

Over a Barrel

How America's Dependence on Foreign Oil Endangers our National Security, Economy, and Environment

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Introduction

The United States is the largest consumer and importer of oil in the world. Much of this oil comes from countries with political agendas running counter to U.S. interests and global values of pluralism and democracy. This addiction is detrimental to our national security, economy, and environment.

While political rhetoric advocating energy independence has grown over the years, little has been done to address the crisis effectively. The United States still consumes more oil per capita than any other country on the planet. As the price of oil continues to soar and oil reserves become depleted, we still rely on oil to keep America running. And, based on current estimates, more domestic drilling is not expected to significantly reduce our demand for foreign oil.

America cannot afford to remain in the past: It must be the leader of the future. We are already behind the curve; Brazil, a country that as recently as the 1970s imported four-fifths of its oil needs, is close to achieving energy independence.

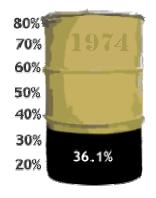
The following pages outline some of AJC's concerns related to America's dependence on oil and the measures we can take to free ourselves from it. We must work together to adopt a sustainable energy plan to secure America's future.

Since 1974, U.S. presidents have called for energy independence.



Richard Nixon, 1974

"Let this be our national goal: At the end of this decade, in the year 1980, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes, and to keep our transportation moving."

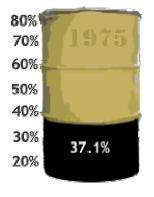


Percentage of Oil from Foreign Sources³



Gerald Ford, 1975

"I have set the following national energy goals to assure that our future is as secure and productive as our past: First, we must reduce oil imports by one million barrels per day by the end of this year and by two million barrels per day by the end of 1977. Second, we must end vulnerability to economic disruption by foreign suppliers by 1985."²



Percentage of Oil from Foreign Sources

⁽¹⁾ President Richard Nixon, State of the Union address, January 30, 1974, at http://janda.org/politxts/State%20of%20Union%20 Addresses/1970-1974%20Nixon%20T/RMN74.html.

⁽²⁾ President Gerald Ford, State of the Union address, January 15, 1975, at http://www.fordlibrarymuseum.gov/library/speeches/750028.htm.

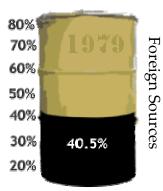
³⁾ Foreign oil percentages are from the Energy Information Administration, U.S. Government, at http://www.eia.doe.gov/emeu/mer/ overview.html.

Talk of energy independence has continued, but with little material change.



Jimmy Carter, 1979

"Beginning this moment, this nation will never use more foreign oil than we did in 1977—never. From now on, every new addition to our demand for energy will be met from our own production and our own conservation. ... [F]or I am tonight setting the further goal of cutting our dependence on foreign oil by one-half by the end of the next decade."

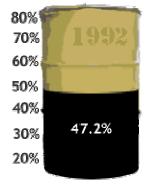


Percentage of Oil from Foreign Sources



George H.W. Bush, 1992

"When our administration developed our national energy strategy, three principles guided our policy: reducing our dependence on foreign oil, protecting our environment, and promoting economic growth."²



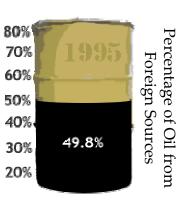
Percentage of Oil from Foreign Sources

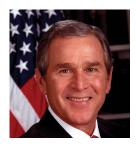
Democrats and Republicans have pledged to reduce oil imports.



Bill Clinton, 1995

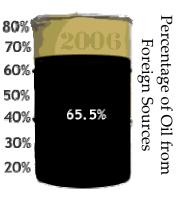
"[T]he nation's growing reliance on imports of crude oil and refined petroleum products threatens the nation's security because they increase U.S. vulnerability to oil supply interruptions.... [T]he administration will continue its efforts to develop additional cost-effective policies to enhance domestic energy production and to revitalize the U.S. petroleum industry."





