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NATIONAL SECURITY DEMANDS MORE DIVERSE ENERGY SUPPLIES

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As the nation braces to deal with the national security threat of terrorism, Washington must ensure an adequate supply of oil from reliable sources at reasonably stable prices. Disruptions in oil supply, such as occurred after the 1973 Arab-Israeli war, the 1979 Iranian revolution, and the 1990 invasion of Kuwait by Iraq, reinforce the need to reduce America's dependence on Middle Eastern oil.

The United States first experienced oil disruptions in the 1970s when two sudden and sharp oil price hikes rocked the economy. These disruptions damaged industries that depend on oil and forced Americans to realize how vulnerable the nation was to instability in the Middle East. Sufficient and reliable supplies of energy are vital to U.S. energy and economic security.

At the time of the 1973 Arab oil embargo, the United States imported about 35 percent of its oil. Since then, oil imports have increased to about 53 percent of American consumption. The Energy Information Administration at the U.S. Department of Energy estimates that the United States will increase its dependence on foreign oil to about 66 percent by 2030, much of it from the Persian Gulf region.

The recent terrorist attacks on the United States should remind policymakers that concentrating oil imports from any one region of the world, such as the Middle East, places America's energy and economic security at risk. Promoting diversity in supplies, enhancing the transportation and delivery of

supplies, developing other fuel sources, and increasing energy efficiency to reduce America's dependence on oil from the Gulf region are sound policies.

Reducing America's Dependence on Middle East Oil. Reliance on imported oil has increased steadily over the past 25 years. According to Energy Department data, the United States increased its oil imports between 1973 and 1996 by about 40 percent. In 1996, net imports of oil were about 46 percent of total oil consumption, with approximately 17 percent coming from the Persian Gulf.

In 2000, the United States imported about 24 percent of its oil from the Middle East. Nearly 55 percent of America's gross oil imports that year came from four countries: Canada (15 percent), Saudi Arabia and Venezuela (14 percent each), and Mexico (12 percent). Currently, slightly over 50 percent of the oil that the United States imports every day comes from the Western Hemisphere.

The Middle East holds over two-thirds of the world's oil reserves, followed by 14 percent in the

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Western Hemisphere and 7 percent in Africa. Clearly, Middle East oil producers will remain vital to the global economy. Prolonged unrest and disruptions of supplies from this region, however, will wreak economic havoc throughout the world.

While it is unlikely that the United States will ever be self-sufficient in meeting its oil needs, greater diversity of oil imports would reduce market instability and prices paid by consumers. President George W. Bush, in his national energy plan, recognizes the global nature and importance of the energy marketplace. His plan emphasizes the importance of strengthening U.S. trade alliances with major oil producers and greater oil production in the Western Hemisphere, Africa, the Caspian Sea region, and other regions with abundant oil resources. Increased U.S., Canadian, and Mexican energy production, pipeline linkages, and cooperation, for example, would enhance America's energy security and advance the economies of each of these countries.

In addition to increasing domestic production and upgrading the nation's infrastructure, to reduce U.S. dependence on foreign oil, Congress should take steps to strengthen trade relations with other oil-producing regions or countries, such as Canada, Mexico, Latin America, and Africa, and ensure that America has a diversity of fuels available beyond oil to meet its needs.

Importance of Oil to the Military. Sufficient and reliable supplies of energy are essential for the nation's military in times of peace, but they are especially so when it engages in military action. For example, *Greenwire* reported on September 17 that the 582,000 soldiers in the Persian Gulf War consumed 450,000 barrels of petroleum products each day. It takes eight times more oil to meet the needs of each soldier today than it did during World War II. Further, the Department of Defense accounts for about 80 percent of the U.S. government's energy use, of which nearly 75 percent is for jet fuel. It is essential that Washington pursue a diverse supply

of oil to meet its security needs.

Terrorism and Oil. Clearly, the more dependent the United States becomes on oil from the Middle East, the more influence instability in that region could have on the economy. The Department of Energy estimates that Middle Eastern nations could nearly triple their oil revenues by 2010, to \$250 billion per year. Such wealth gives nations—including those that are strongly anti-Western—tremendous purchasing power for weapons and international influence. Countries hosting or harboring terrorists could disrupt America's vital supplies of oil.

The oil-rich Middle East is infested with a wide variety of the world's most dangerous terrorist groups, including Osama bin Laden's terrorist network. Bin Laden remains the prime suspect in the ongoing investigation to determine who was behind the September 11 terrorist attacks. Al-Qaeda cells are believed to exist in at least 35 countries or regions throughout the world, including Canada and Africa, two of America's significant suppliers of imported oil. Eradicating terrorism from wherever it is located would help to ensure the stability of oil supplies for much of the world.

Conclusion. Energy is a global commodity that is essential for economic stability and national security. The Bush plan sets forth a process for enhancing domestic supplies of energy, upgrading the nation's aging infrastructure, increasing energy efficiency, advancing renewable and alternative fuels, and increasing the diversity of supply. The recent terrorist attacks highlight the need to begin this process now.

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