

**The U.S. Dependence on Oil:
A Growing Environmental, Economical and Political Concern**

The United States of America is a country built from oil, and the prosperity of the U.S. depends largely on the consumption of oil. The performance of the U.S. economy now tends to fluctuate largely with our accessibility to oil and ability to purchase oil. With the recent conflicts in Iraq and the Middle East, the increasing oil prices and diminishing world supply of oil, Americans are beginning to question our nation's greed and addiction for oil.

The move away from a predominantly oil-fueled society is inescapable, but to many there is not nearly enough emphasis on decreasing the consumption of oil, developing reliable and reasonable alternative energy options, and devising a wise national energy policy aimed at preserving a strong economy and protecting the environment. Because of oil public policy analysts and politicians are now even skeptical about the motivations behind the Bush administration's foreign policy and their actions during the current nuclear weapons crisis in Iraq and North Korea and the emerging problem in Iran. This paper analyzes the current and future facts of the supply and consumption of oil in the U.S. and abroad, while also taking a deeper look into the role oil plays in our troubles with Iraq and our current energy policy.

The U.S. dependence on oil can be seen through our extremely high daily consumption of oil. Filled with large industries, commercial companies and millions of cars, the U.S. consumed over 26% of the world's average daily consumption in 2001. On an average day our country guzzled 19,633,000 barrels out of a world average of 75,291,000 barrels per day (Christman).



The daily consumption of oil for Japan, China, Germany, Russia, South Korea, and India combined approximately equals the daily consumption by the U.S.

Averaging a daily consumption of 19,633,000 barrels of oil (26.08%) each day, the United States used 7,166,045,000 barrels in 2001 (Christman).

Despite our country's large consumption of oil, the U.S. does not possess or produce a large percentage of the world's oil. In 1999 the United States produced an average of 5,938,000 barrels per day (U.S. Energy Information Administration). With the daily production of less than 6 million barrels per day the U.S. relies heavily on importing large quantities of oil.

Most of the countries the United States relies on for oil belong to the Organization of the Petroleum Exporting Countries (OPEC). Algeria, Venezuela, Nigeria, Libya, Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Iraq, Iran and Indonesia are all members of the 11 country organization. Founded on September 10-14, 1960 at the Baghdad Conference, OPEC has significantly grown from the founding five member countries of Iran, Kuwait, Saudi Arabia, Venezuela and Iraq (opec.org). The 11 members of OPEC account for about 40% of the world's output of oil and hold over 75% of the world's

known crude oil reserves. In fact, at the end of 1999, OPEC had 77.8 percent of the world total of crude oil.

The OPEC nations rely heavily on oil as their means of revenue and the revenues aid in their economic development. Since the oil revenues are vital to the economic progress of the member nations, the organization strives to create stability in the world oil market by altering their production levels as the supply and demand of oil fluctuates. Representatives from the OPEC members, the Heads of Delegation, meet at the OPEC conference to establish the petroleum policies while the Oil and Energy Ministers are responsible for setting the output levels of the Organization. The Oil and Energy Ministers of the OPEC members meet at least twice a year to set the output level for the countries and make required adjustments based on the performance of the oil market (opec.org).

Surveys estimate that the U.S. holds about 2.90 percent of the world's oil supply. If the U.S. decided to stop importing oil and consumed only our own oil, at the current rate of consumption the known oil reserves would last us only 5 years (Christman). Obviously, this estimation cannot account for the discovery of unknown oil reserves, but it still proves that the country will continue to depend on importing oil.

Rank	Country	Barrels (in billions)	Percent
1	Saudi Arabia (OPEC)	261.8	24.93
2	Iraq (OPEC)	112.5	10.71
3	United Arab Emirates (OPEC)	97.8	9.31
4	Kuwait (OPEC)	96.5	9.19
5	Iran (OPEC)	89.7	8.54
6	Venezuela (OPEC)	77.7	7.4
7	Russian Federation	48.6	4.63
8	USA	30.4	2.9
9	Libya (OPEC)	29.5	2.81
10	Mexico	26.9	2.56

The U.S. dependence on imported oil has risen from 1/3 in 1985 to well over 1/2 today and the dependence on imported oil is not predicted to fall. Due the dwindling reserves and the hopes to limit drilling in Alaska, it is anticipated that the U.S. oil production will decrease by 12 percent in the next twenty years. The astonishing result of this prediction is that the U.S. will depend on importing two-thirds of its oil in the year 2020 (Hanley).