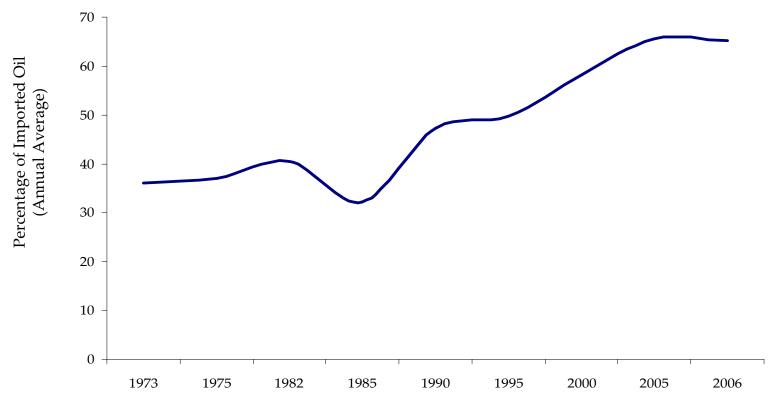
George W. Bush, 2006

"America is addicted to oil, which is often imported from unstable parts of the worlds.... By applying the talent and technology of America, this country can dramatically improve our environment, move beyond a petroleum-based economy, and make our dependence on Middle East oil a thing of the past."²



Despite the rhetoric, overall U.S. reliance on foreign oil has increased dramatically.





A Problem Unanswered

Pundits and commentators from different political perspectives are critical of America's unhealthy dependence on foreign oil.



Thomas Friedman, *New York Times* columnist: "We're in a war with people who are now fueled by our energy purchases. We're funding both sides in the war on terrorism."



Frank J. Gaffney, Jr., president, Center for Security Policy: "[T]he tens of billions of petrodollars flowing to terrorist-sponsoring states each year [from U.S. oil purchases] translate into income that is available, in part, to people trying to kill us...."²



Al Gore, former U.S. vice-president: "[W]hen 65 percent of the world's oil supply is in the Gulf and only 3 percent in America, we cannot drill our way to self-sufficiency.... How much terror and chaos in the heart of our oil supply, before they realize there's a better way?"³



James Woolsey, former CIA director: "[An] attack on the petroleum infrastructure in the Middle East could send oil to well over \$100 per barrel ... [That] should be sufficient to convince any objective observer that oil dependence today creates serious and pressing dangers for the United States and other oil-importing nations."⁴

⁽¹⁾ http://www.npr.org/templates/story/story.php?storyId=4717413. Friedman subsequently made similar comments during a number of radio and television interviews while promoting his recent book, *The World Is Flat: A Brief History of the Twenty-First Century.*

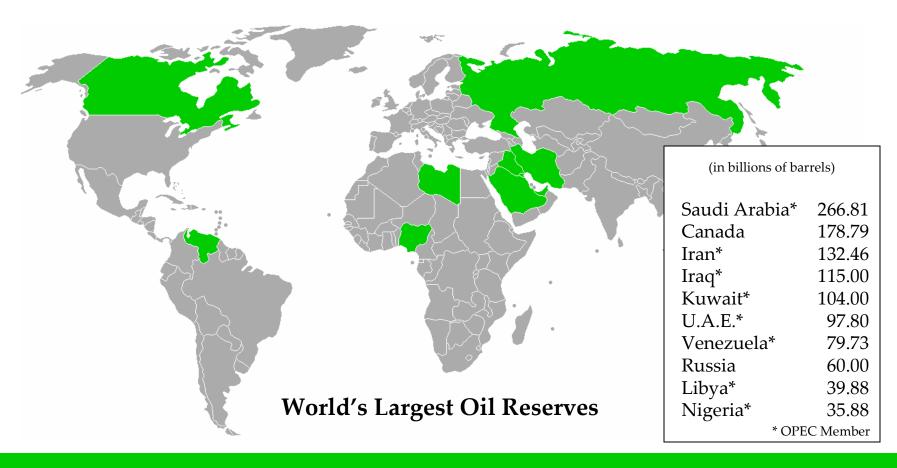
⁽²⁾ http://www.nationalreview.com/gaffney/gaffney200503290758.asp.

http://www.algore-08.com/index.php?option=com_content&task=view&id=77&Itemid=84.

