



EMPLOYMENT FACTS: THE KEYSTONE XL PIPELINE



Path of the Keystone Pipeline and Expansion

ABOUT THE KEYSTONE XL PIPELINE

Under the forest in northern Alberta, Canada lie the world's largest deposits of so-called "tar sands," sand mixed with thick, tar-like oil. To produce one barrel of heavy crude oil from tar sands requires strip mining the forest, extracting four tons of earth, contaminating two to four barrels of fresh water, burning large amounts of natural gas, and creating vast holding ponds of toxic sludge. Production of this oil is increasing and a growing amount of it is already being shipped to the US.

The Keystone XL will be a 36-inch crude oil pipeline stretching nearly 2,000 miles from Hardisty, Alberta through Saskatchewan, Montana, South Dakota, Nebraska, Kansas, and Oklahoma to terminals at Nederland, Texas on the Gulf of Mexico. Tar sands oil heats to more than 150 degrees as it is pumped through at high pressure. It is designed to carry more than 800,000 barrels of crude oil extracted from tar sands to refineries in the US each day.

Oil industry corporations, The American Petroleum Institute, many politicians, and a few unions are urging the State Department to approve the Keystone XL pipeline, and the Obama Administration has indicated it will make a decision before the end of the year. Those supporting the approval have framed Keystone XL as an economic game changer, a source of 20,000 direct jobs and 108,000 indirect jobs.

But how reliable are these job figures?

WHO IS MAKING THE 20,000 JOBS CLAIM?

TransCanada Corporation

"Keystone has many benefits, including 20,000 high paying jobs for American families, and the economic benefits of an initial Canadian \$20 billion for the US economy."¹

"In addition to energy security, our project will also create valuable jobs for Americans. Twenty-thousand high-paying jobs and 118,000 person years of employment in spinoff jobs in communities along the pipeline route. Keystone is expected to inject \$20 billion into the U.S. economy..."²

The Politicians

"We're going to create 20,000 American jobs at a time when unemployment remains high..."³

"Keystone XL would spur more than \$20 billion in new private sector spending for the US

economy, create at least 20,000 high-quality jobs during the pipeline's construction phase, generate \$6.5bn in new personal income for US workers..."⁴

Some Unions

"It is projected that 20,000 high-wage manufacturing and construction jobs, including approximately 1,500 Teamster jobs, and 118,000 indirect jobs, will be created as a result."⁵

"Approving the Keystone XL Pipeline project will ignite segments of our ever weak economy. An independent review of the Keystone XL's potential economic impact finds that during the construction period the pipeline will stimulate \$20 billion in new spending for the U.S. economy, spur the creation of 118,000 jobs and generate more than \$585 million in state and local taxes for the states along the pipeline route."⁶

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1. CEO Russ Girling., <http://www.transcanada.com/5852.html>
2. TransCanada Pipelines President Alex Pourbaix at the March Congressional hearing.
3. Rep. Steve Scalise (R-LA) at the March Congressional hearing.
4. March 16, 2011 letter to Sec of State Clinton from 11 Republican and 3 Democratic Senators (Barrasso, Begich, Blunt, Moran, Hoeven, Johnson, Cronyn, Murkowski, Roberts, Enzi, Hutchinson, Baucus, Landrieu, Hatch)
5. Teamsters, in a message urging members to urge elected officials to support Keystone XL, <https://secure3.convio.net/ibt/site/Advocacy?cmd=display&page=UserAction&id=531>
6. Presidents of Four Pro-pipeline unions in a letter to e Secretary of State Clinton
7. The Perryman Group, "The Impact of Developing the Keystone XL Pipeline Project on Business Activity in the US: An Analysis Including State-by-State Construction Effects and an Assessment of the Potential Benefits of a More Stable Source of Domestic Supply," June 2010, http://www.transcanada.com/docs/Key_Projects/TransCanada_US_Report_06-10-10.pdf

THE SOURCE OF THE JOB NUMBERS FOR KEYSTONE XL—THE PERRYMAN GROUP

The basis for the 20,000 job figure is not made clear by the American Petroleum Institute or other leading supporters of Keystone XL. However, the “118,000 indirect jobs” claim is based on a study conducted by The Perryman Group on the employment and broader economic impacts of the project.⁷ These numbers (20,000 and 118,000) have often been cited together in statements and press releases in order to gain support for the project. The Perryman study offers no figure for the direct jobs that might be created by Keystone XL, but it does claim that the project will generate “118,935 person-years” of employment. A “person year” of employment is not equivalent to an individual job in the real world, despite the obvious inference that it is. Perryman also claims that the project will, over time, lead to 250,000 - 450,000 jobs. These numbers are also cited on a frequent basis.

Trained researchers would recognize major methodological flaws in the report, making its job estimates unreliable and therefore unsuitable for serious public debate.

