



Alberta Sugar Beet Growers

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August 9, 2004

R.Hon. Herb Gray, P.C., Q.C. ✓ noted
and the Hon. Dennis L. Shornack ↙
International Joint Commission
234 Laurier Avenue West, 22nd Floor
Ottawa, Ontario
K1P 6K6

IJC / CMI OTTAWA
ACTION: <i>T. McAuley</i>
INFO: <i>Chair letter to me / NH / MV / A. Bourget.</i>
AVG 19 2004 <i>US Section</i>
FILE / DOSSIER
<i>3-4-9 (9)</i>

Dear Messrs. Gray and Shornack:

On behalf of our Board of Directors, we extend our appreciation to the panelists and staff of the International Joint Commission for organizing the meetings on July 29th, 2004. We were represented that day by Mr. Arie Korevaar, Director for the Taber West Area.

The hearings on the 1921 Order of the IJC are of the greatest importance to southern Alberta sugar beet farmers. The diversion of water from the St. Mary River for irrigation of sugar beet is the foundation of this industry from the earliest production in the 20th century and continues as the cornerstone for the sugar beet factory and roughly half of sugar beet production today. In our fully allocated situation in the St. Mary's Irrigation Projects, any reduction in Canada's share of water would cause a decrease in the value of our investments in sugar beet and create doubt about the industry's viability.

Unforeseen environmental, social, and economic events have occurred on almost an annual basis since the Order was established. While we often speak of an average or normal year in irrigation farming, one rarely if ever lives through such a season.

To manage the never ending tide of change, sugar beet farmers have made a large and continuous investment in upgrading the irrigation infrastructure on their farms and in the irrigation districts which provide the delivery system to the farm gate. The irrigation districts, Alberta government, and the Government of Canada also have invested continually or from time to time in infrastructure to better use this precious resource.

The United States and its individual states have a tremendous capacity to better use water resources than at present. The July/August 2004 edition of *The Sugar Producer Magazine* hi-lights the wealth and fiscal capacity of America and individual states versus neighbours and competitors in a study just completed for a recent conference of city mayors.

The point of the article and editorial was to compare the size of national and regional economies among the countries of the Central American Free Trade Agreement, plus the Dominican Republic (CAFTA + DR). Several other GDP comparisons were also included.

Interestingly among the comparisons, United States GDP is 14.25 times larger than Canada's. The State of Montana GDP is larger than any of the individual countries within CAFTA + DR.

At US \$23 billion, Montana's economy is slightly larger than that of the Dominican Republic at \$20 billion or Guatemala at \$19 billion. The Costa Rican GDP of \$16 billion and El Salvador economy of \$13 billion are all much smaller than that of Montana. Panama at \$7 billion and Honduras at \$6 billion GDP respectively are both about a third of the size of Montana's economy.

Billings, Montana and region has a GDP of US \$4 billion, significantly larger than that of Nicaragua coming in at \$3 billion.

The population of CAFTA + DR is 44.6 million people. Montana's population is 918,000.

The point of this recitation of statistics is to impress upon the IJC the importance of the article attached to our submission by Paul Azevedo of the Montana Department of Natural Resources and Conservation.

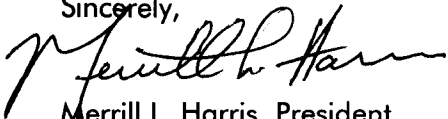
"The U.S. Bureau of Reclamation's...St. Mary Facilities of the Milk River Project are in urgent need of rehabilitation. This system...has been in operation for over 85 years with only minor repairs and improvements since its original construction....The capacity of the system has dropped from a design capacity of 850 cubic feet per second...to approximately 670...."¹

In a great nation like the US and a big sky state such as Montana, with all the fiscal advantages and ingenuity that both possess, over a period of 86 years now it should have been possible to find the \$90 million required to bring the St. Mary Facilities up to specification and to have made additional investments to more efficiently use the water allocated to America in the 1921 Order.

The situation would be nowhere as serious as it is had the system been kept up and improved.

Southern Alberta sugar beet farmers and their federal and provincial governments have made a huge investment in adding value to the share of the St. Mary River flow allotted to Canada. The value of this investment should not be diminished by varying the Order.

Sincerely,



Merrill L. Harris, President
Alberta Sugar Beet Growers

¹Paul Azevedo, *The Need to Rehabilitate the St. Mary Facilities*, 2003, p. 1.