

Economic Impacts of Oil Sands Development & Pipeline Expansion

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The production from conventional oil sources in Canada and the US is growing as technology is able to unlock resources that were once thought to be difficult to extract. Nevertheless, oil sands will continue to dominate the future production growth in Canada. The Alberta oil sands industry is once again expanding with a number of major projects under development and still more proposed for the future, reflecting a considerable growth that was deferred during 2008-2009 recession. New pipelines will be needed to ship bitumen crude to destinations in the US and possibly Asian markets to monetize on the economic benefits that could be derived from the oil sands production. This presentation will show how large are the economic impacts of current and future oil sands development could be. Using Input/Output economic modeling techniques, the economic impacts are presented in terms of gross domestic product (GDP), employment, employee compensation and government tax revenues. The results are broken down into four separate cases, which represent the pipeline capacities of existing infrastructure, as well as capacities of pipelines that are not yet operating. The results show that without additional pipeline capacity, the benefits that will be lost in Alberta, Canada and the US are substantial.