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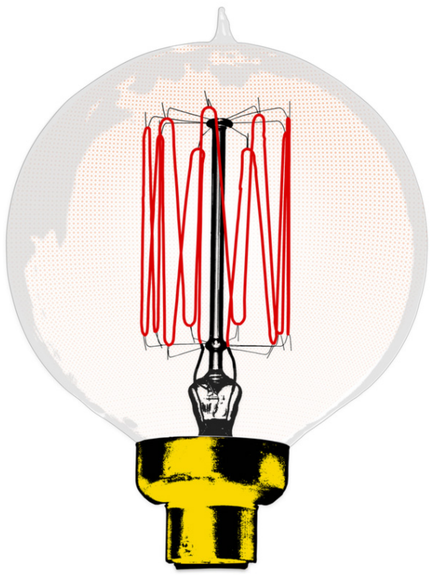
The GDP Payoff of Additional Pipeline Capacity

Canada's GDP Series - Part 4



The GDP Payoff of Additional Oil Pipeline Capacity

Expanding Canada's oil export infrastructure by 1.5 million barrels a day — an increase of nearly one-third — could add an average $31.4 billion to national real GDP each year over the next decade, according to economic research conducted jointly by ATB Economics and Studio.Energy. That represents a 1.1% increase in Canada's real GDP — a meaningful boost considering this country has struggled to raise GDP per person for more than a decade. The analysis also suggests the buildout would increase employment by 112,000 jobs, on average, over the same period.

Summary

- Canada's struggling GDP could get a meaningful boost over the next decade and beyond with the addition of 1.5 million barrels per day of new oil pipeline export capacity.
- According to analysis by ATB Economics and Studio.Energy, more pipeline capacity and related investment in expanded oil production would add more than $30 billion in real GDP per year over the next decade.
- The added pipeline capacity would also support more than 110,000 new jobs during that period.

Background

Canada's debate about building new oil pipelines has largely focused on environmental trade-offs and regional politics. But there is another pressing dimension that deserves attention: economic strength.

In the first three articles in this GDP series, we argued that Canada has entered a more competitive and coercive global economic environment. GDP is no longer just a measure of prosperity — it is a source of national leverage. Economies grow stronger by investing in productive capacity and expanding exports. Exports generate long-term income for government treasuries and sustain high-paying jobs.

Expanding Canada's energy export capacity can diversify markets, strengthen resilience to economic coercion, support allied energy security, and boost GDP.

Summary of Results

Analysis conducted by ATB Economics and Studio.Energy suggests a significant and sustained boost to the national economy by expanding Canada's oil export infrastructure by 1.5 million barrels per day (MMB/d) through the successful execution of multiple pipeline projects.

Starting with pipeline construction in 2027, and building an incremental 1.5 MMB/d of capacity, Canada's real GDP would be higher by an average of $31.4 billion per year (in 2017 dollars) by 2035. In percentage terms, this translates into an average GDP increase of roughly 1.1%, with the

Impact of an Additional 1.5 MMB/d of Oil Pipeline Capacity

	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
Real Canada GDP ($2017, billions)	15.2	21.0	27.6	31.0	34.9	37.6	39.7	38.8	37.2	**31.4**
Percent Increment (%)	**0.6**	**0.8**	**1.0**	**1.1**	**1.3**	**1.3**	**1.4**	**1.3**	**1.3**	**1.1**
Employment ('000s)	84.7	101.5	127.9	135.1	136.1	132.0	125.4	99.5	65.8	**112.0**

Sources: ATB Economics and Studio.Energy

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incremental contribution rising steadily through the construction phase and peaking in the early 2030s as the full amount of new export capacity comes online.

The peak impact on real GDP is $39.7 billion in 2033, representing a 1.4% increase over the baseline. The baseline is current oil export pipeline capacity plus minor increases to 2030. Importantly for Canada, the percentage gains in real GDP do not come from higher population but from activities that contribute to higher GDP per person.

Employment effects are also substantial. The combined impact of pipeline construction, upstream investment, and supply-chain activity is estimated to support an average of approximately 112,000 additional jobs across Canada over the same period, with the employment impact peaking at 136,100 jobs during the height of construction activity before moderating as projects transition into operations.

The results illustrate how largescale infrastructure investment can translate into durable economic gains: investment drives nearterm growth through construction activity, while expanded export capacity sustains per capita income, employment, and fiscal revenues over time.

Analytical Framework

Building a pipeline provides a surge in economic activity that typically lasts only a few years. But then that pipeline must be filled. The latter requires investment in oil production activities and must continue even after the initial pipeline fill to ensure maximum volumes for decades.