⁽⁴⁾ http://www.memagazine.org/backissues/oct05/features/petrbomb/petrbomb.html.

National Security: Foreign Oil Suppliers

Much of the world's largest proven oil reserves are found in unstable areas and within countries hostile to our nation's values.



National Security: Middle East

Oil has been used as a weapon against the United States, making overreliance on foreign oil a risky business.



"When the North Sea oil dries up in 1991, the United States will want to buy Arab petroleum. And when the American oil fields themselves run dry and oil consumption in the United States increases, the American need for the Arabs will grow greater and greater."

Yasir Arafat, the late PLO and PA chairman

"I call on the *mujahideen* to concentrate their attacks on Muslims' stolen oil, most of the revenues of which go to the enemies of Islam, while most of what they leave is seized by the thieves who rule our countries."²

Osama bin Laden, leader of Al-Qaeda

"[The U.S.] should know that the slightest misbehavior on your part would endanger the region's energy security. You are not capable of guaranteeing energy security in this region."

Ayatollah Ali Khamenei, Iran's supreme leader

⁽¹⁾ Al-Musawwar, January 19, 1990, cited in Mitchell Bard, "Middle East Policy and Oil," Jewish Virtual Library, http://www.jewishvirtuallibrary.org/jsource/US-Israel/usoil.html.

^{(2) &}quot;Bin Laden War on West Just Starting: Deputy," *The Age* (Melbourne, Australia), December 8, 2005, at http://www.theage.com.au/news/world/bin-laden-war-on-west-just-starting-deputy/2005/12/07/1133829660913.html.

^{(3) &}quot;Iran warns U.S. on oil shipments," June 4, 2006, CNN, at http://www.cnn.com/2006/WORLD/meast/06/04/us.iran/index.html.

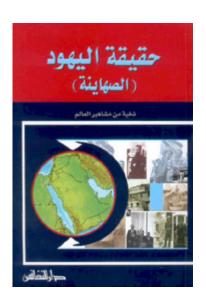
National Security: Saudi Arabia

While our petrodollars flow to Saudi Arabia, home to the world's largest oil reserves, Saudi children are taught contempt for Christians, Jews, and the West. Saudi petrodollars also build schools around the world, even in the United States, where the same doctrinaire and bigoted teachings are spread.

Saudi Arabia

- ➤ #1 oil exporter
- ➤ #3 supplier to U.S.
- > 25% of world reserves

Excerpts from Saudi textbooks:



"There are in the world today those who profess Judaism and Christianity out of imitation of their ancestors, [and out] of arrogance and renunciation of the truth, in spite of the appearance of the religion of Islam, which replaced the former religions that had preceded it."

"There is no doubt that the Muslims' power irritates the infidels and spreads envy in the hearts of the enemies of Islam – Christians, Jews, and others – so they plot against them, harass them, and seize every opportunity in order to eliminate the Muslims."²

"The religion of Islam is the true religion and any other religion is false."

⁽¹⁾ Geography of the Muslim World, Grade 8 (1994), p. 18, in Arnon Groiss, The West, Christians, and Jews in Saudi Arabian Schoolbooks (Center for Monitoring the Impact of Peace and the American Jewish Committee, 2003), p. 52.

⁽²⁾ Geography, p. 32, in Groiss, p. 56.

National Security: Iran

In its showdown with the West, Iran has pledged to use all means, including oil, to secure nuclear weapons.

