

# TAR SANDS FACTS



## The Keystone XL tar sands pipeline will hurt not help job creation in America

Proponents of the proposed Keystone XL tar sands pipeline are engaged in a major disinformation campaign in a desperate attempt to win approval for the 2000-mile pipeline through America's heartlands.

And their baseless claims that the project would create 20,000 jobs or more is nothing short of a cruel hoax.

In fact, the pipeline will not be a play any substantial role in putting Americans back to work.

Here's the truth. The pipeline proponent TransCanada has stated publicly that only a few hundred permanent jobs will result from the pipeline—a tiny fraction of the clean energy jobs that are being created across the nation.

Moreover, according to the State Department, which is reviewing TransCanada's construction application, only a paltry 20 permanent jobs will result from the pipeline.<sup>1</sup> And the several thousand temporary construction jobs that the State Department said would be created are a far-cry from the tens of thousands of jobs claimed by pipeline proponents.

Also lost in the debate: the pipeline, if built, would further America's addiction to oil, which continues to imperil our economy by slowing the country's progress toward clean energy jobs that will fuel our economic recovery.



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### **THE KEYSTONE XL TAR SANDS PIPELINE IS A JOB KILLER**

Keystone XL will likely cost the American economy more than we can afford to spend. Pipeline oil spills cost jobs and there is a significant likelihood that Keystone XL will experience significant oil spills. According to the University of Nebraska, it is expected there will be 91 major spills over the 50-year lifetime of the pipeline.<sup>2</sup> TransCanada has experienced major problems with its first Keystone pipeline which has already leaked 14 times in its first year of operation just in the U.S. sections.<sup>3</sup>

Clean-up operations and pipeline spills divert public and private funds away from productive economic activity. In 2010, the largest tar sands spill in U.S. history devastated the Kalamazoo River with 170,000 barrels of tar sands oil and a price tag of over \$700 million.<sup>4</sup> A worst-case spill from Keystone XL would cause widespread groundwater and river contamination in America's agricultural breadbasket.

### **KEYSTONE XL IS AN EXPORT PIPELINE**

Rather than creating jobs, Keystone XL is first and foremost an export pipeline. The oil industry is intensely focused on this pipeline because it will enable them to transport tar sands from Canada through the United States to the Gulf Coast where it can be exported overseas.<sup>22</sup> The top beneficiary of oil from Keystone XL, Valero, has a documented export strategy which it will accomplish tax free due to its ability to operate in a "Foreign Trade Zone" in Port Arthur, Texas. In fact, three of Keystone XL's shippers (Motiva, Total and Valero) operate refineries in a "Foreign Trade Zone" exempting them from customs duties on imports and exports.<sup>23</sup> The oil industry needs this deepwater port since the Canadian people have not yet allowed a major tar sands oil pipeline to be built to their west or east coasts—in fact the two pipeline proposals currently under consideration to the Canadian coasts are being held up by public concerns similar to those around Keystone XL in the United States.

### **KEYSTONE XL WILL INCREASE OIL PRICES**

According to TransCanada, the Keystone XL pipeline will increase the price of oil in the Midwest. This pipeline would divert tar sands oil from the Midwest to the Gulf Coast, reducing a current glut of tar sands oil in the Midwest so that oil companies can get higher prices for tar sands oil. This will increase the revenues of oil companies by \$2 to nearly \$4 billion annually.<sup>7</sup> A rise in oil prices brought about by building Keystone XL will have negative economic ramifications including potential job losses.

