

Single spill could wipe out economic gains from Northern Gateway, researchers warn

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Commercial fishing boats departing from Prince Rupert, B.C. Credit: Ngaio Hotte

(Phys.org)—A major tanker spill off the coast of northern British Columbia could wipe out any potential economic gains from the proposed Northern Gateway Pipeline project, according to new research from the University of British Columbia.

The study, sponsored by WWF-Canada and conducted independently by UBC fisheries economists Ngaio Hotte and Rashid Sumaila, estimates that losses of \$300-million in economic activity along with [spill](#) cleanup costs of up to \$9.6-billion could nullify potential [economic gains](#) proposed by Enbridge Northern Gateway Pipelines LLP.

"We compared the economic benefits of the project to potential losses of spills of varying scales and found that a large-scale spill could cost local fishermen, the Port of Prince Rupert, BC Ferries and marine tourism operators roughly \$300-million, 4,000 full-time jobs and \$200-million in contribution to GDP over 50 years," says Hotte.

Using previously published estimates of per-barrel cleanup and litigation costs, the researchers further estimated the ensuing cost of spill response and cleanup to be as high as \$9.6-billion – costs that would far outweigh total benefits of the project.

Hotte and Sumaila based their research on figures provided by Enbridge and current economic activity in the B.C. north coast region. They estimated that over its lifespan, the project could create up to 8,500 full-time jobs and generate more than \$600-million in economic benefits.



Commercial fishing and recreational boats at Kitimaat Village, B.C. Credit: Ngaio Hotte

"There is a lot of rhetoric around the 'potential' economic gains of this proposed project, but the hard numbers are showing the risks can outweigh the gains," says Prof. Sumaila, director of the UBC Fisheries Centre and its Fisheries Economics Research Unit.

Background: Pipeline risky for economy

The proposed Enbridge Northern Gateway Pipeline project would transport 525,000 barrels per day of conventional light and heavy oil, synthetic oil and blended bitumen from Bruderheim, Alberta to Kitimat, B.C., for export via tankers.

The economic benefits were calculated based on figures provided by Enbridge Northern Gateway Pipelines LLP. Economic impact of spills was calculated under three potential spill scenarios: no impact (no spill), medium impact (a 63,000-barrel spill) and high impact (a 257,000-barrel spill). Spill response, clean up and litigation costs were calculated based on previous estimates of the cost per barrel published by Wright Mansell Research Ltd., a firm hired by Enbridge to analyze the socio-economic impacts of the project.



A sign protesting against tanker traffic from the proposed Enbridge Northern Gateway project posted in Queen Charlotte City, Haida Gwaii. Credit: Ngaio Hotte

The scope of the UBC study was limited to market values of four ocean-

based industries: commercial fishing, port activities, ferry transportation and marine tourism. Estimated losses are conservative and do not include the harder-to-estimate social, cultural and ecological values that would be lost in the case of a major spill.

In the event of a medium impact spill, the regional economy could suffer total losses of up to \$189-million in output, 1,314 full-time jobs and \$98-million in GDP over 50 years. If a high impact spill occurs, the region could suffer losses of up to \$308-million in output, 4,379 full-time jobs and \$205-million in GDP.

Each year, ocean-based industries on the North Coast of B.C. generate about \$1.2-billion, provide employment for more than 9,000 people and contribute approximately \$700-million to GDP.

The study was sponsored by WWF-Canada, one of the world's largest and most respected independent conservation organizations, with more than 5 million supporters and a global network active in over 100 countries.

More information: www.fisheries.ubc.ca/publications/fcrs

Provided by University of British Columbia

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