

Statement of the Honorable Lee Terry  
Before the House Committee on Foreign Affairs  
Subcommittee on the Western Hemisphere

**U.S. Energy Security: Enhancing Partnerships with Mexico and Canada**

March 14, 2013

Chairman Salmon, Ranking Member Sires, thank you for allowing me to testify about U.S. Energy Security and our partnerships with Canada and Mexico. As many of you know, for over 2 years, my focus has been mostly on our northern neighbor and our need to connect the oil sands of Alberta with our refiners in the United States. Specifically, we have been waiting over 1600 days for the US State Department to approve the Keystone XL pipeline. Despite the strong ties between the United States and Canada, the foot dragging over the Keystone XL pipeline has irritated many Canadian leaders and sparked talk about sending output from Canadian oil sands to China.

According to the US State Department:

“The United States and Canada share the world's largest and most comprehensive trading relationship, which supports millions of jobs in each country. Canada is the single largest foreign supplier of energy to the United States. Recognition of the commercial viability of Canada's oil sands has made it the world's third largest holder of oil reserves after Saudi Arabia and Venezuela and is the only non-OPEC member in the top five.

Canada and the United States have one of the world's largest investment relationships. The United States is Canada's largest foreign investor, and Canada is the fifth-largest foreign investor in the United States. U.S. investment is primarily in Canada's mining and smelting industries, petroleum, chemicals, the manufacture of machinery and transportation equipment, and finance. Canadian investment in the United States is concentrated in finance and insurance, manufacturing, banking, information and retail trade, and other services.”

To me, this begs the question of why we would want to damage that relationship? The politicization of the Keystone XL pipeline decision has done that.

In an interview with Bloomberg news, Canadian Prime Minister Stephen Harper said that the approval of Keystone is a “no-brainer”.

After the decision to delay the earlier decision – Harper told the AP:

“This highlights why Canada must increase its efforts to ensure it can supply its energy outside the U.S. and into Asia in particular.”

Jack Mintz, head of the School of Public Policy at the University of Calgary suggested:

“The Keystone decision was a slap in the face to Canada and it’s making Canadians rethink the relationship.”

And Richard Waugh, chief executive officer of Bank of Nova Scotia said,

“The Keystone ruling shows that we need to diversify away from the U.S. to Asia.”

Individuals objecting to the project based on the thought that, if you stop the pipeline, you stop oil sands development in Canada are both shortsighted and wrong. Case in point -

Fatih Birol, chief economist at the International Energy Agency, told Bloomberg,

“I am sure that if the oil sands production is not used in the United States, they will be used in other countries,”

David Pumphrey, deputy director of the energy and national security program at the Center for Strategic and International Studies in Washington and a 29 year veteran of the US Department of Energy suggested that the rejection of the Keystone XL project last January introduced new uncertainties into our economic relationship with Canada.

So, how did we get here?

In the last six years, there have been five applications to the State Department for a major U.S.-Canadian import pipeline. The State Department has approved three pipelines, denied one and is reviewing another. The first one, the Southern Lights pipeline was approved in 14 months. The next two were approved in 23 and 27 months, respectively. And now here we are - more than 65 months into the review for the Keystone XL pipeline and we don’t have a commitment for a timeline to come to a decision.

The Draft Supplemental EIS issued March 1 by U. S. State Department summary of impacts stated:

“The analysis of potential impacts associated with the construction and normal operation of the proposed project suggests that there would be no significant impact to most resources along the proposed Project route”

So, last week, I released a bipartisan discussion draft with Chairman Upton and Whitfield along with Congressmen Matheson and Barrow to get the Keystone XL pipeline built. This bill will move through regular order and a legislative hearing will be noticed in the House Energy and Commerce Committee soon.

The purpose of the bill is simple: to build the pipeline, get Americans to work and strengthen our economic and energy security.

This bill:

- Declares that no Presidential Permit shall be required and
- Deems the final environmental impact statement issued by the Secretary of State on August 26, 2011, to satisfy all requirements of the National Environmental Policy Act of 1969 and the National Historic Preservation Act. This also takes into consideration the Nebraska re-route evaluated in the Final Evaluation Report by the Nebraska Department of Environmental Quality in January 2013.

Further it

- Includes a Judicial Review section that mirrors the language included in the Alaska Natural Gas Pipeline Act that became law in 2004.
- Addresses the challenges under the Endangered Species Act over the American burying beetle.
- Grants a right-of-way and a temporary use permit across 42 miles of BLM land in Montana.
- Grants necessary permits under section 404 of the Clean Water Act and section 10 of the Rivers and Harbors Act for construction and operation of the pipeline and prohibits interference from EPA. This occurs no later than 90 days after an application is filed with the Army Corps of Engineers. It allows for the Secretary of the Army to set additional conditions and the discretion to waive procedures in order to comply with the deadline. If the Secretary does not act within the 90-day deadline, then the permits shall be considered issued.
- Grants a special purpose permit under the Migratory Bird Act.

While I'm aware that the State Department is working through their process, I want to go on the record by stating to the committee that I have zero confidence the State Department will act in a timely fashion with regards to the DEIS issued on March 1, 2013.

Thank you for the opportunity to testify. I look forward to working with all committees on this legislation to ensure that it eventually becomes law.