ATB Economics and Studio.Energy considered how much pipeline infrastructure could realistically be built and utilized over the coming years. This study examines the potential impact of one scenario, which builds several pipelines with a combined capacity of 1.5 MMB/d, relative to the base case.

Methodology and Core Assumptions

Studio.Energy's upstream capital flow model was used to simulate the investment schedule over a 10-year buildout to 2035. The outputs of the Studio's estimates were then used as inputs to the ATB Economics forecasting model. Incremental GDP contributions and employment effects were estimated for every year over the buildout period.

Building the pipelines is estimated to require cumulative investment of $41 billion, while ensuring there is enough oil production to fill them would require an additional $100+ billion in upstream investment — more than double the pipeline cost — generating long-term returns through export revenues, royalties, and taxes.

The economic impacts of Studio.Energy's oil development schedule and cost estimates were evaluated by ATB Economics in consultation with Stokes Economics. The analysis used a macroeconomic forecasting model containing more than 1,600 equations that capture supply-chain linkages, export and import flows, and the ripple effects on employment, wages, and prices across the economy.

The analysis is built on simplified "all-else-being-equal" assumptions that do not include major roadblocks to completing the pipeline projects. Its purpose is not to forecast precise outcomes, but to estimate the magnitude of GDP contribution from materially expanding Canada's oil export capacity by about one-third.

Permitting and regulatory approvals, while rigorous, are assumed to proceed without prolonged or repeated delays that materially disrupt construction timelines. The analysis also assumes sufficient policy clarity on emissions and industrial carbon pricing to allow upstream, midstream, and downstream projects to secure financing at a reasonable cost, and that Indigenous and stakeholder agreements are in place.

On the economic side, the modelling assumes a long-term stable global oil market environment post the current Iranian conflict, with expected benchmark WTI oil prices averaging around US$60 to US$70 per barrel over the ten-year period.

The modelling does account for capacity constraints. But, labour, engineering services, and construction inputs are assumed to remain available without triggering extreme cost inflation, and global supply chains are assumed to function without major disruptions.

Taken together, these assumptions describe an optimistic but plausible scenario. The analysis is intentionally designed to measure what is possible, rather than predict what is inevitable. Read in that light, the study also provides context for identifying the optimal policy, regulatory, and investment conditions required to expand Canada's resource exports and strengthen long-term GDP growth.

Projects in the Queue and Spending Timeline

At present, several oil pipeline expansion projects are being evaluated by Trans Mountain, South Bow, and Enbridge. The analysis makes an assumption that roughly 500,000 B/d of export capacity would be built from those potential expansion projects and be in service by 2035. It captures the proposed timelines and investment requirements of these projects.

In addition, a provincially backed oil pipeline to the West Coast capable of carrying another 1.0 MMB/d is expected to advance, under the Memorandum of Understanding (MOU) signed by Prime Minister Mark Carney and Alberta Premier Danielle Smith on November 27, 2025.

Because a new West Coast pipeline hinges on the advancement of the Pathways carbon capture utilization and storage (CCUS) project in the MOU, this analysis assumes Pathways Phase 1 proceeds and incorporates an associated $20 billion investment impact. The analysis adjusts the Pathways' initial publicly stated cost of $16.5 billion to account for inflation.

The new greenfield West Coast pipeline is assumed to enter service by 2035, at an estimated cost of $35 billion, reflecting higher capital intensity than mere expansion projects.

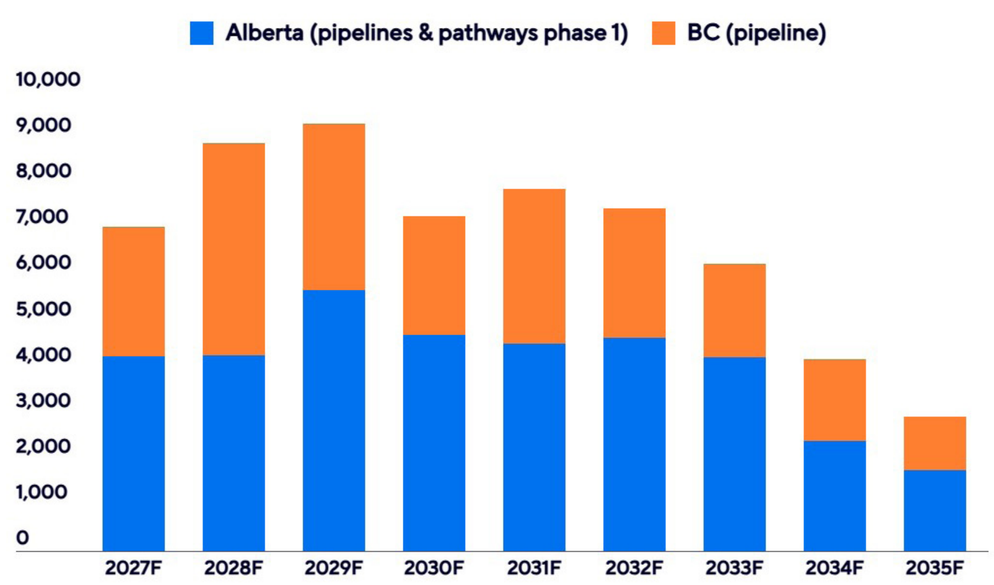
In addition, the analysis estimates that roughly $100 billion in upstream investment is assumed to be required to develop the upstream oil production needed to fill the pipeline.

