

ONE HUNDRED TWELFTH CONGRESS  
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**House of Representatives**  
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**Opening Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**Hearing on “The American Energy Initiative”**  
**Subcommittee on Energy and Power**  
**May 5, 2011**

Today’s hearing focuses on alternative fuels and vehicles. This is a timely hearing. With gasoline prices over \$4 per gallon in some cities, the cost of our dependence on oil is glaringly apparent to consumers.

For decades, the Energy Information Administration projected that U.S. oil consumption would grow year after year. And it did.

In 2005, nearly 60% of U.S. fuels were imported. And the future looked bleak: higher oil consumption and more imports far into the future. Republicans claimed then – just as they do now – that the solution was to produce more oil domestically.

Production has increased dramatically since that time. Our domestic crude oil production has increased by nearly 300,000 barrels per day. We have increased our crude oil production to the point that we are producing more oil today than we have at any time in the last seven years.

And yet, gasoline prices are still climbing. And the money we spend on oil abroad continues to conflict with our foreign policy goals and national security.

The fact is, 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.

In fact, this Subcommittee has received testimony that increasing domestic production, as has been proposed, would increase production by just two-tenths of 1 percent a decade from now. The effect that would have on gasoline prices would be negligible.

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 illustrate the benefits of greater efficiency. These carbon pollution tailpipe standards have had a remarkable impact. They are projected to save 1.8 billion barrels of oil. They are expected to yield net savings to consumers of roughly \$130 to \$180 per year and \$3,000 over the life of the vehicle.

And being able to bring efficient vehicles to market has greatly assisted our domestic automakers. General Motors had a 27% gain in American sales, led by strong demand for its new compact sedan and more fuel efficient sport utility vehicles. Ford earned \$2.5 billion last quarter – up 22 % from last year, as its sales has shifted to more fuel efficient cars.

Most remarkable is the impact of these standards on U.S. oil imports and consumption. 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. 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.

At the same time, we need to continue our push towards alternative fueled vehicles, whether they are plug-in electric drive commuter vehicles, long-haul natural gas trucks, or renewable fuels used in various vehicles.

The Obama Administration has made real progress on a seemingly intractable problem. We're finally heading in the right direction.

I look forward to hearing from today's witnesses about how we can continue and build upon this progress.