Iran

- > #4 oil exporter
- ≥ 9% of world reserves



"If [the U.S.] makes a wrong move regarding Iran, definitely the energy flow in this region will be seriously endangered." Ayatollah Ali Khamenei, Iranian supreme leader

"If [the U.S.] politicizes our nuclear case, we will use any means. We are rich in energy resources. We have control over the biggest and the most sensitive energy route of the world." Mostafa Pour-Mohammadi, Iranian minister of interior

"Any possible sanctions from the West could possibly, by disturbing Iran's political and economic situation, raise oil prices beyond levels the West expects." Davoud Danesh-Jafari, Iranian economic minister

"[The West] needs us more than we need you. All of you today need the Iranian nation."⁴

Mahmoud Ahmadinejad, Iranian president

^{(1) &}quot;Iran Threatens to Squeeze Oil Flow," CBS News, June 4, 2006, at www.cbsnews.com/stories/2006/06/04/world/main1680072.shtml.

^{(2) &}quot;Iran threatens to use oil as weapon," Associated Press, March 11, 2006, at http://www.canada.com/topics/news/world/story.html?id =35f56a71-53ee -48d9-b8f0-38dccfec22c0.

^{(3) &}quot;Iran crisis: World powers at odds," CNN, January 18, 2006, at http://edition.cnn.com/2006/WORLD/meast/01/17/iran.nuclear.

^{(4) &}quot;West is in dark ages, says Iran's President," Guardian, January 15, 2006, at http://observer.guardian.co.uk/world/story/0,16937,1686652,00.html.

National Security: Venezuela

Petrodollars fuel Hugo Chavez's "populist" revolution at home and in neighboring countries, helping him achieve his goal of gaining influence in the Western Hemisphere.



President Hugo Chavez

"If Mr. Bush is possessed with the madness of trying to blockade Venezuela, or worse for them, to invade Venezuela ... sadly not a drop of petroleum will come to them from Venezuela."

"[T]he English middle classes would have to stop using their cars, [if the U.S. attacked Iran, as oil would go to \$100 a barrel or more.] We would do the same if we were attacked. We would cut off our oil."²

"Let's see what'll happen to the price of crude oil then, [Chavez said referring to the possibility of the U.S. cutting diplomatic ties with Venezuela]. The imperialist, genocidal, fascist attitude of the U.S. president has no limits. I think Hitler would be like a suckling baby next to George W. Bush."³

Venezuela

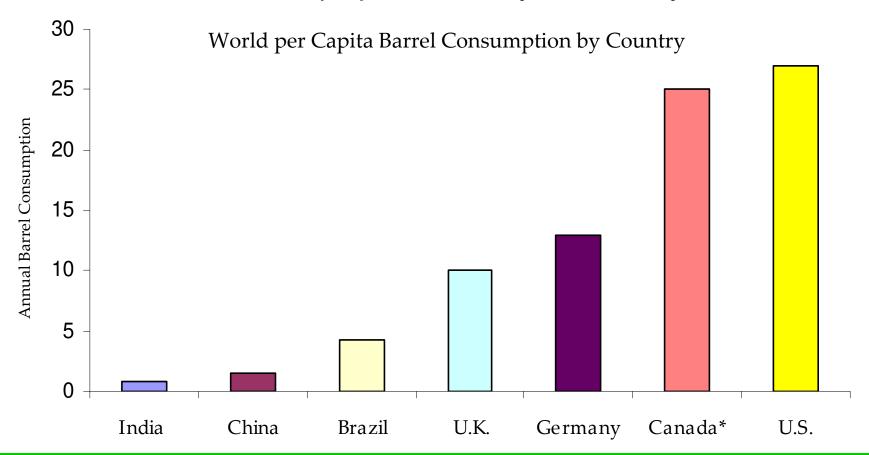
- ➤ #5 oil exporter
- ▶#4 supplier to U.S.
- ➤ 7% of world reserves
- ➤ CITGO Venezuela's state-owned oil company has 14,000 gas stations in the U.S.