It is assumed that 25% of the West Coast pipeline construction spending would occur in Alberta, with most of the remaining investment taking place in British Columbia along the pipeline route and at marine export terminals. While the modelling assumes that the upstream investment would occur in Alberta, diluent supplies from British Columbia would support oil sands operations.

To measure the economic impact of the additional export capacity, the investment simulation was compared to a baseline case in which neither the pipeline expansions nor the CCUS project proceed.[1]

Construction spending* in Canada

$2017 millions, relative to baseline



*Refers to investment in transportation and warehousing
F-forecast; Sources: Studio.Energy, ATB Economics and Stokes Economics

Investment Profile of Building and Filling the Pipelines

Pipeline construction initially drives GDP through investment spending, while long-term contributions emerge as the infrastructure enables sustained export flows.

To estimate the economic impact of the total investment required, nominal capital spending was converted into real 2017 dollars, accounting for expected cost escalation. As a result, the real investment values used in the modelling are roughly 20% to 30% lower than nominal figures often cited in project announcements.

Most of the investment activity is concentrated in the oil sands sector, which accounts for roughly 90% of

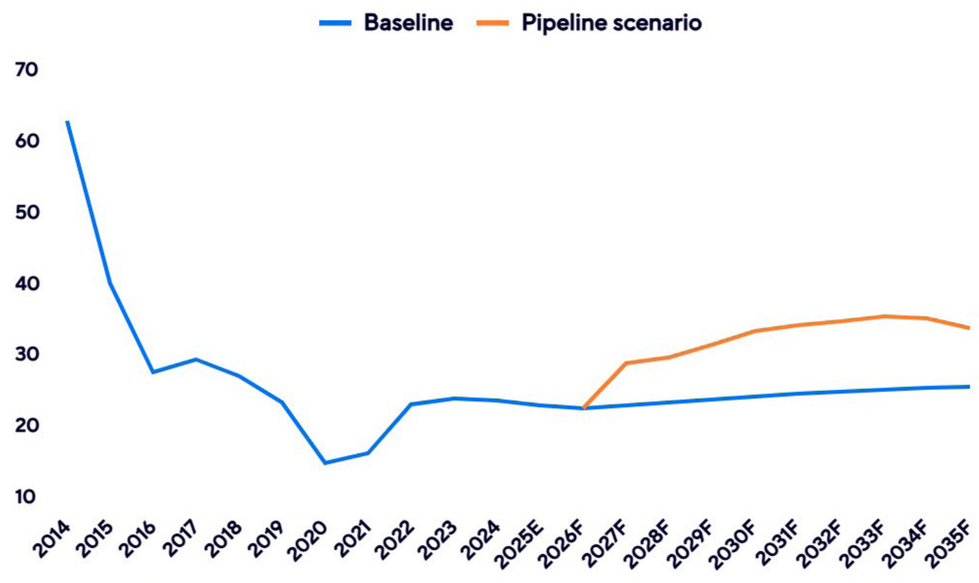
[1] In ATB Economics' latest baseline, oil and gas investment remains relatively flat over the forecast period, reflecting sustaining capital investments, while oil and gas exports are expected to level off in the early 2030s due to pipeline constraints.For more information, see ATB Economics' latest December outlook.

total capital spending, with the remainder attributed to conventional oil development.

The model assumes Alberta's real oil and gas exports at roughly 30% higher than the baseline by the end of the forecast horizon, reflecting improved takeaway capacity and access to global markets.

