide some information that will help in an evaluation of the proposed development.

I mentioned that the principle of sharing downstream benefits is basic to the Treaty. I also mentioned that while, in the initial phase, the main power advantage to Canada will be in downstream benefits returned by the United States, there will be a steady shift in later years to power produced in Canada. Of the three Canadian storages, those in the Arrow Lakes and near Duncan Lake will provide the major returns in the early years, because their value is largely for downstream benefits. The great dam near Mica Creek will produce its largest advantages in the later phase because it makes possible very great power production in Canada. The costs of the Arrow Lakes and Duncan Lake storages are so low in relation to the power return they secure that they can, in effect, go a great distance toward easing the burden of the Mica costs in the early years before its full benefits come in. Similarly our returns from the Libby Dam, if it is built, will come at a very small cost. I have a table (Table 6) that shows the large accumulations of revenue that can be made in the early years from the sales of power deriving from the Arrow Lakes and Duncan Lake storages and downstream from Libby in Canada. These figures are all on the basis that the power is sold at the 4 mill figure I have referred to. The other assumptions are shown and all are, I believe, conservative.

This table shows that, on the basis I have mentioned, the dams at Arrow Lakes and Duncan Lake as well as the new transmission to return the downstream power, together with the new facilities on the lower Kootenay, can be fully paid for in accumulated revenues by about 1983. The interest on the earned revenues