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Keystone a Key Ingredient Missing from Obama's Economic Recovery Recipe

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President Obama's State of the Union address laid out his long-term economic recovery plans, which he claims will "work for everyone, not just a wealthy few." That is, unless it is the pipeline construction business. President Obama's politically intoned decision to reject TransCanada's permit application to construct a 1,700-mile pipeline from Alberta, Canada, to Texas refineries last week sent a clear message that special-interest demands are more important than more energy and much-needed job creation.

Despite the Department of State's (DOS) finding that Keystone XL would pose no significant environmental threat, environmental activists' relentless opposition persuaded President Obama to deny the permit application.¹ Congress should recognize the findings in the DOS Final Environmental Impact Statement and authorize the application submitted by TransCanada on September 19, 2008.

Broad Support for Jobs, Energy, and Economic Growth. Although President Obama is catering to a narrow group of special interests, broad support exists for construction of the pipeline. The most glaringly obvious is the labor unions that stand to benefit from the jobs that would be created.² Nor is this a partisan project. On October 19, 2011, 22 House Democrats sent a letter to President Obama pleading that "America needs the Keystone XL Pipeline. It is in our national interest to have a Presidential Permit issued for Keystone XL as soon

as possible."³ Understanding the economic implications, Senators Max Baucus (D-MT), Jon Tester (D-MT), Joe Manchin (D-WV), Ben Nelson (D-NE), Mark Begich (D-AK), and Mary Landrieu (D-LA) have all expressed support for the pipeline.⁴

The President's own jobs council underscored the need for not only more oil, natural gas, and coal but also energy infrastructure projects:

Continuing to deliver inexpensive and reliable energy is going to require the United States to optimize all of its natural resources and construct pathways (pipelines, transmission and distribution) to deliver electricity and fuel. The Council recognizes the important safety and environmental concerns surrounding these types of projects, but now more than ever, the jobs and economic and energy security benefits of these energy projects require us to tackle the issues head-on and to expeditiously, though cautiously, move forward on projects that can support hundreds of thousands of jobs.⁵

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The President's "Forced" Decision. President Obama initially delayed the decision until after the 2012 elections because he claimed that additional environmental review from the DOS was necessary. The payroll tax holiday legislation signed at the end of 2011 moved that decision deadline up to February 21.

The President rejected the permit, claiming, "This announcement is not a judgment on the merits of the pipeline, but the arbitrary nature of a deadline that prevented the State Department from gathering the information necessary to approve the project and protect the American people."⁶

The reality is that DOS has already conducted a thorough, three-year environmental review with multiple comment periods. DOS studied and addressed risk to soil, wetlands, water resources, vegetation, fish, wildlife, and endangered species. They concluded that construction of the pipeline would pose minimal environmental risk.⁷ Keystone XL also met 57 specific pipeline safety standard requirements created by DOS and the Pipeline and Hazardous Materials Safety Administration

(PHMSA). Furthermore, the pipeline would be equipped with 16,000 sensors connected to a satellite that would monitor the pressure of the pipeline.

Much of the concern of environmentalists and Nebraska residents has focused on the original route of the pipeline, particularly the area where the pipeline would cross the Ogallala Aquifer and the state's Sand Hills region. Nebraska already has miles of natural gas, crude, refined products, and petrochemical pipelines crossing the state's purportedly sensitive Ogallala Aquifer, specifically including pipelines in the Sand Hills region.⁸ DOS also concluded that oil contamination of drinking water would not be likely in many instances because the soil composition prevents or mitigates the downward migration of oil.

With respect to the Sand Hills region, experts from the University of Nebraska, the State Resource Conservationist, the National Resources Conservation Service, and the Nebraska Department of Roads all provided valuable information to the DOS on how to properly maintain the area. DOS studied a number of alternative routes to minimize or com-

1. Nicolas Loris, "Obama's 'Forced' Keystone Decision Rejects Jobs, Energy, and Logic," The Foundry, January 18, 2012, at <http://blog.heritage.org/2012/01/18/obama%e2%80%99s-forced-keystone-decision-rejects-jobs-energy-and-logic/>; Nicolas Loris, "Does the DOS Environmental Impact Statement Dismantle Obama's Reason for Rejecting Keystone?," The Foundry, January 20, 2012, at <http://blog.heritage.org/2012/01/20/does-the-dos-environmental-impact-statement-dismantle-obama%e2%80%99s-reason-for-rejecting-keystone/>.
2. TransCanada entered into a Project Labor Agreement for a significant portion of the pipeline with the Laborers International Union of North America, International Brotherhood of Teamsters, United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO, International Union of Operating Engineers, and Pipeline Contractors Association.
3. Representative Gene Green (D-TX) *et al.*, letter to President Obama, October 19, 2011, at http://www.transcanada.com/docs/Key_Projects/democratic_support_keystone.pdf (January 23, 2012).
4. The Leader Board, "Pipeline: 'Everyone's for It,'" December 12, 2011, at <http://republican.senate.gov/public/index.cfm/2011/12/pipeline-everyone-s-for-it> (January 23, 2012).
5. President's Council on Jobs and Competitiveness, *Road Map to Renewal*, at http://files.jobs-council.com/files/2012/01/JobCouncil_2011YearEndReportWeb.pdf (January 25, 2012).
6. The White House, Office of the Press Secretary, "Statement by the President on the Keystone XL Pipeline," January 18, 2012, at <http://www.whitehouse.gov/the-press-office/2012/01/18/statement-president-keystone-xl-pipeline> (January 25, 2012).
7. U.S. Department of State, "Final Environmental Impact Statement for the Proposed Keystone XL Project," Executive Summary, August 26, 2011, at http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/03_KXL_FEIS_Executive_Summary.pdf?OpenFileResource (January 23, 2012).
8. Nebraska Keystone XL Pipeline, "Ogallala Aquifer and Existing Pipeline Map," at http://www.keystonexlnebraska.com/resources/2011/09/Ogallala_Aquifer_Map.pdf (January 23, 2012).

pletely avoid the pipeline crossing over Sand Hills.⁹ The department worked with the Bureau of Land Management and state agencies where the pipeline passes through and made more than 340 minor realignments to the entire pipeline route.

Time for Congress to Step Up. A simple, effective approach to commence construction immediately would be for Congress to authorize the pipeline application as submitted by TransCanada pursuant to its authority to regulate commerce with other nations. TransCanada and Nebraska's Department of Environmental Quality are already working

on a reroute to satisfy landowners and state officials in Nebraska.

Since there is no federal entity that sites and authorizes interstate petroleum pipeline construction, the state of Nebraska could site and approve an alternative route following the PHMSA's construction codes. Doing so would create jobs and increase energy production—both of which the nation desperately needs—from a friendly supplier and ally.

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9. U.S. Department of State, "Final Environmental Impact Statement for the Proposed Keystone XL Project," Appendix H, August 26, 2011, at http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/03_KXL_FEIS_Executive_Summary.pdf?OpenFileResource (January 23, 2012).