Alberta oil and gas investment (upstream)

$2017, billions



E-estimate, F-forecast;
Sources: Studio.Energy, Statistics Canada, ATB Economics and Stokes Economics

Resulting GDP Impacts

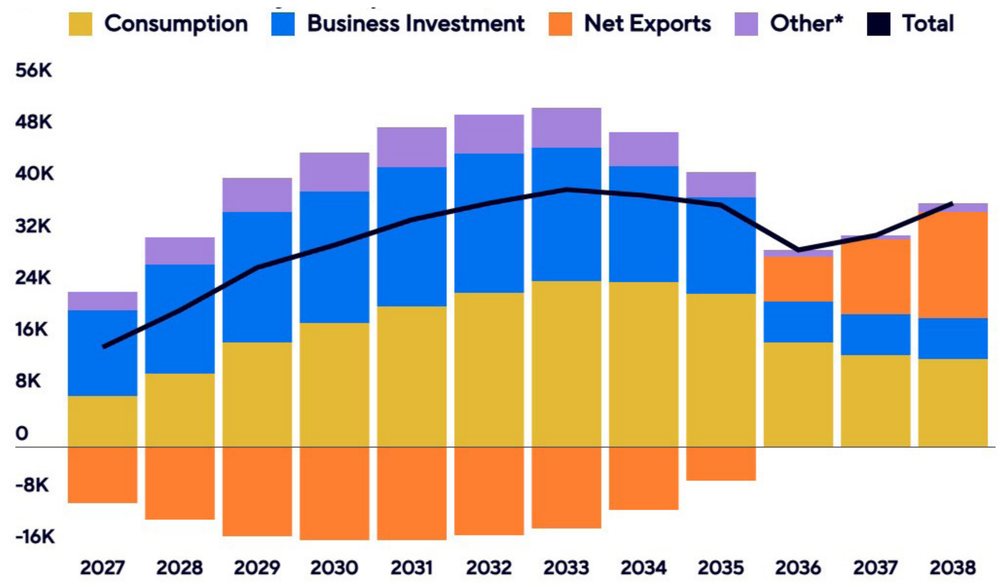
Pipeline construction initially lifts GDP through investment spending. As projects are completed and filled, the contribution gradually shifts toward exports, with secondary effects on employment, consumption, and government revenues.

The modeled impacts arise from three main channels: construction of the pipeline and the Pathways Phase 1 CCUS project, the upstream investment required to supply the new oil volumes, and the increase in oil exports once the infrastructure is operational.

Major capital projects generate spending on labour, engineering, steel, equipment, and services across the supply chain. Later in the forecast period, export income begins to dominate GDP contribution as additional oil production reaches global markets.

Pipeline impacts on Canadian GDP

$2017 millions, by component, relative to baseline



*Includes government spending, residential construction, non-profit institutions spending and inventories;
Sources: Studio.Energy, ATB Economics and Stokes Economics

During construction, some spending leaks abroad because large infrastructure projects require imported machinery, equipment, and specialized materials. As a result, the net export contribution to GDP is negative in the early years. Once construction is complete and export volumes increase, that dynamic reverses.

Under the modeled scenario, by 2033, additional pipeline capacity raises Canadian GDP by nearly $40 billion — about 1.4% of national output — and increases employment by 125,000 jobs.

After the 2027 start of the first additional volumes, the projects add an average of about $33.5 billion per year to Canada's real GDP between 2028 and 2035 — a roughly 1.2% impact on GDP. Post-2035, exports continue to contribute to rising GDP as sustaining capital investment to keep oil production at a level needed to fill the pipelines increases, along with minor related investment across other sectors.

Regional Distribution of GDP Impacts

Most of the economic impact is concentrated in Alberta and British Columbia, where the bulk of the investment and production activity occurs, but there are goods and services supplied by companies in other parts of the country too.

Nationally, the projects raise Canada's real GDP by between 0.6% and 1.4% over the 2027 to 2035 period, with an average impact of 1.1% relative to the base case. While this improvement may appear modest at the national level, it represents a meaningful increase in economic momentum for a mature economy where incremental growth is increasingly difficult to achieve.