^{(1) &}quot;Chavez threatens to stop oil to U.S.," Reuters, March 1, 2004.

^{(2) &}quot;Chavez issues oil price warning." Financial Times, May 15, 2006.(3) "Venezuela to buy more weapons," BBC, February 5, 2006.

Domestic Affairs: United States

In spite of the national security risks stemming from our reliance on foreign oil, Americans still use more oil per person than any other country in the world.



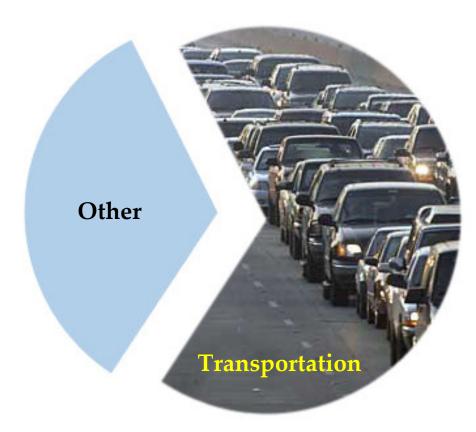
Based on figures from U.S. Energy Information Administration, *BP Statistical Review*, *World Data Population*, and the Association for the Study of Peak Oil and Gas.

^{*}It should be noted that although Canada has an annual per capita barrel consumption close to the United States, it remains a net exporter of oil.

Domestic Affairs: America's Roads

Much of America's oil is consumed on its roads.

Two-thirds of all oil consumed in the United States goes toward fueling our cars and trucks.¹



America's oil consumption

One way to reduce the use of oil on our roads is through changes in legislation, particularly Corporate Average Fuel Economy (CAFE) standards.

What are CAFE Standards?

Corporate Average Fuel Economy (CAFE) standards were first enacted by Congress in 1975, in the wake of the 1973 Arab oil embargo. They were created by Congress to induce vehicle manufacturers to improve fuel efficiency by charging a penalty to those manufactures whose vehicles fell below the defined mile per gallon (mpg) standard.

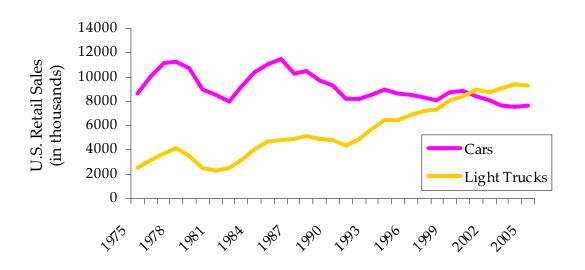


What is the problem with current CAFE standards?

The biggest problem with CAFE standards is that cars and light trucks – including SUVs and vans – are not held to the same criteria. As of early 2004, the average for cars must exceed 27.5 mpg, while the light truck average must exceed only 20.3 mpg. Since SUVs are classified as light trucks, i.e., commercial vehicles, their CAFE standards are lower. As the table on the next page demonstrates, the current categories of classification provide no incentive for car manufacturers to produce smaller, more fuel-efficient cars.

Without any incentives for vehicle manufacturers to slow down production of gas-guzzling SUVs and minivans, the popularity of these vehicles has increased so much that today more than half of all new passenger vehicles purchased are classified as light trucks – SUVs and minivans.

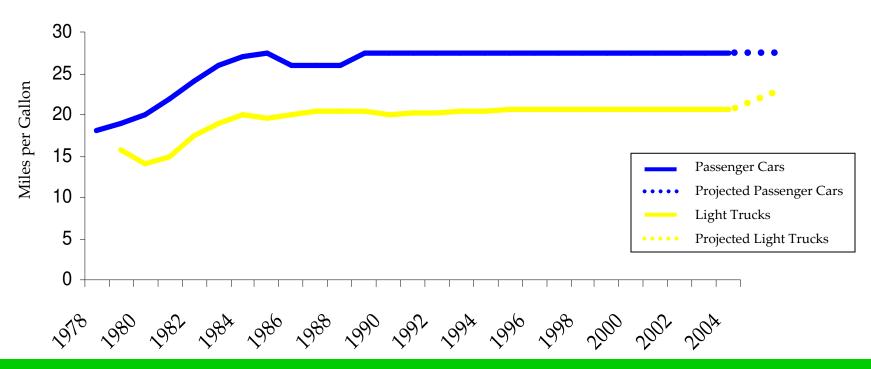
Trends in Vehicles on the Road over Time¹