Estimates show that as shown in the diagram below, the top five oil possessing countries in the world are members of OPEC

and located in the Middle East. Since the U.S. possesses 2.9 percent of the world's oil supply and consumes 26 percent of the daily production, the country will depend largely on OPEC, and more specifically, on the Middle Eastern countries of Iran, Iraq, Kuwait, Saudi Arabia and the United Arab Emirates.

This makes the Middle East a large concern in the foreign policy of the U.S. because of this one resource. With a history of turmoil and unrest in the region, the U.S. keeps a close eye on each country and the region's balance of power as shown through our military action during the Gulf War. With President Saddam Hussein and Iraq threatening and invading Kuwait the U.S. immediately delivered an aggressive military attack on Iraq forcing Saddam Hussein to withdraw his troops.

The Middle East will become of greater importance to the U.S. in the next few decades, but the Middle Eastern countries do not sit on an unlimited supply of oil. The amount of Caspian Sea oil is unknown, but the world's supply of oil is also diminishing at an alarming rate. The 2001 total pumping global oil supply is estimated to be 1.05 trillion barrels of oil (Christman). Assuming that the world continues to use oil at the same rate as in 2001, this supply will be exhausted in 40 years. In 1993 the American Petroleum Institute stated that:

In 1993, the world's proved reserves were estimated to be just under a trillion barrels- about a 45 year supply of oil, based on current rates of consumption. The estimate represents a working inventory of the world's supply at a single moment in time. Taking into account probable future oil discoveries, the U.S. Geological Survey estimates that between 1.4 trillion and 2.1 trillion barrels of oil remain to be produced worldwide. This amount of oil would sustain the current rate of consumption between 63 to 95 years. (American Petroleum Institute)

Despite the American Petroleum Institutes and others predictions of the world's oil supply, the consumption in the U.S. and abroad continues to increase. With the supply of oil ceaselessly decreasing, changes will begin to occur in the world oil market. The Middle Eastern countries will become the center of attention due to their large supply of oil reserves, but also the price of oil will continue to rise. Due to not only the U.S.'s dependence on oil, but also the dependence of many other of the world's leaders on the resource, the end result could be an intense conflict over the world's supply of oil as their respective economy's are placed under the pressure of limited oil and increasing prices.

Over the past few months the price of oil has risen dramatically due to the nuclear weapons crisis in Iraq. At the very beginning of March the price of oil reached a twelve year high of \$39.99 a barrel. Iraq is currently under United Nations sanctions and their exports are limited. The U.N. sanctions have put a constraint on the Iraqi oil production and the Iraqi sanctions have applied pressure to the 10 other OPEC member nations. OPEC's oil wells are pumping virtually flat out and OPEC informed the Wall Street Journal that the countries could not relieve the price pressure by pumping larger quantities of

oil (Copley).

As of March 12 the price of oil fell from the twelve year high of \$39.99 to \$32.74 a barrel, but the high prices of oil have impeded the recovery of the U.S. economy. Four of the five past recessions in the U.S. economy included escalating energy prices. With U.S. armed forces continuing to prepare for war with Iraq, the oil prices will stay relatively high and if the prices continue to remain at this level, America's rather sluggish economic recovery could come to a screeching halt and Americans could face yet another year of rising unemployment, unstable stock prices and a deeper economic recession. In the future our economy could experience even greater strife as the world's supply of oil continues to decrease and prices rise. The country currently functions through the consumption of millions of barrels of oil and any increase in the price of oil will hurt the economy and be felt by every American.

