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US House of Representatives

Expediting the Keystone XL Pipeline: Economic Benefits and Jobs
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Mr. Chairman and Members of the Committee,

On behalf of the two million skilled craft professionals in the United States and Canada that comprise the thirteen national and international unions of the Building and Construction Trades Department, AFL-CIO, I wish to thank you and the members of this Committee for holding this hearing and delving into the economic and job creation aspects associated with the construction of the Keystone XL pipeline.

America's Building Trades Unions emphatically support the construction of the Keystone pipeline which will move oil from deposits in Canada to existing refineries in Texas, Oklahoma and the Midwest. Our unions have been actively involved with this project for almost 5 years now, and we are adamant in our belief that the economic, energy security, and national security benefits associated with the construction of this pipeline are too many and too significant to allow it to be derailed by a narrow and misguided political agenda being advanced by a small minority of ill-advised environmental groups.

Keystone was conceived, designed and built to transport Canadian and U.S. crude oil production to U.S. refineries. Phases I and II are currently operating safely, supplying domestic crude oil to domestic refineries, which is helping to displace offshore imports from dangerous and unfriendly regimes and regions around the world. Phase III will be completed by the end of this year, and will operate in the same, safe manner as Phases I and II. The Keystone XL leg will reduce the cost and improve the safety and efficiency in the movement of crude oil in the United States. That, combined with jobs, investments, tax revenue and energy security benefits, points to an unmistakable conclusion that Keystone XL will be of considerable benefit to the U.S. economy and to U.S. consumers.

Simply put, Keystone XL is in the national interests of the United States of America.

And the men and women that I am privileged to represent are the ones that are on the front lines of understanding what this project really means for America.

For over 4 years now, the American construction industry has been in the throes of a "depression."

I did not say recession, I said depression.

While the stock markets and the media celebrated the news two weeks ago that the national unemployment rate fell to 7.5 percent in April, little attention was given to the fact that the national unemployment rate for construction workers remains above 13 percent.

So, when I say that skilled craft professionals in America are the ones that are on the front lines of understanding what this project truly means to America, those numbers are the foundation upon which I base that observation.

And yet, those of us who understand the importance of the construction industry continue to scratch our heads over the lack of attention to this national crisis in an industry whose recovery and overall health is, according to a recent report from the St. Louis Federal Reserve Bank, and I quote, "a necessary ingredient for strong and sustained recovery of economic activity and a reduction in the unemployment rate."

In other words, as the construction industry goes, so goes the U.S. economy.

But, you wouldn't know that from watching or reading the news.

With the exception of the first Friday of every month when the Department of Labor releases its monthly jobs report, the economy and the long-term jobs disaster that's been enveloping the country for five years now goes virtually unmentioned by the national news media. The plight of many millions of Americans who are actually out of work, and especially those who work in the construction industry, is apparently not very newsworthy.

It is hard to believe that what the Center on Budget and Policy Priorities calls the "longest, and by most measures worst economic recession since the Great Depression" consistently fails to garner any attention among the media and many of our nation's elected leaders.

For many members of our unions, the Keystone XL project is not just a pipeline; it is, in the most literal sense of the phrase, a life-line. Far too many of them have lost their homes and are struggling just to put food on the table.

And given the unprecedented scrutiny this project has faced, any further delay by the Obama Administration would be unconscionable.

Unfortunately, they must also face the additional emotional burden of having their chosen profession denigrated by a number of environmental groups.

In its recent Supplemental Draft Environmental Impact Statement (SDEIS), the State Department effectively dismissed the Keystone opposition's basic argument: which is that the construction of the Keystone pipeline will lead to increased greenhouse gas emission. And even though the State Department was not obligated to have analyzed any environmental impacts outside of the United States, the SDEIS provides a clear life-cycle analysis of greenhouse gas production that would be connected to the development of the Canadian oil sands, as well as the environmental impact to wildlife, forests, threatened and endangered species, and water resources. In each instance, all key issues raised by the SDEIS have been adequately addressed.

In fact, more than 12,000 pages of documents have been published on KXL - including four federal environmental reviews in the past five years - and in each instance the conclusion is the same: there will be no discernible impact on greenhouse gases through the construction of this pipeline.

So now, after having the validity of their climate change argument debunked by the State Department, the environmental community has now resorted to attacking the nature of the work that members of our unions have chosen as careers.