"To look at the wastefulness of SUVs in another way, consider this: the amount the extra gas they use on average in one year, compared with cars, equals the amount of energy you'd waste if you left your refrigerator door open for six years."²

Though CAFE standards will slowly begin to increase in the coming years, Congress has shamefully neglected CAFE legislation for nearly fifteen years.¹

CAFE Standards over Time¹



⁽¹⁾ On March 31, 2003, NHTSA issued new light truck standards, setting a standard of 21.0 mpg for MY 2005, 21.6 mpg for MY 2006, and 22.2 mpg for MY 2007. In March 2006, DOT mandated for light trucks CAFE to reach 24 mpg by 2011, when the largest SUVs would start to be included in the calculation. Statistical data from the National Highway Traffic Safety Administration, at http://www.nhtsa.dot.gov/cars/ rules/cafe/ overview.htm.

SUVs cost consumers more money to drive, are greater polluters, and increase U.S. demand for foreign oil.

Cars vs. SUVs – The Statistics You Need to Know¹



2006 Jeep Grand Cherokee

Miles per Gallon	16
Annual Fuel Cost	.\$2,540
Annual Gallons Used	936
Annual Greenhouse Gas Emissions10	.8 tons



2006 Honda Accord

Miles per Gallon	25.9
Annual Fuel Cost	\$1,542
Annual Gallons Used	534
Annual Greenhouse Gas Emissions	66 tons

If all those who purchased SUVs in 2005 had instead bought Honda Accords (or an equivalent car in its class), Americans could have saved 3,730,962,000 gallons of gas – \$11,491,362,960 – in one year!²

⁽¹⁾ Data: www.fueleconomy.com.

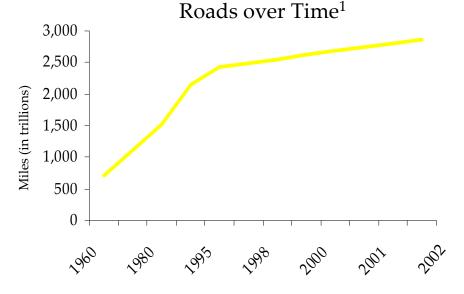
⁽²⁾ Data: www.fueleconomy.com and U.S. Department of Transportation Federal Highway Administration. Savings calculated using \$3.08 per gallon, NYC price as of June 1, 2006.

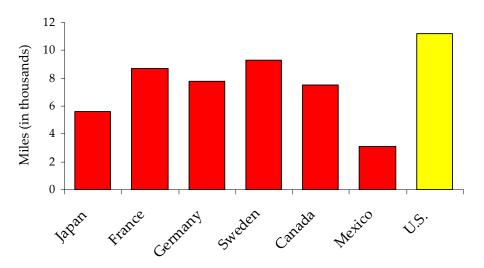
Domestic Affairs: Road Travel

As Americans continue to buy increasing numbers of large cars and travel more miles on the road, other countries have found ways to decrease the amount they drive and the oil they buy.

Total Number of Vehicle Miles traveled on U.S.

