

prise approximately one-third of the entire pipeline for the initial purpose of transporting some one billion cubic feet a day of surplus Canadian gas to U.S. markets in the mid-west and western states.

In Canada, the building of the western leg is virtually completed. Construction of the connecting links in the United States is well under way, although I gather it has been set back somewhat by the early onslaught of spring thaws and resulting seas of mud. Within the next several weeks, construction of the 1,200 miles of pipeline making up the first stage of the eastern leg in both countries is due to get under way, with completion scheduled for the fall of 1982.

**Events pre-authorization**

As many of you here today will be aware, the decision by the Canadian government last July to authorize this first-stage construction of the Alaska Highway Gas Pipeline was a matter of some controversy in our country. Since Canada's basic interest lay in the completion of the entire system from Prudhoe Bay to the lower 48 states, in keeping with the bilateral agreement between the two governments of September 1977, it was contended in some quarters that no part of the system should be allowed to commence in Canada until unequivocal assurance was forthcoming that the whole project would be completed expeditiously.

Indeed, the Canadian government itself needed to be satisfied that construction of the whole system would proceed on a timely basis and in the end what was at issue was the degree of assurances from the United States that would be reasonable in all the circumstances.

In weighing the issue, the government of Canada took account of four factors. The first was the agreement of the previous month between the Alaska pipeline sponsor and the Prudhoe Bay producers to share expenditures of some \$500 million or more to complete final design and engineering of both the pipeline and gas conditioning plant in Alaska, together with their undertaking to join forces in developing a workable plan for financing construction of the system in that state.

The second factor was the joint resolution approved unanimously by the Senate and House of Representatives in late June and early July. The key section of that resolution stated "that it is the consensus of Congress that the (Alaska Natural Gas Transportation) System remains an essential part of securing this nation's energy future and, as such, enjoys the highest level of Congressional support for its expeditious construction and completion by the end of 1985".

The third factor was a letter from President Carter to Prime Minister Trudeau on July 17. In that letter, President Carter said, and I quote his words, "I am able to state with confidence that the U.S. government now is satisfied that the entire (Alaska Natural Gas Transportation) System will be completed." The President went on to say that "the United States' energy requirements and the current unacceptable level of dependence on oil imports require that the project be completed without delay".

Finally, the Canadian government took account of the fact that not only would

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