Misguided groups like 350.org and the Sierra Club have chosen to impose a value judgment that holds construction jobs to be of 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, quote "temporary" as a means to diminish their importance and validity, and to entice others to join their chorus of negativity in the mistaken belief that these jobs have no real value to our society.

When self-imposed moral arbiters like 350.org or the Sierra Club dismiss out of hand the thousands of jobs that will be created through the construction of the Keystone XL project, then they are, in effect, dismissing the lives, families, careers - and even the basic existence - of millions of hard-working Americans who work to construct, repair and advance this great nation.

And it was those types of hard-working professionals who built the "Alberta Clipper" pipeline project which the Obama Administration approved way back in August of 2009. Ironically, the Alberta Clipper project just happened to be a pipeline very similar to Keystone XL in two compelling areas: Number One, both are roughly 1,000 miles long; and Number Two, both are specifically designed to transport Canadian crude oil from the Oil Sands region of Alberta, to refineries in America.

Upon approval of the construction permit for the Alberta Clipper pipeline, the State Department said, and I quote, "The department found that the addition of crude oil pipeline capacity between Canada and the United States will advance a number of strategic interests of the United States."

We couldn't agree more. And since the Keystone XL pipeline will originate in the exact same town as the Alberta Clipper - specifically, Hardisty, Alberta - the conclusions reached by the State Department in relation to the Alberta Clipper should apply to Keystone XL and guide the decision to approve the construction permit.

Now, I know it may be difficult for hard-core environmental extremists to believe this, but America's Building Trades Unions actually agree with the notion that our nation needs to begin the shift to a less carbon-intense society. After all, a vast portion of our members enjoy, embrace and work to protect the natural resources of the United States. And we have a significant number of our members employed today building solar and wind farms; retro-fitting commercial office buildings to make them more efficient; and working to lessen the environmental impact of hundreds of existing power plants across the nation. But, we are also realistic to know that a complete transition to renewable energy in America will take decades.

The fight over Keystone is not a fight about oil vs. renewable energy. That's a complete fallacy. The United States will be reliant on fossil fuels for decades because renewable energy has not advanced to the point where it alone can provide base load, affordable, and accessible power for our nation's growing energy needs.

So, the fundamental question then becomes: Where do you want to get your oil from? The Keystone XL project offers America the choice of either importing the oil that we will need from a trusted ally like Canada, or to continue to rely on oil supplies in dangerous regions of the world that do not share American values.

When confronted by environmental activists who oppose this project, our unions have asked them to pay a visit to a military hospital or veteran rehabilitation center and speak to the brave men and women of our armed forces who have sacrificed so much in Afghanistan and Iraq in order to secure our energy interests in that region of the world. Ask those heroes, we say, if they would prefer to see America rely upon Canada for crude oil, rather than the Middle East.

Regardless of the negative characterizations and denunciations bandied about by the project's opponents, there remains an indisputable fact that jobs will be created and supported in the

extraction and refining of Canadian oil; the construction of the pipeline itself; and in the U.S. manufacturing and service sectors.

And it is worth noting that TransCanada agreed early on to construct this pipeline under a Project Labor Agreement.

The PLA was signed by TransCanada Corporation, the Laborers International Union of North America, the International Brotherhood of Teamsters, the United Association of Plumbers and Pipefitters, the International Union of Operating Engineers, the International Brotherhood of Electrical Workers, and the Pipeline Contractors Association.

Additionally, TransCanada has agreed to implement 57 safety measures above and beyond those mandated by federal agencies relating to the construction, operation and design of the pipeline.

Yet, the most effective action they took to ensure the safe construction of this pipeline was to sign a project labor agreement.

By embracing a PLA, TransCanada recognized the value realized through a partnership with America's Building Trades Unions, not the least of which is the assurance that the project will be built by the safest, most highly trained and productive pipeline workforce found anywhere in the world.

But, they also recognized our capacity for effective grassroots advocacy, which we have demonstrated through our efforts here in Washington, DC, as well as in cities and towns all along the pipeline route. Whenever there was a field hearing or town hall meeting, rank and file members of our unions were there in force delivering a pro-jobs, pro-Keystone message.

And it also bears noting that the family-sustaining wages and benefits that will be paid on this project through the PLA will have a dramatic effect on the local economies of communities all along the proposed route.

In fact, over 4,000 workers have already performed roughly 1 million hours of work on the southern leg of Keystone, running from Cushing, Oklahoma to Port Arthur, Texas. And the economic impact from the wages and benefits being paid through the PLA is noticeable.

