

Testimony of David L. Mallino
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Before the Subcommittee on Energy and Power
Committee on Energy and Commerce
US House of Representatives

Northern Route Approval Act
H.R. 3
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Mr. Chairman -

On behalf of the 500,000 members of the Laborers' International Union of North America (LIUNA), I would like to thank you and Ranking Member Rush and the members of the subcommittee for allowing me to testify today.

LIUNA strongly supports the construction of the Keystone XL pipeline which will move oil from deposits in Canada to existing refineries in Texas and Oklahoma. Our union has been involved with this project for 4 years and we believe that the benefits of this pipeline are too many to allow it to be derailed by environmental extremists. This project will create millions of hours of work hours for the members of our unions, with good wages and benefits.

For many members of the Laborers, this project is not just a pipeline; it is in fact, a life-line. The construction sector has been particularly hit hard by the economic recession. The unemployment rate in the construction industry reached over 27% in 2010, and joblessness in construction remains far higher than any industry or sector, with over 1 million construction workers currently unemployed in the United States. Too many hard-working Americans are out of work, and the Keystone XL Pipeline will change that dire situation for thousands of them.

TransCanada has executed a Project Labor Agreement (PLA) with the Laborers, International Union of Operating Engineers, the United Association of Plumbers and Pipefitters, United Brotherhood of Teamsters, and the International Brotherhood of Electrical Workers that will

cover the construction of the Keystone XL. The construction industry desperately needs the massive infusion of private capital generated by the Keystone XL Pipeline.

Regardless of characterizations by the project's opponents, it is indisputable that jobs will be created and supported in the extraction, transportation and refining of this oil, as well as, in the manufacturing and service sectors. While economic experts may disagree as to the scale of the impact, there is no dispute that the construction and maintenance of the Keystone XL will have a ripple effect of consumer spending that will have a positive impact on the states and communities where the pipeline will be located.

Unfortunately, some of the pipeline's opponents have resorted to attacking the nature of the work that members of unions have chosen as careers. They have imposed a value judgment that holds construction jobs to be of a lesser value because, by its very nature, a construction project has a completion date and therefore that individual job will come to an end at some point. They call these jobs "temporary" in order to diminish their importance and recruit others to join in a chorus of negativity in the mistaken belief that these jobs have no "real" value to society.

To further attack the project, they have characterized these jobs as dangerous and "dirty." The fact of the matter is, construction is in fact a dangerous occupation and when not performed by trained workers can lead to unacceptable environmental harm. However, when construction is performed by well-trained union workers, it is less dangerous and conducted in a more environmentally sensitive manner.

Construction of this pipeline will also produce needed government revenue at the federal, state, and local levels. These new resources can help our state and local governments protect their communities from harmful budget cuts that have led to layoffs and the elimination of much needed services.

Many of the pipeline's opponents do not understand the importance of the jobs impact that the Keystone XL Pipeline will have. They hide behind unfounded and unrealistic expectations that if the project is not built, the development of these oil deposits will cease. According to the US State Department's very first Environmental Impact Statement (FEIS), "[t]he proposed Project is not likely to impact the amount of crude oil produced from the oil sands." With or without the Keystone XL Pipeline, there will likely be little or no effect on the production of oil sands from Western Canada.

The fact is that refineries in the Gulf Coast will continue to seek supplies of heavy crude oil. The failure to secure a long-term energy supply from our Canadian allies will cause these facilities to continue to rely on oil supplied by unstable, foreign regimes where environmental regulations scarcely exist and oil profits are used to oppose the United States economic and security interests.

The Keystone XL pipeline will be the safest pipeline in the world. The 57 special conditions developed by the Pipeline and Hazardous Materials Safety Administration and the State Department – and voluntarily agreed to by TransCanada – have a degree of safety greater than any typically constructed domestic oil pipeline system under current regulations.

Additionally, in order to address environmental concerns about the Nebraska Sandhills and the Ogallala Aquifer, TransCanada rerouted 195 miles of the pipeline. Nebraska Governor Dave Heineman, once an opponent of the pipeline because of environmental concerns, recently sent a letter to President Obama approving TransCanada's new 195-mile re-route. It should also be noted that about 85% of oil the spills from inland pipelines goes to containment areas around breakout tanks or to solid ground. This minimizes the environmental impact of these unfortunate spills as compared to discharges or spills that occur at sea.

If the Keystone XL Pipeline is not built, Canadian producers will seek alternatives to American markets. This oil will not remain in the ground; producers will find ways to move the oil to market. Several projects are in the planning and permitting phases that would allow the movement of this valuable energy resource to Canadian ports for shipment to China and other Asian markets. Denial of a Presidential Permit to the Keystone XL increases the likelihood that American markets will miss the opportunity to secure long-term commitments for this North American resource, which could be lost forever to China.

The Laborers support H.R. 3, The Northern Route Approval Act, a bipartisan bill which will clear away all remaining roadblocks preventing construction of the Keystone XL pipeline. This legislation will eliminate the need for a Presidential Permit, address other necessary federal permits, and limit litigation designed to further impede that construction of this important energy infrastructure project. Similar legislation was necessary to allow construction of the Trans-Alaska Pipeline.

If the opponents of American jobs succeed in preventing the Keystone XL Pipeline from being built, the socioeconomic benefits of the project will not be realized: No local, state, or federal revenue will be generated by the construction and operation of the pipeline. There will be no additional income to property owners and businesses along the pipeline route. And, critically important to our unions, the jobs that will be created by the massive private investment will be lost. Our organization believes that the Keystone XL Pipeline must be built.

Thank you for your allowing me to testify before you today.