The nation's obsession with oil is not only credited with the current economic condition, but our gluttony for oil is targeted as one of the main motivations for President Bush's aggressive move against Iraq. Following the tragic events of September 11 the Bush administration determinedly announced the launch of a "War on Terrorism." President George W. Bush continues to stand by his word as seen through the efforts to ensure U.S. safety. Despite the evidence of Iraq's accumulation of nuclear and biological weapons, many Americans remain skeptical and question President Bush's declaration that the Saddam Hussein led Iraq represents an immediate threat to the United States. While there is no doubt that Saddam Hussein has been developing nuclear weapons and biological weapons, Americans question whether Iraq poses a direct threat to the United States. Iraq definitely remains an indirect threat to the U.S., but the country does not have the power or the weapons capable of delivering a substantial blow to the U.S. If Iraq's nuclear weapon development continued to go undetected, Iraq certainly could become a serious threat to the U.S. However, Iraq is now under the intense watch of the United Nations and moves are being made by the U.N. to ensure that Saddam Hussein removes and destroys all nuclear and biological weapons. Despite the U.N.'s presence in the crisis, the Bush Administration maintains the military build up in the Persian Gulf and carries out preparations for a war strike against Iraq. President Bush is currently preparing an ultimatum for Iraqi President Saddam Hussein that demands "disarming in short order or face military action" (Gregory).

President Bush and British Prime Minister, Tony Blair, are applying the pressure to the United Nations and calling for a vote of approval to take military action against Iraq. The U.N. Security Council prolongs their vote over the Iraqi crisis, but the Bush Administration's hopes for a vote approval are deteriorating as France and Russia refuse to give support. As recently as March 13 German Chancellor Gerhard Schroeder insisted that U.N. weapons inspections can produce "sustainable and verifiable disarmament." Chancellor Schroeder went on to state that "we must have the courage to fight for peace as there is a scrap of hope that war can be avoided" (Gregory).

In the last few days a flurry of negotiations has taken place in the United Nations Security Council. Some of the negotiations include a rigid proposal and deadline for the disarmament of Iraq with the first deadline coming as soon as March 17. Hans Blix, the head U.N. weapons inspector, outlined 29 areas of unresolved issues that Iraq must address (Kaplan).

The most recent U.N. inspector report declared that Iraq attempted to dismantle an undeclared new drone aircraft early in March. Walter Pincus of *The Washington Post* reported that "Inspectors from the U.N. Monitoring, Verification and Inspection Commission (UNMOVIC) first discovered the remote piloted vehicle, or RPV, at the Samarra East flight-test facility north of Baghdad in mid-February, officials said. With a wingspan of almost 25 feet, the RPV could have a range in excess of the 150 kilometers allowed by U.N. regulations" (Pincus). Iraq's drone aircraft developments is one of the areas the under U.N. question, especially since the assumed purpose of the aircraft is to carry and spread biological weapons. Despite the U.N.'s hopes to acquire answers from Iraq and take care of the dilemma peacefully, President Bush and his administration are not satisfied with the progress as President Bush ruled out giving Saddam Hussein another month to disarm.

There are now over 200,000 U.S. soldiers stationed in the Persian Gulf and Bush continues to prepare a movement to war (Pincus). Because many U.N. member countries insist that the Iraqi crisis can end peacefully and the fact that Iraq does not pose as a significant threat to the U.S., public policy analysts and politicians cite the U.S.'s greed and reliance of oil as the reason for a U.S. military build up in the Persian Gulf. Saddam Hussein sits on the world's second largest oil reserve and the opinions of a number countries is that Bush's aggressive push represents another ploy by the U.S. government to exhibit the country's global power and ensure our own prosperity. President Bush continues to deny that oil plays a significant role in the potential war movement against Iraq, but as the crisis pans out more and more doubt that oil is not the underlying motive. Especially with the ongoing nuclear weapons crisis in North Korea.

The facts show that North Korea actually has a more striking power than Iraq and could be a greater threat to the United States. On March 11 South Korean President Roh Moo-hyun warned that the U.S. should prepare to redeploy 37,000 troops to the Demilitarized Zone in order to deter North Korean aggression (MSNBC) While the Iraqi crisis is receiving most of the attention from, North Korea recently test-fired a second cruise missile in two weeks off its east coast. Since October North Korea has expelled U.N. monitors, withdrawn from the Nuclear Nonproliferation Treaty and restarted a nuclear reactor.

