

UDC 330:65:66

**CANADA AND THE KEYSTONE XL PIPELINE: EXPLORING ITS
EFFECTS ON INDUSTRIES, EMPLOYMENT, AND ECONOMIC
STABILITY**

Tamara PASTUKH
Student
Algonquin college
Ottawa, ON (Canada)

This scientific article explores the Keystone XL Pipeline project from Canada's perspective, focusing on the industries benefiting from the project, its influence on the livelihood of employed individuals, and the impact of the project's shutdown. The study reveals the multi-faceted economic ramifications of the pipeline project, shedding light on its role in Canada's industrial landscape and its effects on employment and tax revenue. The closure of the project emerges as a pivotal point, with far-reaching consequences for both industries and the Canadian economy.

The Keystone XL Pipeline project has been a subject of significant debate and controversy, not only for its environmental implications but also for its potential economic impact. This scientific article delves into the project's influence on Canada's industries and its workforce, as well as the repercussions of its shutdown.

The objective of this study is to analyze the Keystone XL Pipeline project's impact on various Canadian industries, assess its influence on the livelihood of employed individuals, and examine the consequences of its cancellation on the economy and job market.

Keystone XL Pipeline project – Canada's perspective:

a. Industries that would benefit from the project

Keystone XL Pipeline can directly or indirectly benefit many different industries in Canada. Among them, it will be essential to highlight the following:

Mining industry (Oil and Gas Field Services and Oil Drilling Extraction). Thanks to the KXL pipeline project, the production and transportation of oil should

have increased; thereby, companies directly involved in this project would benefit from it. Among the oil companies that could benefit are Canada's Suncor Energy Inc. and Canadian Natural Resources Ltd. A pipeline to Gulf refineries will make drilling in Alberta more attractive [1].

Another industry that would benefit from the project is Construction (Heavy Engineering Construction, Oil & Gas Pipeline Construction, Road & Highway Construction etc.). The project developer would hire many construction companies in various fields to build the pipeline and supporting objects. TC Energy has awarded a contract to Michels to construct approximately 260kms of the Keystone XL in Alberta [2].

Financial institutions and Insurance companies may also be benefited from the KXL project. JPMorgan Chase was the primary banker of the Keystone XL tar sands pipeline through its support for TC Energy, the company behind the project. It was followed by the Bank of Montreal, and 18 other global banks, listed below. In addition to financing from banks, projects like Keystone XL also need insurance coverage [3].

We may also consider possible benefits from the project in industries like Professional, Scientific and Technical Services, more precisely, Engineering Services and Environmental Consulting in Canada. It is reasonable that important projects like KXL need scientific support and technical maintenance. And one more important industry that may be involved in the project is Manufacturing since any significant construction is always related to equipment and supplies.

b. Project influence on the livelihood of the people employed by it.

According to the project's original goals, the development of the KXL pipeline was supposed to significantly improve the workers' standard of living in the project. And here, we are also talking about the living standard in communities and the development of the social sector in the pipeline construction areas.

Keystone XL aimed at attracting local contractors and suppliers that would contribute to developing small and medium-sized businesses in the territories of the project.

c. Impact of the Pipeline shut down on industry and people employed by the project.

The cancellation of Keystone XL not only ended the billion-dollar pipe dream for the oil industry but also resulted in thousands of workers losing jobs. According to a study from the State Department, 26,100 indirect and direct jobs would have come from the Keystone XL pipeline project through its construction and supply chain that provides lodging, food, and health care to workers in small towns across several states [4].

Thus, the closure of the project had a negative impact on the unemployment rate in Canada, as many jobs were eliminated along with the closure of the project. Many contractors involved in the project's development lost their incomes and were forced to look for new employment opportunities.

Canada also lost a significant share of tax revenues from the project, which could not but affect the region's inflation rate and economic stability.

It can be concluded that the closure of such an important project as the pipeline will not only have a negative impact on the project's employees, the involved industries, and the region in which it was developed. The closure of the project had a significant negative impact on the Canadian economy.

The Keystone XL Pipeline project demonstrated the intricate interplay between industrial sectors in Canada. While it promised economic benefits to various industries, its cancellation exposed vulnerabilities in these sectors, leading to job losses and decreased tax revenues. The project's influence on local communities and the potential for small business development underscored its broader societal impact.

The Keystone XL Pipeline project, from Canada's perspective, showcased both the potential economic gains and the vulnerabilities inherent in such endeavors. While it promised growth in industries like mining, construction, and financial services, its shutdown led to job losses and reduced tax revenues, negatively affecting the Canadian economy. The study underscores the need for a comprehensive evaluation of large-scale projects' economic and societal consequences.

Reference:

1. Koenig, D. Keystone pipeline: What's the economic benefit? Houma Today. 2017, March 27. <https://www.houmatoday.com/story/news/nation-world/2017/03/27/keystone-pipeline-whats-economic-benefit/21860461007/>
2. Over \$1.6bn contracts awarded to six contractors for Keystone XL Pipeline. (2020, October 29). Nsenergybusiness.com. <https://www.nsenergybusiness.com/news/six-contractors-keystone-xl-pipeline/>
3. Marr, G. Who's banking the Keystone XL pipeline? Rainforest Action Network. 2020, May 18. <https://www.ran.org/the-understory/whos-banking-the-keystone-xl-pipeline/>
4. Christ, L. Keystone XL pipeline cancellation leaves laid-off workers begging for answers: "They are taking my jobs away." Fox Business. 2021, February 5. <https://www.foxbusiness.com/energy/keystone-xl-cancellation-has-ripple-effect-on-pipeline-workers-native-americans>