KBMT News in Port Arthur did a recent story detailing how the construction of the southern leg was providing a boost to the local economy, as workers are spending heavily on things like clothing, hotels and restaurants.

Additionally, from lumber to sand, and from gravel to fuel, massive quantities of materials are being purchased locally up and down the route between Cushing and Port Arthur.

In sum, the Keystone PLA is already proving to be a major contributor to the local economies along the southern route. And it is also structured to ensure safe, quality construction with “on time, on budget” results through the steady supply of the world’s safest, most highly trained and highly productive skilled craft workforce found anywhere on the globe.

Allow me to elaborate on that last point for a moment...because it is important not only in the context of this project, but it speaks to some broader misconceptions about who we are and the contributions America's Building Trades Unions make not only to our industry, but to our society at large.

Our unions, in partnership with our signatory contractors, invest roughly \$1 billion per year to operate approximately 1,900 skilled craft training centers in both the United States and Canada.

By way of example, one of those training centers is located in Tulsa, Oklahoma, and is operated by Local 798 of the United Association of Plumbers and Pipefitters. Local 798 is widely regarded as "the pipe-liners local."

Few industries have seen more rapid or more constant change than the pipeline industry. Constantly emerging new technologies and ever-changing demands mean constant challenge - not least of all for the men and women who must master new technologies and meet the demands of the pipelining workplace. Through the most extensive and technologically advanced training found anywhere in the world, Local 798 is giving its members access to the training they need not only to keep pace with industry change, but to ensure the safe and environmentally sound construction of pipelines like Keystone XL.

Local 798's training is specifically designed to assist its members in keeping up-to-date with all the new technologies in welding, fabrication, inspection, bending-engineering and any other areas that benefit the industry and, most importantly, ensure the safe construction of pipelines.

In addition, the Local 798 Training Center collaborates with contractors in developing specific welding procedures for specific jobs, and provides welder testing services for any pipeline construction job - domestic or overseas, on-shore or off-shore.

And to be sure, each of the other signatory unions to the PLA are similar in their innovative and state-of-the-art approaches to skilled craft training and workforce development.

These are the types of highly trained skilled craft professionals that will be deployed to build the Keystone XL pipeline.

And speaking of highly trained professionals, PLAs like the one governing the Keystone project are routinely used to provide career training pathways for our nation's transitioning military veterans. Through the "Helmets to Hardhats" program, our unions have provided jobs and apprenticeship opportunities for tens of thousands of military veterans over the course of its ten year history.

And the Keystone project will not only create jobs with family-sustaining wages and benefits, but it will also spur an economic multiplier effect across the U.S. economy. According to the State Department Environmental Impact Statement, construction of the Keystone XL pipeline will:

- Contribute roughly \$3.4 billion to our nation's GDP;
- Drive the purchase of an estimated \$3.1 billion worth of construction materials and support services;
- Directly employ thousands and thousands of construction workers;
- Produce total expected earnings by the workers on this project in the neighborhood of \$2 billion.
- And last but not least, support the creation of tens of thousands of additional jobs throughout the United States

And those jobs include ones being created by Siemens, which has been manufacturing the heart of the Keystone project - the 237 electric, and emissions-free, motors that will drive the pumps that transport the oil through the pipeline.

According to Siemens, building these motors required 450 highly skilled workers at their plant in Norwood, Ohio. The company recently invested more than \$40 million to refurbish and re-tool the plant to meet the manufacturing needs of today's economy.

Construction of this pipeline will also produce needed government revenue at the federal, state and local levels. And these new resources can then provide the wherewithal for state and local governments to invest in new schools and other forms of needed infrastructure improvements. In fact, the Department of State estimates that 31 counties across three states will collect a total of \$35 million in property taxes.

To be clear, the Keystone XL project will create tens of thousands of good paying jobs here in the United States and Canada. It will increase the Nation's energy security by providing a reliable source of crude oil from a friendly and stable trading partner. It will further boost the American manufacturing resurgence. And it will provide State and local governments with new sources of revenue that can help them alleviate budgetary problems that will lead to the creation of even more jobs.

And being a privately-funded project, Keystone will accomplish all of this without the need for taxpayer dollars.

The choice is clear and, again, any further delay by the Obama Administration is unacceptable.

Thank you for inviting America's Building Trades Unions to express our views before the Committee today.