

ONE HUNDRED TWELFTH CONGRESS  
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**Opening Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**Hearing on “The American Energy Initiative: Canadian Oil Sands”**  
**Subcommittee on Energy and Power**  
**March 20, 2012**

Today’s hearing will examine the production of fuel from tar sands, the technologies used in that process, and the environmental impacts of tar sands development.

The Republicans and the oil industry will use this opportunity to call for building the Keystone XL tar sands pipeline and developing deposits of tar sands and oil shale in the United States. They will base these recommendations on two central claims. First, they will say that we can reduce gasoline prices by expanding production, including developing unconventional deposits such as tar sands and oil shale in the United States. Second, they will suggest that the environmental effects of developing tar sands are not that bad and getting better.

My response is – don’t believe them.

Let’s consider gas prices. It is a Republican article of faith that we can drill our way to lower prices at the pump. But as we heard at the recent hearing on gas prices, if we increase production, it’s easy for OPEC countries to reduce production by the same amount. That’s the definition of a cartel – a group of entities that coordinates to control prices.

The fact is, we are drilling more . . . and prices are still going up.

U.S. crude oil production is the highest it’s been in eight years, and the U.S. has more oil and gas drilling rigs operating right now than the rest of the world combined. Net oil imports as a share of our total consumption declined from 57% in 2008 to 45% in 2011 – the lowest level since 1995.

But prices are still going up.

In fact, Canada is the poster child for the point that more production will not free us from world oil prices. Canada has huge tar sands deposits and is developing them at a breakneck pace. Canada is a net oil exporter – that means they produce more oil than they can use.

Here's a chart that shows what has happened since 2000. Canada's production and net exports have increased steadily for the past 12 years. Canada has increased its crude oil production by more than 35%. Canada is producing so much oil that it is now exporting 70% of all the oil they produce.

If everything the Republicans have been telling us is true, then gasoline prices in Canada should have plummeted over the last ten years.

But that's not what happened. Here's a chart showing U.S. and Canadian gas prices over that period. As you can see, U.S. and Canadian gasoline prices track perfectly, because they are both driven by the same thing – world oil prices. In fact, Canada's gas prices are actually higher than our prices due to taxes.

More drilling, building a new tar sands pipeline, or developing oil shale hasn't reduced gasoline prices in Canada. And it won't in the United States either.

But that's not the only fantasy we'll hear today. We will also hear that the environmental harms from tar sands production have been minimized by and will be solved by technology. In reality, the tar sands operations have vast and devastating effects on the land, water, air, and ecosystems.

Canadian tar sands are produced in Alberta's boreal forests. In this photo you can see a pristine area before tar sands production begins. The landscape is beautiful, and the air and water are clean.

In this second photo, you can see the effects of tar sands production. The land has been turned into an industrial wasteland. The forests have become an open pit mine.

Maybe some of this damage can be avoided. Technology can reduce environmental impacts. But that won't happen without stronger government regulation.

I recognize that the tar sands hold a large amount of oil. But it is a resource that should not be exploited without environmental safeguards that protect the land and water and pollution controls that stop the growing emissions of carbon and other dangerous gasses.

Until these problems are addressed, the oil in the tar sands is best left underground.