

Testimony of Mike Breen

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Mr. Chairman, Ranking Member Rush, members of the Committee, ladies and gentlemen: thank you for inviting me to appear before this Committee today to discuss the geopolitical and strategic implications of rising U.S. energy production.

I serve as the Executive Director of the Truman National Security Project and Center for National Policy, two organizations dedicated to forging strong, smart and principled national security policy for America. As a former Army Captain and an Iraq & Afghanistan combat veteran, I am also proud to be one of the leaders of Operation Free. It is a non-partisan, nationwide coalition of more than five thousand veterans who believe that our dependence on oil poses a clear national security threat to the United States.

To be clear, oil is immensely important to our economy and will remain so for the foreseeable future. Its value goes far beyond its utility as a liquid fuel. Petroleum is a key input in advanced manufacturing, pharmaceuticals, agricultural products, and a host of other applications. Unfortunately, however, our near-total dependence on oil as a fuel has eclipsed petroleum's other contributions, threatening our prosperity and security.

Our dependence on oil as a single source of transportation fuel poses a clear national security threat. As things now stand, our modern military cannot operate without access to vast quantities of it. Our economy is equally dependent, with more than 93% of our transportation sector reliant on oil.¹ Today, oil is a vital strategic commodity, a substance without which our national security and prosperity cannot be sustained. Until and unless we develop alternatives, the United States has no choice but to do whatever it takes in order to obtain a sufficient supply of oil.

Oil is a fungible product, traded globally, with prices set on a world market. In other words, global supply and global demand set the market and drive the price – not American supply and American demand alone.² When it comes to the price at the pump, there's no such thing as foreign oil.

Recent technological advancements, such as horizontal drilling and advanced hydraulic fracturing, are promising. They offer the chance to increase domestic production, allowing us to reach supplies of oil that were, until recently, too expensive or impossible to obtain. These advances have led some to claim that the United States is suddenly capable of producing enough oil domestically to meet our needs. They believe that this will solve our oil-related economic and national security problems.

Yet, even if U.S. oil imports dropped dramatically, geostrategic problems would persist. And though we do not always share the same oil sources as our international partners, our security is put at risk by their volatility. For instance, in December 2011, Iran threatened to close the Strait of Hormuz, a waterway that ships one-fifth of the world's supply of oil. This resulted in global oil prices jumping two

percent, exceeding one hundred dollars a barrel.³ Words alone were able to drive up the cost of oil in markets from the Gulf to Asia.

Meanwhile, global demand for oil is rising at a breathtaking pace, with no sign of slowing down in the foreseeable future. While American demand has been very high but relatively static for some time, demand in China, India and the developing world is skyrocketing. According to the Energy Information Administration, America's oil consumption is expected to grow by 11% over the next two decades.⁴ Meanwhile, in that same timespan, China's oil consumption is expected to grow by 80%, and India's by 96%.⁵ And by the end of the decade, China alone is expected to sell more than 30 million cars per year.⁶ To put that in perspective, last year about 76 million cars were sold worldwide.⁷ It is unrealistic at best to imagine that increasing production can somehow keep up with such dramatically rising demand.

Further, because the price of oil is set on a global market, it is subject to events outside of our control or influence. All of us agree, I'm sure, that the United States should not be subjected to the whim of hostile or unstable regimes with nationalized oil assets.

The U.S. currently patrols and secures the world's most critical shipping routes. Some contend that, by producing more at home, we could relinquish many of those responsibilities. Indeed, a recent RAND study estimated that if the military were to stop defending oil supplies and sea routes from the Persian Gulf to the US, it would save between 12 and 15 percent of the entire defense budget – more than \$90 billion dollars annually.⁸

But imagine if we did disengage from this duty. A number of our adversaries would recognize this as an opportunity, and our allies would be faced with serious challenges. Look, for instance, at the Asia-Pacific market. 85% of the oil shipped through the Strait of Hormuz today—which supplies one-fifth of all oil traded worldwide—goes toward Asia, not the United States.⁹ The oil then transits the Indian Ocean and enters the North Pacific through the Strait of Malacca, a razor-thin chokepoint constantly under threat of piracy, terrorist activity and hijacking. According to the EIA, if the Strait of Malacca was blocked, nearly half of the world's shipping fleet would be required to reroute.¹⁰ Hostile actors have taken notice. According to documents seized during the raid that killed Osama bin Laden, al Qaeda was planning to hijack and destroy oil tankers in the Straits.¹¹ The documents called for Al Qaeda operatives to practice running tankers aground in shipping chokepoints, severely disrupting global commerce.

