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## Nebraska's Loss is China's Gain By Jordan Cash

While President Obama did not mention his decision to deny a permit allowing for the building of the Keystone XL Pipeline in last night's State of the Union, the issue remains significant to America's energy and economic security. In Nebraska, failure to build the Keystone XL pipeline would cost \$314.5 million in personal income, \$9.5 million in Nebraska tax receipts, and \$152 million in property tax revenue to state and local communities.[\[1\]](#)

Yet, despite the interference of the President, the free market will find a way to get product to consumers, and the way this time is to plan to build another pipeline: the Northern Gateway Pipeline.

As many proponents of Keystone XL-including the Platte Institute[\[2\]](#)-predicted, Canadian oil sands will be developed and exported, if not to the United States then to consumers in other countries.

Northern Gateway-a project of the Canadian pipeline company Enbridge-would go across the Canadian province of Alberta to Kitimat, a port on the west coast of British Columbia, the ultimate intent being to ship the oil overseas to Asian markets where demanding for oil is extremely high.[\[3\]](#) China, the second-largest importer of oil after the United States, would be the recipient for most of this oil.[\[4\]](#)

Construction of the Northern Gateway Pipeline is not scheduled to be approved by Canada's National Energy Board until late 2013.[\[5\]](#) And while many of the same issues that were raised during the intense debate over Keystone XL are also being raised in opposition to Northern Gateway, polls have found British Columbians to support the pipeline by 48 to 32 percent. Members of British Columbia's provincial government have also been extremely vocal in supporting the pipeline's construction, which has undoubtedly assisted in the efforts to sway public opinion.[\[6\]](#) Meanwhile TransCanada-the company planning to build Keystone XL-has reapplied for a permit, the earliest construction would begin would be early 2014.[\[7\]](#) So at the moment, it would appear that China will be receiving Canada's oil sands long before the United States, boosting their economy while leaving ours to stagnate.

It is somewhat ironic that Communist China and semi-Socialist Canada appear to understand the free market better than the United States. Canada possesses a product-in

this case, oil-and will sell it, since the United States declined the oil it will be sold to another consumer, in this case, China. By ignoring the free market principles of supply and demand and free trade, the United States has denied its citizens thousands of jobs, millions of dollars in income and tax receipts, and a friendly supply of oil. Instead, those resources will go to China and Canada, and the United States will continue to be addicted to the foreign oil of hostile countries like Venezuela and Saudi Arabia.

Yet the President can still reverse his previous decision and do what is best for American jobs and our long term energy security by approving Keystone XL and allowing its construction before Northern Gateway siphons off oil to China that would otherwise have gone to the United States. The President speaks often of job creation and reducing our dependence on foreign oil. Approving Keystone XL in an expedited manner would not only create jobs and boost our economy, but also ensure our oil comes from a friendly source. And with Northern Gateway's approval seemingly imminent, time is of the essence.

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[1] The Perryman Group, "Gains in Nebraska Business Activity Stemming from Keystone Pipeline Investments: A County-level Analysis of Economic and Tax Benefits," June 2010. Accessed January 24, 2012: [http://www.transcanada.com/docs/Key\\_Projects/Perryman\\_Group\\_Nebraska\\_Report.pdf](http://www.transcanada.com/docs/Key_Projects/Perryman_Group_Nebraska_Report.pdf) ; "Jobs and Economic Impact," Nebraska Keystone XL Pipeline. Accessed January 24, 2011: <http://www.keystonexlnebraska.com/the-facts/jobs-and-economic-impact>.

[2] Platte Institute for Economic Research, "The Keystone XL Oil Pipeline: True Facts," September 2011. Accessed January 24, 2012: [http://www.platteinstitute.org/docLib/20110927\\_my\\_Keystone\\_XL\\_policy\\_report-1.pdf](http://www.platteinstitute.org/docLib/20110927_my_Keystone_XL_policy_report-1.pdf).

[3] Canadian Broadcasting Corporation News, "Pipeline only the start to supplying Asia, report says," January 23, 2012. Accessed January 24, 2012: <http://www.cbc.ca/news/canada/edmonton/story/2012/01/23/edmonton-china-institute-northern-gateway-hearings.html>.

[4] China Briefing, "China Overtakes Japan as World's Second-largest Oil Importer," June 26, 2008. Accessed January 24, 2012: <http://www.china-briefing.com/news/2008/06/26/china-overtakes-japan-as-worlds-second-largest-oil-importer.html>.

[5] Nick Sibilla, "Keystone XL is Dead! Long Live Keystone Light," January 24, 2012. Accessed January 24, 2012: <http://reason.com/blog/2012/01/24/keystone-xl-is-dead-long-live-keystone-l>.

[6] The Economist, "Canada's oil industry: What goes around," January 21, 2012. Accessed January 24, 2012: <http://www.economist.com/node/21543220>.

[7] Sheldon Alberts, "TransCanada will re-apply for Keystone XL permit-but could this

all have been avoided?" January 18, 2012. Accessed January 24, 2012:

<http://blogs.canada.com/2012/01/18/transcanada-will-re-apply-for-keystone-xl-permit-but-could-this-all-have-been-avoided/>.



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