

The State Department's Final Decision on the Keystone XL Pipeline

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On November 6, 2015, [President Obama announced](#) that the Secretary of State had informed him that "after extensive public outreach and consultation with other cabinet agencies" he had concluded that the Keystone XL pipeline would "not serve the national interest of the United States." The President further stated that he agrees with the Secretary's decision. As a result of that determination, the State Department denied TransCanada's request for a Presidential Permit for the proposed pipeline facilities. The State Department's decision came four days after [TransCanada asked the department](#) to suspend its permit review while issues regarding the pipeline's proposed route through Nebraska were being addressed.

The National Interest Determination

[TransCanada's Keystone XL pipeline](#) was intended to transport oil sands crude from Canada and shale oil produced in the United States to a market hub in Nebraska. Because it required the construction of pipeline facilities that cross the U.S. border, the proposed project required a [Presidential Permit](#) from the State Department. A decision to grant such a permit is conditioned on the department's determination that its issuance would, in accordance with [Executive Order 13337](#), "serve the national interest." On November 6, the process of making that [national interest determination](#) came to an end when [Secretary Kerry announced](#) that "the national interest of the United States would be best served by denying TransCanada a presidential permit for the Keystone XL pipeline." Secretary Kerry stated that he based that determination on State Department findings that the proposed project would:

- have a negligible impact on American energy security;
- not lead to lower gas prices for American consumers;
- have a marginal long-term contribution to the U.S. economy;
- raise a range of concerns about the impact on local communities, water supplies, and cultural heritage sites; and
- facilitate transportation into the country of a particularly dirty source of fuel.

Secretary Kerry further stated:

The critical factor in my determination was this: moving forward with this project would significantly undermine our ability to continue leading the world in combatting climate change.

In his statement, President Obama also referred to America's role as "a global leader when it comes to taking serious

action to fight climate change" and that approving the pipeline project "would have undercut that global leadership."

Reaction to the State Department Decision

Shortly after the State Department announced its decision, [TransCanada issued a statement](#) expressing its disappointment in the denial of its permit application. The company stated, in part, "In light of this decision we will review our options, which will include filing a new application to receive a Presidential Permit for a cross border crude oil pipeline from Canada to the United States."

[Members of Congress](#) have expressed both support for, and opposition to, the State Department's decision. In the past, Congress proposed several bills that would have had some effect on the pipeline's development. For example, the Keystone XL Pipeline Approval Act ([S.1](#)) would have directly approved the pipeline. President Obama [vetoed](#) that bill. Given the interest that some Members of Congress have in the project, further legislative action may be taken to support the pipeline's construction. However, since there is no permit currently pending and TransCanada has not yet decided to how it will proceed, it is unclear what legislative options may be available that would allow TransCanada to construct a similar cross-border pipeline.