Average Annual Vehicle Miles Per Car²





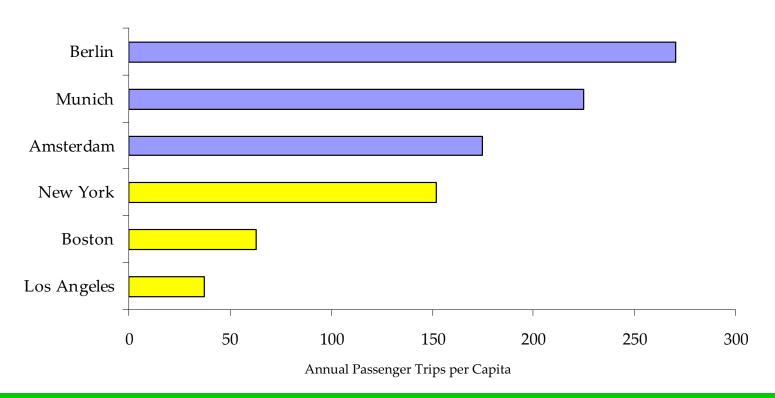
(2) Vehicle Travel for Selected Countries, World Road Statistics, International Road Federation, 1998.

^{(1) &}quot;Household Vehicles Energy Use: Latest Data & Trends Report Figures as of August 30, 2005," Energy Information Administration.

Comparative Data: Mass Transit

One way Europeans reduce oil consumption is through greater use of public transportation.

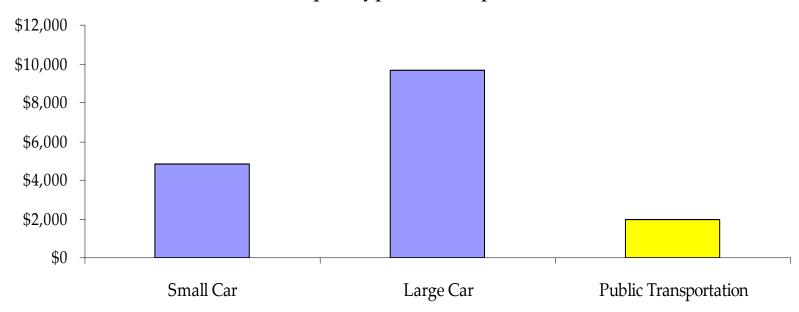
Annual Per Capita Transit Ridership for Selected U.S. and Western European Urban Areas¹



Comparative Data: Mass Transit

Not only does public transportation lead to reduced oil imports, but it also saves Americans money.

Estimated Annual Cost for a Single Adult to Travel per Type of Transportation¹



Comparative Data: Price of Gas

In Europe, highly-taxed gas encourages consumers to use public transportation. While gasoline may be costly for American consumers, prices abroad are considerably higher.

Gas Prices in Major Cities Around the World¹





Prices in U.S. dollars per Gallon

Comparative Data: Brazil

Energy independence is not an unreachable goal. Brazil has crossed the threshold and is a now a net exporter of oil.

In the 1970s, when Brazil imported 85 percent of its oil, it initiated a program to reduce oil imports, decrease pollution, and improve the economy all at the same time.

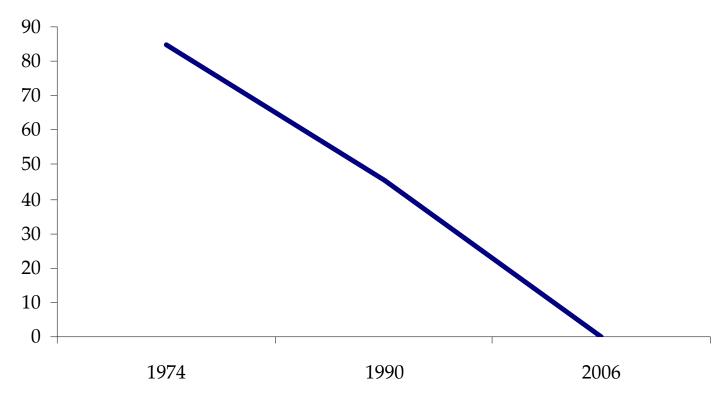


- Through a series of government programs and incentives, between 1975 and 1979, ethanol production in Brazil increased by more than 500 percent.
- In 1979, the Brazilian government signed agreements with major car manufacturers to produce cars that ran exclusively on ethanol. Taxi drivers received incentives to convert their cars as well. By the late 1980s, almost all new cars made in Brazil ran exclusively on ethanol.
- Today, ethanol accounts for 40 percent of transportation fuels used in Brazil, a considerably higher percentage than in any other country. The ethanol industry also takes credit for 1.8 million jobs in Brazil.

