

Testimony of David L. Mallino
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Before the Subcommittee on Terrorism, Non-Proliferation, and Trade
Committee on Foreign Affairs
US House of Representatives

Exportation of Liquefied Natural Gas
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Mr. Chairman -

On behalf of the 500,000 members of the Laborers' International Union of North America (LIUNA), I would like to thank you and Ranking Member Sherman and the members of the subcommittee for allowing me to testify today.

Too many Americans are out of work. Within the construction industry the unemployment rate reached over 27% in 2010, and joblessness in the sector remains far higher than any other industry, with over 1 million construction workers currently unemployed in the United States.

However, one bright spot for LIUNA members has been the growth in work hours associated with natural gas pipeline construction. As the Committee is surely aware, the production of North America's natural gas supply has improved dramatically in recent years through commercial development of shale gas reserves. This dramatic growth is largely the result of the development of hydraulic fracturing for the extraction of natural gas.

Domestic reserves of oil and natural gas, combined with improved extraction technologies, like horizontal drilling and hydraulic fracturing, have dramatically increased work opportunities for members of LIUNA. The development of these resources will not only lead to job creation and expanded economic opportunities but will also help put the United States on a path toward energy independence. Affordable domestic natural gas supplies have the potential to be an economic game changer that can lead to a resurgence of the American manufacturing sector. However, in order to realize the full economic benefits of an expanded U.S. gas resource, the industry must be able to find a price for its product that makes continued development profitable.

There are a number of known shale gas and oil deposits in the United States which are in differing states of development. Major shale plays are located in nearly every one of LIUNA Regions including our: Mid-Atlantic; Ohio Valley – Southern States; Great Lakes; Northwest; Midwest; and New England regions. LIUNA's Eastern Region is also experiencing increased pipeline work for delivering gas from Marcellus Shale wells into the New Jersey and New York City markets. In 2012, LIUNA members worked over 11 million hours on pipeline projects under the National Pipeline Agreement, and we are just one of four construction crafts that are signatories to that agreement.

American workers need access to the good paying, family sustaining jobs that growth in the oil and natural gas sector provide. In addition to drilling operations to recover natural gas (“upstream” work), there is an extensive pipeline/compressor station infrastructure required (“midstream”) to move gas to facilities for processing or export (“downstream”).

Often in an attempt to kill the development of new domestic energy sources, the enemies of job creation call these jobs dangerous and “dirty.” The fact of the matter is, construction is in fact a dangerous occupation, and when not performed by trained workers can lead to unacceptable environmental harm. However, when construction is performed by well-trained union workers, it is less dangerous and in a more environmentally sensitive manner.

Opponents of the industry often impose a value judgment that holds construction jobs to be of a lesser value because, by its very nature, a construction project has a completion date and therefore that individual job will come to an end at some point. They call these jobs “temporary” in order to diminish their importance and recruit others to join in a chorus of negativity in the mistaken belief that these jobs have no “real” value to society. .

A report issued by the Energy Information Administration (EIA), the independent statistical arm of the U.S. Energy Department, projects that shale-gas production will continue to increase with expected natural gas consumption in industrial and power generation sectors increasing significantly. According to the 2013 Annual Energy Outlook, natural gas consumption rises from 24.4 trillion cubic feet in 2011 to 28.7 trillion cubic feet in 2035 and should continue to grow to 29.5 trillion cubic feet in 2040. The report also projects that the natural gas prices will remain affordable and stable over the long-term.

LIUNA believes that responsible development of oil and natural gas resources is essential for the future economic prosperity of the United States, and we will continue to advocate for policies that will foster growth in this sector of the economy. Our nation must have a diversified portfolio of energy production and the Laborers have invested significant resources in providing our member with the skills they need to work in these industries.

In order to find a price point that makes extraction of these tight gas reserves economically feasible, gas producers must be able to move natural gas to international markets. A number of liquefied-natural-gas (LNG) export terminals have been proposed for construction, which will themselves be economic engines that will create good jobs and other benefits. These

are large scale projects that cost billions of dollars to build and employ thousands of workers for several years during principle construction.

One of these proposed LNG export terminals, the Jordan Cove Energy Project in Coos Bay, Oregon is expected to be built under a project labor agreement (PLA) which will maximize the quality of the jobs for the construction trades that work on the project. This PLA will ensure that the workers on this massive project will possess the highest skills and best training while ensuring that the workers receive fair wages and working conditions. This project is expected to provide millions of work hours for the building trades' crafts and will invest approximately \$5.7 billion into the local economy.

Natural Gas development will also produce needed government revenue at the federal, state, and local levels. For instance, it is projected that the Jordan Cove Energy Project will generate \$20 million a year in revenue for local and state governments for the first three years of operation and \$30-\$40 million a year thereafter. These new resources can help our state and local governments protect their communities from harmful budget cuts that have led to layoffs and the elimination of much needed services.

In a recent report, the Bipartisan Policy Center points out that, by increasing production and decreasing consumption of certain fuels, opportunities for net exports arise. The Report goes on to conclude: "Restricting international trade in fossil fuels is not an effective policy to reduce global greenhouse gas emissions or to advance domestic economic interests. . ." The BPC's report also concludes that LNG exports are likely to have only modest impacts on domestic natural gas prices.

The export of LNG can help drive additional U.S. natural gas production and support hundreds of thousands of additional U.S. jobs in engineering, manufacturing, construction, and operation of the export infrastructure, as well as others indirectly along the equipment supply chain. Flexibility to export product in times of market imbalance can help the industry operate efficiently and maintain production levels. This enhances US energy and economic security.

Responsible development of our natural resources is essential if the United States is going to fully maximize the economic benefits of our domestic oil and natural gas reserves. Best industry practices based on innovation and technology combined with a highly trained, skilled workforce represents an important step in addressing public concern. Through our affiliation of the Building and Construction Trades Department of the AFL-CIO, LIUNA is a partner in the

Oil and Natural Gas Labor Management Committee. This joint business and labor committee has developed a set of principles that we believe companies engaged in the extraction and transportation of oil and gas should adhere to. They include:

- Complying with all applicable local, state, and federal occupational safety and health requirements to ensure the safety and health of employees.
- Hiring first from the pool of highly skilled, productive local workers to maximize the local benefits of natural gas development.
- Investing in the skill development of local workers.
- Increasing diversity in the workforce by prohibiting discrimination and actively recruiting women and people of color, and our military veterans.
- Developing a stringent health and safety plan for each project.
- Requiring policies that ensure workers are free of alcohol and drugs.
- Establishing a safety committee comprised of an equal number of representatives of labor and management.
- Operating facilities in a manner that protects the environment and the safety and health of workers and the public.
- Promptly advise appropriate officials, employees, customers and the public of information on significant industry-related safety, health and environmental hazards, and recommend protective measures.
- Delivering information, training, and technical assistance to contractors, suppliers, customers, transporters and others in the safe use, transportation and disposal of raw materials, products and waste materials.
- Promoting responsible laws, regulations and standards to safeguard the community, the workplace and the environment.

LIUNA is also committed to helping advance policies that will reduce the Nation's emissions of green-house gasses. We believe that an aggressive and science-based approach to emissions reductions is not only absolutely necessary from the perspective of achieving a sustainable environment; it will be good for our economy and for working families. However, we reject the notion that natural gas resources should be abandoned or constrained as a path toward greater sustainability.

LIUNA members look forward to working with thoughtful policy makers who want to see our economy recover and produce American jobs that can support middle class families. We believe that responsible development of oil and natural gas resource can help provide many of those jobs.

Once again, thank you for allowing me to testify before you today.