

We need to know how poor we'll be if U.S. stops needing our oil



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OPINION

We've all been duped by the pipeline debate and it's time to smarten up.

The International Energy Agency (IEA) advises industrialized nations on energy policy. It has released information that overturns what we think we know about who produces oil and who buys it. As you read on, remember this: Canada has only one customer for its oil — the U.S.

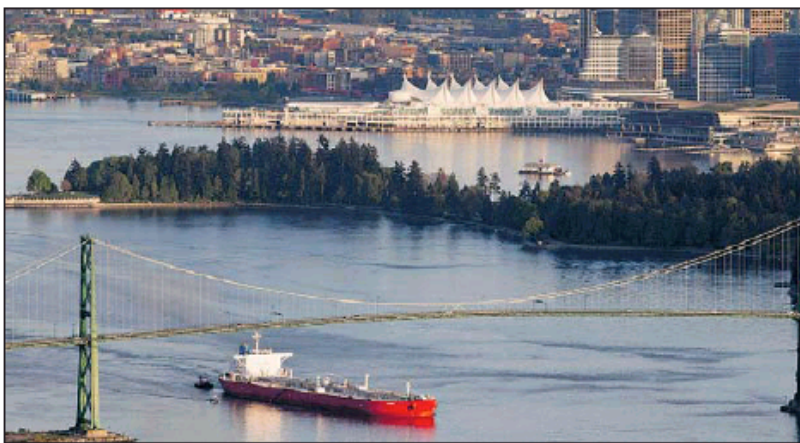
Only months ago, the IEA was asserting that Saudi Arabia would remain the world's largest oil producer until 2035. Suddenly, in November 2012, it declared that the U.S. would move to the top spot in 2017. In November 2013, The Associated Press reported that for the first time in nearly two decades, the U.S. extracted more oil from the ground than it imported from abroad, and Reuters reported the U.S. had overtaken Saudi Arabia's monthly production. The IEA has now declared that the U.S. will become the world's largest oil producer by 2015.

Again, there is only one customer for Canada's oil — the U.S.

In Europe, the IEA reports that 15 oil refineries have closed over the past five years, with a 16th set to close this year. It's because the fuel they'd been refining and selling to the U.S. is no longer required. The U.S. has moved from being dependent on European oil to being a seller of oil in Europe.

We need to ask ourselves this: What's the magic immunity pill Canada has to the fallout experienced by others who encountered the U.S. oil-extraction juggernaut?

Make no mistake, understanding what this fallout would mean to Canada is no insignificant detail. What flows today through existing oil pipelines to the U.S. provides all of us with a portion of much of what we do right now to fund, preserve and to care for our lives — payments from the federal government to the B.C. government for myriad programs and initiatives, including health care, education and government pensions. The revenue also supports company pensions, RRSPs, TFSA's and affordable ICBC premiums. Even our property values or the roads we drive on and the sidewalks we use to access hospitals, schools and public pools.



An oil tanker guided by tugs sails under the Lions Gate Bridge in May 2012. Oil sales help pay for government programs, say authors. People need to know what programs they'll lose without oil exports and new pipelines, they say. — THE CANADIAN PRESS FILES

Yet, for the past few years, we've been hard-wired to speculate between those who support pipeline development as the key to future jobs and economic development and those who see pipeline development as detrimental or disastrous to the future environment.

This, while the present energy world has turned upside down. The U.S. is generating oil surpluses and is set to become the world's largest oil producer. Our only oil customer is becoming self-sufficient. Will it be a good day for Canada when the U.S. tells us it no longer wants our petroleum products, as it has all it needs from under its own soil?

No, it will be devastating for Canada. Fortress America, extracting oil from under its own land, using less of it each year, weaning itself off the addiction to foreign (Canadian) oil, will change everything about our policy dalliance on B.C. pipeline development and the dilettantes who engage in it.

With our only customer — to whom our product is already sold at a discount — about to be self-sufficient in the product we sell only to them, it's time to stop viewing pipeline development and oil sales as some no-risk, debate-club exercise. Those new pipelines are our best bet to preserve what we currently rely upon as Canadians.

Still, none of us can say the extent to which the contents of existing pipelines pay for things we value and rely upon. That we don't know the extent to which so many facets of our lives depend on Canada's success at selling our petroleum to a single customer is a failure owned by all who have neglected to ensure that Canadians know the link between the life we live today and what flows through existing pipelines. Absent this information, we've been led to believe that building new pipelines is

about "yes" or "no." With our only customer about to disappear, the pipeline issue is, in fact, about deciding to preserve Canadian life as we know it or admitting that the benefits from what flows through existing pipelines were nice, but we're now ready to abandon them.

The upheaval in the oil world now means that stating opposition to new pipelines is the same as saying: "Today, yes today, stop selling oil to the U.S. I'm sure I benefit from that sale, but I'm willing to give up every single one of those benefits, so let's just stop."

To achieve focus on this issue, a measure is required that pinpoints, by province, by region, and by demographic group, the benefits in our individual lives from what flows through existing pipelines. We need to know what we'll lose with a U.S. that's self-sufficient and no longer in need of our product.

We need a petroleum-impact index. To properly understand the pipeline issue, we need to know what's at stake for us personally if our only customer demands bigger discounts or disappears. Only when we know that can we assess the risks inherent in new pipelines to access new customers, including China, the world's largest importer of crude oil.

This single issue, essential to our future, with immense consequences to the way we live today, demands that the prime minister and the premier produce a petroleum-impact index that will allow us to determine what we'll lose of the services and benefits we already enjoy when our single customer no longer wants our product, and what we stand to preserve, or perhaps even gain, if pipeline development proceeds.

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