

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

**Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**“The Effects of Middle East Events on U.S. Energy Markets”**  
**Subcommittee on Energy and Power**  
**February 10, 2011**

Recent events in Egypt have once again exposed our dependence on foreign oil. Although Egypt isn't a major producer of oil, the Suez Canal and the Suez-Mediterranean pipeline are crucial shipping links for global oil and gas markets. Instability there has increased oil prices around the world.

For years – decades, really – the Energy Information Administration projected that U.S. oil consumption would grow year after year. And it did. By 2005, nearly 60% of U.S. fuels were imported. And the future looked bleak: higher oil consumption and more imports far into the future.

The solution offered by the Bush Administration was to drill our way out of the problem. I suspect we'll hear this proposed solution again today. We'll hear that increased domestic production is the answer.

But increased production didn't work. More U.S. production is never going to be enough to appreciably reduce global oil prices or U.S. imports of foreign oil. We use 25% of the world's oil, but we only have 2% of the world's oil reserves. So we could double or even triple domestic production and it's simply not going to affect global oil prices much.

The key to making progress is to focus on how much oil we use. Reducing our share of global oil consumption from 25% can have a real impact – both on global oil prices and on imports.

The new motor vehicle standards promulgated by the Obama Administration are exhibit A for benefits of greater efficiency. In 2009, the Administration brokered an agreement to provide the auto industry with coordinated fuel economy and greenhouse gas emissions standards for model years 2012 through 2016. This effort was supported by the automobile industry, the states, and environmental advocacy groups.

The carbon pollution tailpipe standards have had a remarkable impact. This national program is projected to save 1.8 billion barrels of oil. The Administration estimates that the standard yields net savings to consumers of roughly \$130 to \$180 per year and \$3,000 over the life of the vehicle.

Most remarkable is the impact of these standards on U.S. oil imports and consumption. As this chart shows, the Energy Information Administration now projects that we will be importing less oil in the future than we did in 2007, reversing decades of increasing reliance on foreign oil.

And in a fundamental and historic shift, overall U.S. consumption of oil is predicted to stop growing. As a second chart shows, by requiring improvements in how efficiently we use oil, the Administration has reversed a dangerous trend.

The Administration wants to build on this success with stronger standards after model year 2016. And it is also working on standards for trucks and other commercial vehicles. Those standards could save even more money at the pump while further reducing our dependence on foreign oil.

Incredibly, the new Republican majority in Congress is opposed to these efforts. Chairman Upton and Senator Inhofe have proposed legislation to block EPA from setting new motor vehicle standards. This Subcommittee held a hearing on this bill yesterday.

We need more energy independence, not less. We need more savings for consumers at the pump, not fewer. We need to use oil more efficiently so that we can import less of it. But the Upton-Inhofe bill would take us in exactly the wrong direction. It would block the one policy that has proven it works.

The Upton-Inhofe bill is great for oil companies like Koch Industries, which spent millions of dollars electing Republicans. But it is a public health, economic, and national security disaster for all the rest of us.

As we learn more today about the challenges of being dependent on oil from the Middle East, I hope all members will consider what is at stake. We're finally heading in the right direction. It would be a costly mistake to halt our progress.