

NEWS RELEASE

Delays in pipeline projects costs Canada's economy, governments billions a year

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For Immediate Release

CALGARY—Barriers to building pipelines that would allow Canadian producers to diversify their sales result in prices that are 20 to 30 per cent below the world price of West Texas Intermediate, costing Canada's economy and governments billions in foregone revenues, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Without adequate pipelines to Canada's coasts, Canadian oil producers are forced to sell their products in the U.S. at dramatically discounted prices resulting in greatly diminished benefits to Canada's economy,” said Kenneth Green, senior director of Natural Resource Studies at the Fraser Institute and co-author of *The Costs of Pipeline Obstructionism*.

TransCanada's proposed Energy East Pipeline, Kinder Morgan's proposed Trans Mountain Pipeline Expansion, and the Enbridge Northern Gateway Pipeline project would allow roughly two million barrels per day of western Canadian crude to reach overseas markets. But all three projects remain in limbo due to opposition from environmental and First Nations groups, despite the fact that pipelines pose less safety and environmental risk than other modes of transport such as rail or truck.

Using projections of oil demand and prices, as well as estimated access to foreign markets, the study calculates both the potential revenues that could be earned by Canadian companies and the subsequent royalties that would be paid to governments if oil producers accessed international markets via coastal pipelines and ports.

The study calculates a number of scenarios based on different world prices for oil. For example, if Canada exported one million barrels (bbl) of conventional heavy oil and oilsands bitumen per day to world markets at US\$60/barrel, additional industry revenues would reach \$4.2 billion annually.

And if access to international markets garnered Canadian producers a price boost, the Alberta and Saskatchewan governments would see oil royalties increase by more than C\$1 billion annually.

“For Canadians to continue prospering from our oil and gas resources, policymakers must expedite the pipeline process and connect oil producers with markets overseas,” Green said.

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