### **KEYSTONE XL WILL ONLY CREATE "A FEW HUNDRED" PERMANENT JOBS**

TransCanada has claimed the creation of tens of thousands of jobs but in a November 2011 interview acknowledged that the number of permanent jobs would number in the "hundreds."<sup>8</sup> The State Department estimates the number of permanent jobs even lower, stating that the pipeline will only create 20 permanent jobs.<sup>9</sup>

### **TEMPORARY CONSTRUCTION JOBS CREATED ARE ONLY A FRACTION OF WHAT IS CLAIMED**

The construction of the pipeline would create thousands of temporary jobs but far less than what has been claimed by the pipeline company or the oil industry. TransCanada's original application for the pipeline permit acknowledged the pipeline would create 3,500-4,200 temporary construction jobs.<sup>10</sup> This is far less than the 20,000+ jobs that TransCanada has claimed the pipeline would create.<sup>11</sup> The State Department itself has acknowledged that "a construction work force would consist of approximately 5,000 to 6,000" temporary jobs.<sup>12</sup>



### The Real Numbers behind Keystone XL Jobs

**DISCREDITED**

**20,000**

The number of jobs TransCanada claims will be created.

TransCanada also claims the pipeline will create an additional 118,000 “spin off” jobs.

**5,000-6,000**

The number of **temporary construction jobs** likely to be created according to the State Department over two years.

The State Department has also said only 20 permanent jobs would be created by the pipeline.

Source: TransCanada. “TransCanada to Work with Department of State on New Keystone XL Route Options,” November 10, 2011. <http://www.transcanada.com/5893.html>; US State Department. Final Environmental Impact Statement, Socioeconomics, Section 3.10-80 and 3.13.11-3.13.14. August 26, 2011.

### INDUSTRY ESTIMATIONS OF “INDIRECT” JOBS ARE FAR-FETCHED

The industry’s claim that the Keystone XL pipeline will create a total of 119,000 direct, indirect and induced jobs is not based on fact. These claims have been made based on a highly flawed and poorly documented study that TransCanada paid the Perryman Group to undertake. This study used an undisclosed methodology and projects the pipeline would create jobs for dancers, choreographers and speech therapists along the pipeline’s rural route.<sup>13</sup> The University of Cornell Global Labor Institute called the Perryman study “unsubstantiated and misleading” and identified several flaws that led to inflated job numbers:<sup>14</sup>

- The study assumes the pipeline project cost is \$7 billion which was used to calculate direct and indirect job creation . However, the cost of the U.S. portion of the project is between \$3-4 billion.<sup>15</sup>
- Evidence shows that almost half of the primary materials to make Keystone XL—steel pipe—will not be produced in the United States.<sup>16</sup> The Mumbai India based Welspun Corporation and a Russian company Evraz have both been contracted to manufacture steel pipe for Keystone XL. Sourcing pipe from outside the U.S. is consistent with TransCanada’s practice for Keystone Phase 1 which used imported steel pipe from Welspun.<sup>17</sup> Much of this pipeline for Keystone XL has already been manufactured and shipped to the United States where it has been stockpiled.<sup>18</sup>
- The Perryman group is claiming the creation of new jobs for a portion of the pipeline in Oklahoma and Kansas that has already been built. In other words, the jobs to build this section of pipeline have already occurred and are past.<sup>19</sup>



## CLEAN ENERGY IS THE BETTER ANSWER TO U.S. JOBS

According to the Brookings Institute, as of 2010, there were nearly a million people working in the clean energy sector in the United States.<sup>20</sup> Investments in petroleum based projects generate 1 out of every 4 jobs created with the same amount of investment into clean energy jobs.<sup>21</sup> The clean energy sector employs 227,000 people in the six states along the proposed route for Keystone XL, an increase of over 25,000 over the last three years.<sup>22</sup> Clean energy investments create about 16.7 jobs for every \$1 million in spending. Spending on fossil fuels, by contrast, generates just 5.3 jobs per \$1 million in spending.<sup>23</sup> A \$150 billion energy investment in the fossil fuel industry would create 788,567 jobs while that same investment would create 2,505,732 jobs from clean energy investments.<sup>24</sup>

The Green Chamber of Commerce and the Green Business Network representing more than 5,000 enterprises have said that Keystone XL will impede progress toward green and economic renewal.<sup>25</sup>



### Endnotes

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