The State Department's own study puts the job estimates at less than a third of the Perryman study.⁸ The project has minimal job creation potential, but maximum potential in terms of the environmental damage it could cause (see below).

◆ The Perryman report does not provide details about the data it uses, except that these data came from TransCanada.

◆ The Perryman model—named USMIRAS—is opaque. It does not allow for independent validation of the findings because details are not provided about the inputs or how the outputs are arrived at.

◆ The Perryman report uses an unusually long time frame—100 years—to make the employment and economic impacts of the project look more impressive. Perryman combines the results over all years of construction and operation for 100 years.

◆ The Perryman report claims that the impact of the Canadian oil supplies over the lifetime of KXL will be a huge boon to the US economy, worth from \$100bn to \$220bn and 250,000 to 550,000 jobs. This claim is also based on a 100-year time frame and assumes that Canadian oil supplies will generate completely new economic activity. In contrast, the State Department assumes that the tar sands oil transported by the pipeline will replace dwindling and/or less reliable heavy crude supplies from other countries.

THE STATE DEPARTMENT SAYS KEYSTONE WILL BRING NO MORE THAN 6,000 DIRECT JOBS OVER THREE YEARS, MOST OF THEM NON-LOCAL AND TEMPORARY

◆ **These are not all new jobs.**

They include existing Keystone and contractor employees.

◆ **Few local jobs.** Only 10 - 15% of the total workforce would be hired locally. In Phase 1 of the Keystone pipeline, completed last year, only 11% of the construction and inspection workforce in South Dakota was hired locally.⁹

Job Creation Estimates in the Three-Year Construction Phase

TRANSCANADA/AMERICAN PETROLEUM INSTITUTE

20,000

DEPARTMENT OF STATE

5,000 - 6,000

8. EPA Final Environmental Impact Statement, 3:10-57, <http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf?Open>

9. TransCanada Keystone Pipeline, LP's Objections and Responses to Dakota Rural Action's Set of Interrogatories and Request for Documents (Case Number: HPO9-001)

10. Alberta Federation of Labor, Lost Down the Pipeline <http://www.afl.org/index.php/View-document/116-Lost-Down-the-Pipeline-April-2009.html>

11. <http://www.epa.gov/compliance/nepa/keystone-xl-project-epa-comment-letter-20110125.pdf>

12. Letter to President Obama, August 30, 2011

THE KEYSTONE XL PIPELINE MAY KILL MORE JOBS THAN IT CREATES

TransCanada and The Perryman Group's job estimates do not consider the jobs that might be destroyed as a result of the pipeline and the expanded use of Tar Sands oil.

FUEL PRICES are expected to rise in 15 midwest states, as a result of the pipeline. TransCanada's own consultant testified to the Canadian National Energy Board that part of the purpose of the pipeline is to raise the price of heavy crude oil in the midwest.

SPILLS: Phase 1 of the Keystone has spilled fourteen times in its first year of operation. Contamination of rivers, drinking water sources and the Ogallala Aquifer in the region threaten the jobs and livelihoods of farmers, ranchers and those working in tourism.

REFINING JOBS IN CANADA: Keystone XL will end plans to build 'upgraders' in Alberta that were expected to generate 22,000 construction and refinery jobs and arrest Tar Sands development. Refining capacity in Texas has recently been expanded to accommodate Tar Sands oil—most of those jobs are now gone from the U.S. economy.¹⁰

HEALTH: Keystone XL will raise emissions and reduce air quality in both Canada and the U.S. Treating respiratory and other illnesses incurs economic costs and therefore kills jobs.

Environment Protection Agency Calls State Department Analysis Insufficient

“We have a number of concerns regarding the potential environmental impacts of the proposed Project, as well as the level of analysis and information provided concerning those impacts. Our concerns include the potential impacts to groundwater resources from spills, as well as effects on emission levels at refineries in the Gulf Coast. In addition, we are concerned about levels of GHG emissions associated with the proposed Project, and whether appropriate mitigation measures to reduce these emissions are being considered.”¹¹

Nebraska Governor Dave Heineman Fears Water Contamination from Keystone XL spills

“Maintaining Nebraska's water supply is very important to me and the residents of Nebraska. This resource is the lifeblood of Nebraska's agriculture industry. I am concerned that the proposed pipeline will have potentially detrimental effects on this valuable natural resource and Nebraska's economy.”¹²

THE U.S. NEEDS A REAL JOBS PROGRAM; KEYSTONE XL IS NOT IT

The idea that Keystone XL is a “game changer” in terms of generating jobs and stimulating economic growth is a massive overstatement. The U.S. economy would need to generate 450,000 jobs a month between now and 2015 to bring unemployment back to pre-recession levels—more than four times the present monthly job creation figures. However, building the Keystone XL pipeline represents a serious and long term commitment (valued at \$14 billion) on the part of the U.S. to dirty fossil fuels—a commitment that will have a chilling effect on economic activity based on clean and renewable energy.