

# Why the Keystone pipeline will be built.

☒ Last March the US State Department released a report on the proposed Keystone XL ('Keystone') pipeline between Alberta, Canada and Texas in the United States, finding no significant environmental effect without significant increases – if any – of greenhouse gas emissions. The pipeline project should be used to carry oil from western Canada to US refineries in the Gulf of Mexico. The southern portion, between Nebraska and the Gulf of Mexico has already been built. The Keystone XL pipeline would connect the southern portion of Canada. However, the project has been stalled due to environmentalist concerns, which have resonated with most Democrats and, most crucially, with President Obama. The Senate barely rejected the Keystone project in a vote this week, which saw 49 votes against and 51 in favor. That very close result was made possible as some Democrats decided to challenge their Party's orthodoxy, voting in favor of Keystone. The new Republican majority that will take over the Senate next January will likely vote in favor of Keystone, allowing President Obama and the Democrats to maintain the rejection, which their voters expect, even as the project will ultimately proceed.

The Keystone project has been delayed in the political duel of environment defending Democrats and pro-business and independent energy Republicans, each having to pander to their respective voters. Environmentalists have challenged the Pipeline because it would transport, primarily, oil from the 'dreaded' oil sands, whose extraction has produced higher emissions of greenhouse gases than conventional oils. The Republicans have been eager to approve the project, which according to them would create thousands of jobs. The facts are buried between the two positions. Yes, the diluted bitumen extracted from oil sands is just about the dirtiest type of

oil that can be imagined and the last frontier of oil extraction. Alberta is at the forefront of tar sands extraction technology because its reserves are immense, estimated to be the second largest oil reserves in the world, with a total of 174 billion barrels of oil over an area of 4 million hectares. The oil is soaked in sand that also contains all manner of dirt and many other minerals, which requires a separation method that requires huge amounts of water and produces large amounts of toxic waste. Large areas of Alberta, cleared to dig tar sands, are now dotted with man-made ponds where the waste products are stored. The Canadian government plans to double production to 1.8 million barrels per day (bpd) over the next decade and the pipeline would move 830,000 bpd. This makes sense so long as oil remains at USD 90/barrel or higher. Jeff Rubin, a former chief economist at CIBC World Markets in Toronto, said that "falling commodity prices mean that soon there might not be enough oil flowing out of Alberta to fill those new pipelines." The tar sands have therefore attracted controversy and opposition.

There are groups of citizens in areas affected by the route: farmers from Nebraska, where the pipeline threatens the Ogallala aquifer, and others from the region of Apalachi. There are the "Mothers for Peace" in New York. There are environmental groups, activists from 350.org (motion to limit emissions of greenhouse gases generated by human activity to global warming of the climate). Meanwhile, the Keystone XL pipeline is ready to be assembled and just waiting for the approval of the US federal government. Supporters of Keystone XL do not totally neglect the environmental risks. They justify their support by putting forward the anticipated economic benefits, especially in terms of jobs. At the same time claims that the Pipeline would create jobs are exaggerated. At best some 2,500 workers would be employed during the construction phase lasting two years while a far smaller number would be needed to run it. That said, all politicians, regardless of Party affiliation and ideological

environmental position, will be paying attention to the fact that the Keystone enjoys more support than opposition among the American public. They believe that the pipeline will strengthen energy security by reducing US dependence on oil from an unstable region such as the Middle East in favor a close and reliable ally, Canada.

The main problem for the Obama administration is that the opponents, while somewhat ideological in their opposition, are mostly young and Democrats: the two essential categories of voters who are key to the Democratic Party's electoral success. Now, that the Senate has just narrowly defeated the passing of the Pipeline ahead of what will surely be a favorable vote in 2015 when the Republicans take over the Senate, President Obama will not veto the law, satisfying a substantial majority of public opinion without alienating voters for the Democratic Party. He could find a balance by signing the bill into law, demanding higher environmental standards governing the production of electricity from coal, or extracting similar concessions to 'sweeten' the pill. Obama has fired the first round of heavy artillery; he unveiled Monday an outline of a bold plan to reduce greenhouse gas emissions in the United States at the G20, securing a similar effort from China. The U.S. ambassador in Ottawa promptly urged Canada to do the same. Nevertheless, while perceptions of energy independence will be cited by the most ardent Keystone supporters, this is still an insufficient reason for American policy makers to withdraw from the Middle East.

Oil is global. Any crisis in a major production region like the Middle East, or a threat to transport routes such as sea lanes (Strait of Hormuz, pirates in the Red Sea) affect the price of oil and, therefore, on the US economy as well internationally. Obama's new strategy is targeted towards "a low carbon future, with choices of alternative energy, with greater energy efficiency, and sustainable exploitation of our oil and gas". Obama's new climate change initiative plans to:

- Reduce 30% of carbon emissions from U.S. power plants by 2015 compared to 2005.
- Encourage more insistently other countries to take action in the fight against climate change in the context of negotiations on a new international treaty must resume next year.

This is much easier said than done of course. As much as Obama wants to lecture Canadians about CO<sub>2</sub> emissions, there is a huge gap between the USA and Canada. Americans consume a lot of coal, much more than Canada and coal is the most polluting energy source; it accounts for close to 40% of all electricity generation in the United States. In Canada coal only supplies 8% of energy. Environmentalists, however, say that the U.S. is currently on track to achieve their goal of reducing emissions by 2020 (even if these will still not be as low as those in Canada), accusing Canada of not working toward achieving its planned greenhouse gas emissions, especially as far as the sands in Alberta are concerned.