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## Media Backgrounder: New Environmental Review for Keystone XL Tar Sands Pipeline

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On November 10, 2011, the State Department announced that it will undertake a new environmental review of the proposed Keystone XL tar sands pipeline. This review is to be undertaken in response to the legitimate concerns raised about impacts to the Nebraska Sandhills from the proposed pipeline route. The review will also include other environmental concerns including climate change. The review is expected to take until early 2013 and has been endorsed by President Obama. On November 14, TransCanada gave into demands from Nebraska and agreed to look at rerouting options to avoid the Nebraska Sandhills. This Nebraska environmental review will feed into the federal process which will still proceed to determine if the Keystone XL tar sands pipeline is in the U.S. national interest.

What this means for the U.S.

1. The Administration made the right choice to carry out this new review. A critical part of the environmental review process and of the national interest determination process for international pipeline projects is to listen to the concerns of the American people and make sure they are taken into account.
2. The decision is based on public concerns. People from all walks of life across the United States have called for more information in the review of this pipeline – on alternate routes, on climate change and on other environmental concerns. The Executive Order 13337 that sets up permits for international pipelines requires that a need to review additional information halts the national interest determination process until that information is collected.
3. A new review comes in answer to the many concerns about threats to people, farms, rivers and aquifers along the pipeline path. Nebraskans, Montanans, South Dakotans, Texans and people all along the proposed Keystone XL tar sands pipeline route have been raising concerns about how an oil spill would hurt their farms, families and water. The State Department held public meetings in every state along the pipeline route and this new review is in direct response to the concerns raised at those meetings.
4. The proposed Keystone XL pipeline will not help with long-term jobs, will not replace Middle East oil and is not good for pocketbooks. According to the Cornell Global Labor Institute, the construction of Keystone XL will create far fewer jobs in the United States than its proponents have claimed and may actually destroy more jobs than it generates. Statements by Gulf Coast refiners



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such as Valero indicate that much of the Keystone XL tar sands oil may be turned into diesel and exported. Moreover, for the next decade this pipeline would mostly move tar sands from the U.S. Midwest, relieving the current glut in that region and causing oil prices to rise there.

5. The proposed Keystone XL pipeline would take America backwards on fighting climate change even as climate change threatens the economic well-being of Americans. Americans are feeling the impacts of climate change every day in droughts, wildfires, floods and violent storms. It hurts homes and communities and has cost the United States billions of dollars just this year according to insurer Munich Re.

#### What this means for Canada

1. There needs to be a credible strategy to deal with the controversy over tar sands development. Independent scientists, the Royal Society of Canada and the federal Commissioner for Environment and Sustainable development have all raised concerns about the lack of oversight and inadequate regulatory framework for tar sands development. The federal government has not put a limit on greenhouse gas pollution from the tar sands despite repeated promises to do so, nor are there limits on the amount of water and air pollution and habitat destruction.
2. Citizens in other countries are urging governments to reduce oil dependence and tackle global warming, and some governments are responding. The U.S. Keystone XL decision, Europe's proposed Fuel Quality Directive and the new carbon tax in Australia are all an outcome of the public showing concern about climate change, and urging their governments to adopt policies and measures to address it. This makes it a very risky strategy for the tar sands industry and Canadian government to plan to expand tar sands production while failing to invest in the transition beyond oil to renewable energy sources. Canada risks getting left pushing a product that our trading partners are moving away from.
3. Access to alternative markets for tar sands oil, like Asia, will face significant opposition. Enbridge's proposed Northern Gateway tar sands pipeline, touted as the alternative to Keystone XL, is opposed by dozens of First Nations along the proposed route, and these First Nations have strong legal rights. The public campaign against Northern Gateway is growing with opposition from throughout British Columbia, Canada and the United States. More than 4,000 people have registered to speak at the environmental review hearings for the proposed pipeline, showing more public interest than in any previous energy project. Public concern about other tar sands pipeline proposals – Enbridge's Trailbreaker project and Kinder Morgan's TransMountain Expansion – is also building.
4. The economic impact of tar sands development is not black and white. The Communications, Energy and Paperworker's Union has raised concerns about the impact that Keystone XL would have on exporting jobs to the U.S. The Alberta Federation of Labour is worried about a labour shortage in northern Alberta as a



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result of tar sands expansion, meanwhile industries in Ontario and Quebec are being hit with job losses as a result of Dutch disease from increased oil exports. Furthermore, Canadian taxpayers subsidize the oil and gas industry by \$1.4 billion each year, while the federal government has gotten rid of programs to support the development of renewable energy. Continued tar sands expansion risks overheating some job markets and hurting others, and missing out on job creation in the emerging clean energy sector.

Next steps:

Ultimately, the proposed Keystone XL pipeline is not in America's national interest and should be rejected. Not only is there no rush to build this pipeline given the current excess pipeline capacity in the United States, but as U.S. demand for oil goes down with new fuel efficiency standards and other clean energy measures, the Keystone XL is clearly a pipeline that profits oil companies at the expense of the American people.

*Senator Patrick Leahy (D-VT): "This pollution-ridden project and its path through our country should not go forward at all. The environmental harm and risks that are inseparable from this project far outweigh any benefits, and I hope the Administration will pull the plug on an inherently bad idea."*

And for Canada, this decision should spur a reframing of national energy policy away from a single-minded drive to expand tar sands production to a credible plan to transition to clean energy.

*Archbishop Desmond Tutu and 7 other Nobel Peace Laureates: "As you know, further exploitation of the tar sands will dramatically increase the amount of greenhouse gas emissions being produced in North America. It will also ultimately make turning the clock back on climate change impossible. But you have a choice. You can use the powers that you have to halt the expansion of the tar sands and put Canada on course to do its fair share to address climate change. This decision requires some tough choices, but in the long run—and for the sake of all future citizens who do not have a say in the decisions we make today—it is the right thing to do."*