



Will Canada Fuel Fortress America?

Posted by [Prof. Goose](#) on March 11, 2006 - 2:22pm

Topic: [Supply/Production](#)

Tags: [alberta](#), [athabasca](#), [canada](#), [nafta](#), [oil](#), [oil prices](#), [oil sands](#), [tar sands](#) [[list all tags](#)]

Many cornucopians see Canada as the savior of America's bacon because of the [tar sands](#), especially those of [Athabasca](#).

Will Canada complacently allow the US to pillage her resources as energy supplies become more scarce? Further, will she become discontented enough with that idea to cause a political rift between Canada and the US when she sees her own future energy security being compromised?

Will the NAFTA energy sharing provisions hold up, maintaining fungibility of scarce resources?

There seem to be many questions that need to be asked about this supposed panacea of a relationship; some ideas of the potential answers under the fold.

This post was prompted by an email by Stoneleigh and some further research by Leanan which yielded [this document](#), which is a policy report from the [Canadian Centre for Policy Alternatives \(CCPA\)](#), a [progressive policy analysis shop centered in Ottawa](#).

Stoneleigh writes:

My impression is that most Albertans are too busy enjoying the money that's rolling into their province to be concerned about environmental damage far to the north of where they actually live. Still, I think this report represents a watershed of sorts in that the first stirrings of discontent are being formulated. Some Canadians are beginning to realize that they have been complacent with regard to their own energy security, and others feel very uncomfortable with the idea of fuelling America's imperial pretensions. I would expect that sense of alienation to grow, and for pressure to keep Canadian resources for Canadians to grow with it.

Stoneleigh's opinion aside, as you will see below, this CCPA report, if it is at all a reflection of potential Canadian public sentiment, could be the case around which a few wrenches get thrown into the plans of the corporations that wish to sell Canada's resources to us under their NAFTA obligations.

But, that's the question, is this an accurate portrayal of what's going on in the situation? Many policy documents that come out of policy shops are often very one-sided, so I want to present it to you as exactly that: one side of the argument. The question then becomes, how do the counterarguments stand up?

More about the report in a minute. First, the basics or tar/oil sands: a Google search on [oil sands](#), [tar sands](#), or [Athabasca](#) yields numerous hits. We've discussed it quite a bit here at TOD (most

recently [here](#) and [here](#) and in a few other places).

Many are also concerned about the [environmental effects of extraction](#) and Mike over at GCC reported just the other day about the potentially [deleterious effects on the health of the local citizens of the extraction process](#) (also reported [here today at Treehugger](#)). Of course, there's also the questions of whether or not sustainable extraction from the sands has a high enough EROEI to be economically viable. The CCPA report I linked to above also discusses these problems as well, but the report is more concerned with the perspective of sustainability and long-term Canadian energy security.

I am still digesting much of the report, and will engage in my critical assessment in the comments after I have a day or two to digest it; however, prima facie, there's a case in the document for Canada not to sell her oil to "Fortress America" and poison her citizenry in the process. There are many recommendations that this policy shop finishes up with including withdrawal from NAFTA (which they hit quite hard), and keeping more of these precious resources at home.

Will Canadian sovereignty be tested in the relatively near future, as the US cannot afford to let Canada repudiate NAFTA? (and then the question becomes, what role does [China](#) and her [lust for energy](#) play in all of this?)

As Stoneleigh said in an email:

At some point, even the amounts presently intended for exported under NAFTA probably wouldn't be enough to satisfy the voracious American appetite for oil and gas. I expect the US eventually to attempt to gain de facto (if not de jure) control over the area. I'm just glad I don't live anywhere near Alberta. Proximity to strategic resources can so easily shift from blessing to curse in times of scarcity.

If there's a community out in the 'sphere who can tear something apart with evidence and logic, it's this one. So, here's the [executive summary of the report](#)...have at it!

The Athabasca tar sands of northern Alberta contain an estimated 175 to 200 billion barrels of recoverable oil — the largest known hydrocarbon deposit ever discovered. This estimate is based on using existing technologies. Using newer technologies, as much as 2.5 trillion barrels of oil might be recovered — but the costs would be enormous. Development of the tar sands has already begun, with three large companies — Suncor, Syncrude, and Albion — producing large quantities of crude, and six more massive projects in the early stages. As the soaring price of oil makes these resources financially more viable, many other leases are being explored. An estimated US\$100 billion is expected to be spent on tar sands development over the next 20 years.

Though this may sound like a few lifetimes of oil, there are serious social and environmental issues related to the extraction of this bitumen: the provincial boom-and-bust cycle that is being created, including labour, infrastructure and materials shortages; the water intensivity and resulting pollution; and the significant volumes of natural gas it requires. These concerns raise the question of whether the current rate of expansion (planned growth from one million barrels a day to six million barrels a day, most of it destined for export) is reasonable or sustainable.

In terms of the social costs, the dramatic expansion of the tar sands development has created labour shortages, exacerbated by infrastructure shortages in Fort McMurray,

that increase the cost of living in the area. The boom is also causing materials and construction costs to shoot up across the province. The rapid pace of extraction has also led to inequities between the provinces, with Alberta in an embarrassment of riches, part of which is being thrown at local infrastructure spending, escalating the boom. In the absence of any plan, provincially or nationally, for pacing the development to maximize the jobs and returns to the province over the long term, there is instead a bonanza, using foreign workers and union-busters in the short term, while offering royalty holidays.

The natural gas situation is even less sustainable. Conventional natural gas has already peaked and is on the decline. This is a key source of power generation for Alberta. As the tar sands consume the gas, the province is already returning to coal for power, and losing value-added jobs in the petrochemicals sector. As that clean source of fuel expires, the tar sands are turning to non-conventional gas sources, all of which have higher social and environmental costs: the Mackenzie Valley pipeline, coal-bed methane, and in-situ (extraction of the gas from the bitumen). There has not been adequate public debate on the impacts of coal-bed methane, in spite of the huge landscape impacts of the well-intensive drilling and pipelines needed, and the likely impact on water tables in an area already short on water. The in-situ strategy is no better, as it has huge carbon dioxide emissions, while the tar sands operations are already among Canada's largest industrial polluters.

Most of the oil to be taken from the tar sands will go to the United States. In effect, the Athabasca deposits will be the centrepiece of a new continental energy grid. Its main purpose will be to provide a secure supply of fuel for the American industrial and military machines. Canadians are already paying a steep price for feeding the voracious American addiction to the dwindling world reserves of oil and gas.

Given that the rapidly increasing exports of Canada's oil and gas to the U.S. puts our own energy security as a nation in jeopardy; that Canada, despite being a petroleum-producing country, is already forced to import nearly half of the oil its people need; that Canada has less than a 10-year supply of conventional oil and natural gas remaining; that most of the tar sands oil is earmarked for export to the U.S., and most of the natural gas from the North is also intended for the U.S. market or to fuel extraction of the tar sands crude — the continuation of current energy policies is clearly not in the national interest.

There may be ways of developing the tar sands that could contribute to Canada's long-term energy needs, including the inevitable transition to renewable energy sources. But, shockingly, there is no coherent national or provincial energy policy to address this need. Nor is the federal or any provincial government conducting the research or public consultation needed to formulate policies for meeting the world energy crisis — or even for assuring an adequate ongoing supply of energy for Canadians.

To be viable, any decisions or policies on energy we arrive at should be based on a complete understanding of all aspects of the tar sands development. It is a project that brings with it enormous economic, social, and ecological costs, as well as raising concerns about our role as suppliers of oil and gas — and soon electricity and even water — to feed the ravenous U.S. appetite for Canada's resources.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).