The Bush administration has stationed bombers 2000 miles from North Korea, but the aggressive actions taken to ensure Iraqi disarmament are not taking place in North Korea. It is known that North Korea has developed a missile, Taepo-Dong 2, with a range of 3730 miles. The Taepo-Dong 2 has the ability of reaching Hawaii and Alaska from North Korea and former Japanese Foreign Minister Taro Nakayama warned U.S. officials that North Korea's nuclear weapons and missile launching

capabilities are greatly underestimated (MSNBC). All the evidence suggests that North Korea has greater nuclear capabilities than Iraq and this raises the question of “why are nuclear weapons in Iraq worth a war but not nuclear weapons in North Korea?” (Kinsley).

The basic difference between the Bush administration’s aggressive approach in Iraq and rather passive approach in North Korea is credited mostly to oil. The underlying motive for Bush’s forceful policy with Iraq is oil. Michael Kinsley writes: “Some supporters of the war say that our dependence on oil from the Middle East is what makes the removal of a madman in Baghdad more pressing than the removal of a madman in Pyongyang. Some opponents make essentially the same argument, but with a negative spin: Because of America’s insatiable appetite for the Middle East oil, untold thousands will die so that SUVs can keep sucking gas.” The basic fact of the matter is that Iraq has something we need and North Korea does not.

The Iraqi and North Korean crises, the increasing oil prices and decreasing supply all demonstrate the failure of America’s energy policy. The reality of it all is that the United States finds its economy and troops in danger because of our greed for oil. Even though Saddam Hussein needs to be stripped of all nuclear and biological weapons, many Americans do not seem ready to risk the lives of U.S. soldiers in order to guarantee our access to oil and stimulate our economic recovery. Instead these Americans would rather support the U.N.’s efforts to end the matter peacefully and resort only to military action if absolutely necessary.

Hopefully, the Iraqi crisis will end peacefully, but the turmoil in the Middle East and changing oil markets all suggest that the U.S. needs to drastically revise its current energy policy. The U.S. government should aim to reduce oil consumption, encourage alternative energy developments and perhaps increase domestic oil production in order to decrease our purchase of imported oil. At the current oil prices the United States would pour 120 to 150 billion dollars each year into oil, half of which will be spent on importing oil from OPEC (Copley). Decreasing our consumption of oil would leave the U.S. with more funds to invest in the development of alternative energy. Hybrids (ethanol and electrical), Ethanol and Hydrogen fuels cells are the most promising alternative fuels. President Bush wants to increase the research on hydrogen-powered cars, but for the time being the government could help the automakers and subsidize the most current and reasonable technology of gasoline-electric hybrids (Copley). The estimated cost of war with Iraq ranges from 50 to 150 billion dollars and a Toyota Prius or Honda Civic Hybrid cost around \$20,000 dollars (Copley). If the U.S. declares war on Iraq the money spent during the war could be enough to purchase anywhere from 2.5 to 7.5 million gas-electric cars!

Another area of concern in the U.S. energy policy is our position on the Kyoto Protocol. The Kyoto Protocol is a document drawn in response to the U.N. convention framework on climate change. The main purpose of the protocol is to prevent

climate change by reducing the use of oil and other hydrocarbons (UNFCCC). The protocol hopes to reduce the rate of global warming by reducing the quantity of harmful emissions released into the atmosphere. The United States has failed to follow the goals of the Kyoto Protocol and essentially has decided to maintain an oil-based economy despite the possible political and environmental costs. Because of the possible environmental deterioration and continued global warming, the U.S. needs to join in the effort to stop the climate and atmospheric changes.

Considering the current political, environmental and economical changes, the U.S. needs to devise a new energy policy that works towards the reduction of oil consumption and towards the development of alternative energy. Introducing such a policy will definitely be an extensive undertaking, but in the long run it will benefit the economy, the environment and ease international tensions in the oil market. With global warming and the diminishing oil supply failure to make such changes soon will eventually haunt the United States. The lives of soldiers will be placed in danger as more crises arise in oil producing countries like Iraq and the livelihood of Americans will be challenged as the an oil-based economy will continue to struggle as oil prices climb and the oil supply drops. The sooner such a transition begins, the easier the adjustment will be for the United States. Instilling an environmentally sensitive and economically reasonable energy policy will enable the U.S. to fight its dependence on oil and provide an economical, political, social and environmentally stable future for America.

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