

The Keystone XL Pipeline: Enriching the Oil Giants, Threats to Water and the Environment from Oil Spills

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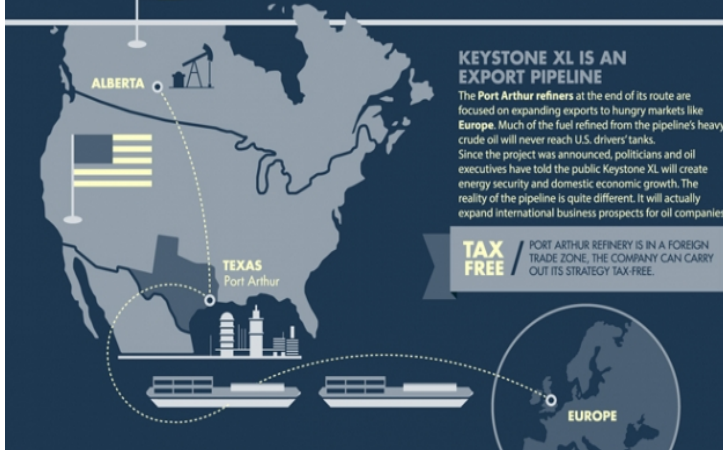
Keystone is an “export pipeline” that would transport toxic tar sands from Alberta [down to a tax-free zone in Texas](#) and out to foreign markets.

In other words, the EU, China and Latin America get the oil, the foreign-owned oil companies get the profits and North Americans are left cleaning up oil spills and shouldering the pollution burden from extracting and refining the dirty tar sands. It’s a complicated issue for sure, so I’ve tried to break out the main points in an infographic. Please feel free to download and share it. All the information has been fact-checked and verified by energy policy experts.

[Here is the high-resolution version for download.](#)

KEYSTONE XL'S GREAT ESCAPE

Canadian Tar Sands to American Refineries
to European Consumers



KEYSTONE XL IS AN EXPORT PIPELINE

The **Port Arthur** refineries at the end of its route are focused on expanding exports to hungry markets like **Europe**. Much of the fuel refined from the pipeline's heavy crude oil will never reach U.S. drivers' tanks. Since the project was announced, politicians and oil executives have told the public Keystone XL will create energy security and domestic economic growth. The reality of the pipeline is quite different. It will actually expand international business prospects for oil companies.

TAX FREE / PORT ARTHUR REFINERY IS IN A FOREIGN TRADE ZONE. THE COMPANY CAN CARRY OUT ITS STRATEGY TAX-FREE.

THE KEYSTONE 5

FIVE companies have made plans to take heavy crude from **Keystone XL**

Valero Motiva Phillips 66 Total
LyondellBasell

Keystone XL's capacity

VALERO is the most important of these potential customers (150,000 barrels/day)

...and is **America's largest exporter of oil**

2012
VALERO upgraded its refinery in **Port Arthur** to process

150,000 barrels of heavy, sour crude per day

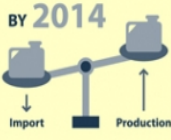
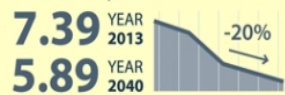
This refinery's main products are high-quality diesel and jet fuel

2011
TOTAL transformed its **Port Arthur** refinery to produce **heavy and sour crude** into transportation fuels namely **Diesel**

2012 Expanded **Motiva's Port Arthur** refinery to **SIX HUNDRED THOUSAND** barrels of crude per day

THE U.S. OIL MARKET

U.S. Energy Information Administration estimates U.S. gasoline demand (million barrels/day)



Between **2006** and **2011** Canadian Tar Sands production increased

35% growing from

1.12 million barrels to over **1.7** million barrels

In 2011 Alberta exported **1.3 million barrels** of oil/day = **76%** of tar sands oil shipped to the U.S.

THE DIESEL FUEL STORY

Global demand for diesel fuel is projected to rise **EIGHTY FIVE %** through **2040**

in 2011 **2/3** OF DIESEL EXPORT GROWTH WENT TO...

Barrels sits in **Alberta 170 Billion** but there's a lack of refinery capacity in Canada

500% 2010-2012 America's net exports of petroleum products (from 335 TO 1,529 MBPD)

DIAMOND IN THE ROUGH

NO-TAX FOREIGN TRADE ZONES offer companies special customs allowances when importing manufacturing materials...

If the final product is then exported the company **never** pays a duty

it is only when that product is introduced into the **AMERICAN MARKET** that a tax is introduced

VALERO'S PLAN FOR GULF COAST OIL PRODUCTION

The company intends to ship its diesel oil to... **77%** of Valero's trade routes

LATIN AMERICA **EUROPE**

Valero will ship **American petroleum products to Europe** while shipping **British petroleum products to America**

The irony is thick!

Taking into account the fundamental data from the U.S. and global oil markets, the Texas refineries processing the diluted bitumen, and the commitment of oil companies to selling their product for the best price internationally, it is easy to claim that Keystone XL offers greater energy security and economic growth, just not in America.

Europe, China and Latin America will have more energy security thanks to a massive fuel pipeline they can tap as long as they're willing to pay. Additionally, oil companies will have a new bounty of profit to play with.

Yes, some of that will fall back into American hands, but not as much as if the majority of the products refined in Texas were sold in America, or if the refineries were not located in a Foreign Trade Zone and had to actually pay a tax on their products. As for the promise of

new jobs, there is a short-term influx of cash for constructing the pipeline, but the latest estimates [find that there will only be about 35 permanent jobs over the long term.](#)

These pipelines, once built, demand very little maintenance. That is, of course, until there is an oil spill.

In making the final decision on whether to approve the Keystone XL pipeline, it comes down to whether President Obama is comfortable with further enriching big oil companies that are already the most wealthy companies in the world, for the long-term pay off of 35 permanent jobs and the oil spills that will inevitably occur.

With the significant costs to American public health from refinery pollution, threats to water supplies from oil spills, and the implications that tar sands expansion has for global climate disruption, it seems like a no-brainer to me.

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