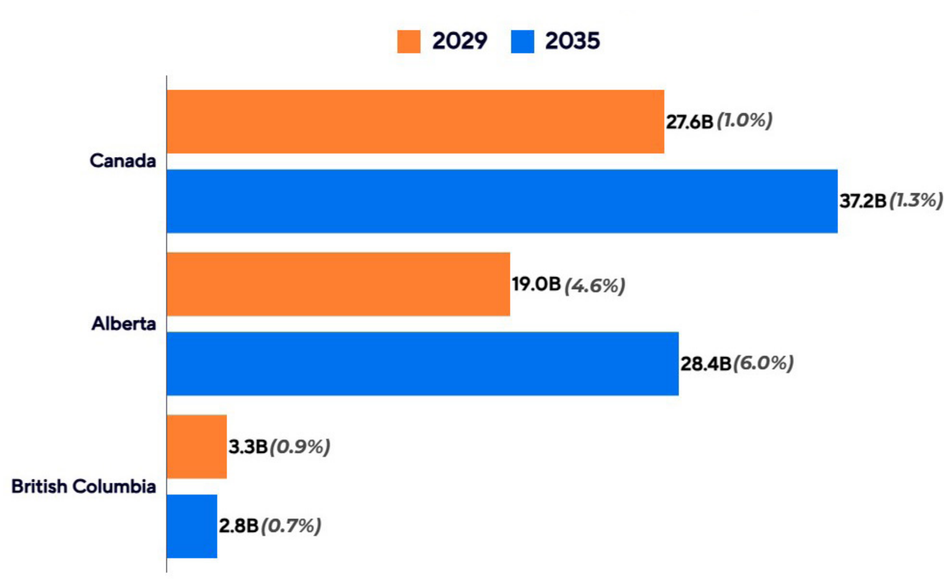
The impact is far more pronounced in the provinces most directly involved in the investment cycle. In Alberta, real GDP increases by a range of 2.6% to 6.5% over the same period relative to the base case for an average impact of 5.1%. This reflects both the scale of capital spending in the oil sands and the long-term increase in export activity once new pipeline capacity is operational.

British Columbia also experiences a measurable lift, with provincial real GDP rising by 0.6% to 1.0% for an average impact of 0.8%. Much of this activity is tied to pipeline construction, marine terminal infrastructure, and related services required to move crude oil to global markets.

Encouraging stronger interprovincial trade and supply chains could allow more of the investment cycle to circulate domestically, improving Canada's net export balance and extending the GDP benefits across a wider portion of the country.

Pipeline impacts on Canadian GDP

Difference relative to baseline, $2017, by select year



Sources: Studio.Energy, ATB Economics and Stokes Economics

Employment Impacts

The investment program also generates a significant employment impact across the Canadian economy. Job creation rises rapidly in the early years of the forecast as pipeline construction, upstream development, and associated infrastructure projects ramp up.

Employment gains build steadily through the construction phase, peaking around 2031, when the combined effects of pipeline construction, upstream investment, and related supply-chain activity are at their highest. As the projects move from construction into operation, the number of incremental jobs gradually moderates.

The analysis indicates that the investment program would support an average of roughly 112,000 additional jobs each year across Canada during the 2027 to 2035 period. These jobs are not limited to the energy sector itself. Major infrastructure projects generate demand across a wide range of industries, including engineering and construction services, manufacturing, transportation, equipment supply, finance, and professional services.

Longevity Beyond the 10-Year Horizon

Export infrastructure continues generating economic value long after construction ends. Pipelines, terminals, and port facilities support decades of trade flows, maintenance activity, reinvestment, and upstream resource development.

While construction employment naturally declines once projects are completed, the export capacity created by the new infrastructure continues to sustain jobs indirectly through ongoing production, maintenance, and trade activity, reinforcing the longer-term economic effects described earlier in the GDP analysis.

A common critique of new oil infrastructure is that demand will soon fade, leaving pipelines as stranded assets. This view rests on an incomplete picture of global oil demand. Oil is not only a transportation fuel; it is a critical input for petrochemicals, materials, fertilizers, aviation, shipping, and heavy industry.[2]

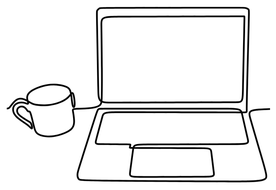
[2] See *Now You're Thinking* Issue 011 – End of Oil? We've Heard That Before; Studio.Energy; December 2, 2025

Canadian heavy crude is particularly well suited for the new generation of integrated refining and petrochemical complexes emerging in Asia and the Middle East. Accessing those markets requires reliable, long-life export infrastructure.[3]

The implication is clear: building resource infrastructure positions Canada to supply a vital commodity for decades while strengthening its role in an increasingly competitive geoeconomic landscape. It also provides a noticeable long-term lift to Canada's productive capacity, increasing GDP per capita and wages. The export capacity created by the new infrastructure continues to sustain economic activity through ongoing production, maintenance, and trade activity, reinforcing the longer-term economic effects described earlier in the GDP analysis.

In a world where energy security, supply chains, and economic leverage are instruments of statecraft, export infrastructure allows Canada to support allies, diversify energy flows, and reduce reliance on less stable suppliers.

Over time, these assets strengthen exports, government revenues, and national resilience well beyond the initial investment window.



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For more information contact **think@studio.energy**.

[2] See *Now You're Thinking* Issue 012 – Canada's Oil: A World of Opportunity; Studio.Energy; February 9, 2026

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