Comparative Data: Brazil

Brazil's aggressive ethanol program, as well as its good fortune in finding new domestic oil resources, has freed it from foreign oil imports.

Percentage of Brazilian Oil Imported over Time¹



Environment

The use of hybrid cars, public transportation, and alternative fuels reduces noxious emissions and leads to cleaner air.

CO. Emissions ¹ 11 100 pounds per car (per year) 4 800 pounds per car (per year)	Carbon dioxide, produced by combustion, contributes to the greenhouse effect.	2005 Toyota Camry	2005 Toyota Prius	
11,100 pounds per cur (per year)	CO ₂ Emissions ¹	11,100 pounds per car (per year)	4,800 pounds per car (per year)	

Carbon monoxide, produced by car exhaust, pollutes the air and can be dangerous.	Private Vehicles		Public Transportation	
CO Emissions ²	95 percent of total emissions from transportation sector		5 percent of total emissions from transportation sector	
The greenhouse effect is the Earth's rise in temperature	Casalina		Alternative Fuels	

Earth's rise in temperature due to atmospheric gases.	Gasoline		Alternative Fuels	
Overall Environmental Impact ³	Burning gasoline releases toxins – carbon monoxide and nitrogen oxides – that create global warming and pollute the air.		E-85 (85 percent ethanol) vehi ozone-forming emissions b compared to gasol	y 25 percent

- (1) http://www.hybridcars.com.
- (2) Per passenger miles. In, Shapiro, Robert J. Conserving Energy and Preserving the Environment: The Role of Public Transportation, July 2002, at http://www.fypower.org/pdf/RES171664_shapiro.pdf.
- (3) http://www.eere.energy.gov/afdc/pdfs/fueltable.pdf.

What You Can Do

There are a number of existing solutions that address our dependence on foreign oil. Here are just a few:

Fuel economy standards: Encourage your representative in Congress to support legislation demanding higher fuel economy standards for cars and light trucks, including SUVs.

Conservation: Increase public transportation use and limit reliance on private vehicles when not carrying full-car loads. Push for better and more efficient mass transit systems in your city.

Gas tax: Though an unpopular idea in the U.S., gas taxes in Europe serve as incentives for drivers to utilize public transportation and decrease overall reliance on oil.

Alternative energy sources:

- *Ethanol and flex-fuels*: Use alternative energy sources that help diversify America's energy needs while reducing our reliance on foreign oil.
- *Hybrid cars*: Purchase and drive cars that are more compatible with the sound energy policies that protect our national security, environment, and economy. Numerous options are currently available, now in luxury class fleets as well.

About Us

AJC has been actively advocating for energy security and independence for thirty years.

"[AJC] believes that the development of a comprehensive U.S. energy program is essential to the economic and social well-being of our country, to our national security, and to the continuance of our broad role in the world affairs ... the American public seems to have forgotten the 1973 crisis and the quadrupling of oil prices that followed. Indeed, our dependence on foreign oil, particularly Arab oil, has increased over the past three years. In 1973 we imported only 28 percent of the oil we consumed; today [in 1976] we import close to 43 percent, and the trend is upward."

American Jewish Committee, December 1976

Researched and written by Maxine Kaye, Senior Assistant to the Executive Director, and Zev Nagel, Senior Fellow, American Jewish Committee.

Conceived and supervised by David A. Harris, Executive Director, American Jewish Committee.

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