But more than the security of oil flows is at stake. The Strait, together with the surrounding South China Sea, is at the center of a complex dispute between China and a number of smaller Asian nations.

Appropriately, the U.S. has taken a strong interest in this dispute, working to prevent China from bullying its smaller neighbors and putting freedom of navigation at risk. Indeed, in 2011, China and Vietnam came dangerously close to open conflict in the South China Sea. If the U.S. pulls out of the Pacific and Indian Ocean, who will step in to fill the void? China, of course, would likely be more than willing. Few others would be capable. India could develop into a true naval power given time, but has so far shown great reluctance to step forward as a provider of regional security. Our partners in Asia, including Japan and South Korea, would risk inflaming tensions with China if they chose to step forward to secure vital sea lanes themselves. In short, an American pull-back would tempt our rivals into even greater military activity while placing our allies at risk.

No matter how much domestic production picks up, the negative consequences of our single-source oil dependence are likely to persist. Today, the Syrian resistance movement is being gunned down with bullets supplied by Putin's oil-rich Russia. American Soldiers and Marines are confronting terrorists in Afghanistan armed with Iranian weapons, purchased with oil money. Our forward operating bases are put in danger every time a fuel convoy is attacked. In every case just mentioned, American national security is significantly threatened.

It should be no surprise that our military is leading the world in developing next generation energy technologies. The Air Force is deploying the world's largest demonstration of vehicle-to-grid technology, using a fleet of electric vehicles to lower the electricity bills of military installations. The Marines are deploying renewable energy platforms on the battlefield. And just this past Friday, at the Truman Project's annual conference, Secretary of the Navy Ray Mabus detailed the Navy's investments in new ways to power ships and aircraft. The Navy has developed advanced biofuels made from sources like algae and camelina, a seed that already grows in 49 states. Like the internet and GPS—two military developed technologies—these advancements are benefitting the American economy today.

Our single-source dependence on oil threatens our national security. Even dramatic increases in domestic oil production will not free us from the global dynamics of this market, or relieve us of our global responsibilities. Fortunately, more advanced energy technologies are available and increasingly viable. We must support their development, and continue to lead the world through innovation.

¹ "Energy Perspectives: Industrial and transportation sectors lead energy use by sector" U.S. Energy Information Administration. <http://www.eia.gov/todayinenergy/detail.cfm?id=9250>

² “What If We Never Run Out of Oil?” The Atlantic. http://www.theatlantic.com/magazine/archive/2013/05/what-if-we-never-run-out-of-oil/309294/?single_page=true

³ “Oil jumps over 2% as Iran threatens supplies” CNN.

http://money.cnn.com/2011/12/27/markets/oil_iran/index.htm

⁴ Energy Information Administration, Office of Energy Markets and End Use, “World Petroleum Consumption, Annual Estimates, 1980-2008”

⁵ Ibid.

⁶ “New Survey Predicts China Will Add 30 Million New Cars Each Year” CNBC. <http://www.cnbc.com/id/46748270>

⁷ Ibid.

⁸ RAND Corporation. “Imported Oil and U.S. National Security.” P. 74 (2009)

⁹ “World oil transit chokepoints” Energy Information Administration. <http://www.eia.gov/countries/regions-topics.cfm?fips=wotc&trk=p3>

¹⁰ “World oil transit chokepoints” Energy Information Administration. <http://www.eia.gov/countries/regions-topics.cfm?fips=wotc&trk=p3>

¹¹ “Al Qaeda eyed oil tankers as terror targets” CBS News. http://www.cbsnews.com/2100-202_162-20064651.html