

## Backgrounder on the Alberta Federation of Labour Final Arguments against the Northern Gateway Pipeline

The Alberta Federation of Labour's (AFL's) detailed criticisms of Northern Gateway's commercial and economic case for the pipeline can be found [here](#).

Highlights include:

- 90 per cent of the predicted economic benefits put forward by Enbridge rest on a rise in the price of bitumen. But recent history has proven price predictions by Enbridge experts wildly inaccurate. Even the energy industry's own experts expressed doubts at the hearings that the pipeline would lead to an increase in the price of bitumen;
- Enbridge has provided no economic case for the condensate pipeline designed to accompany the bitumen pipeline, but is asking the Board to approve it anyway;
- Even assuming that the Northern Gateway Pipeline would help Alberta fetch higher prices for bitumen, Enbridge's own economic experts admitted under cross examination from the AFL that the "price lift" will persist for a maximum two years, until the pipeline fills. The pipeline would then cease acting as a price-setting mechanism, contrary to the claims by Enbridge that it would affect prices for 30-35 years;
- The "Asia Premium" anticipated by Enbridge and others is unlikely to materialize, given the overwhelming presence of Chinese state-owned oil companies in the Northern Gateway pipeline project. China's government owned oil companies are establishing themselves at both ends of the pipeline (the extraction end in Alberta and the refining end in China ... and they will likely play a central ownership role in the pipeline). China's state-owned oil companies are unlikely to charge themselves a premium for bitumen they produce, ship, and then upgrade and refine in China.

OR:kp\*cope458 File: G:\Communications\NEWS\AFL\2013\Backgrounder\_Final arguments against the Northern Gateway Pipeline\_2013Jun17.doc