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U.S. oil habit hard to kick, experts say

Vow to cut Middle Eastern crude imports is viewed as a real departure for Bush

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THURSDAY, FEBRUARY 2, 2006
POSTED AT 11:08 PM EST

WASHINGTON -- President George W. Bush may be anxious for the United States to end its "addiction" to imported crude oil, especially from the Middle East, but analysts say kicking the habit cold turkey will not be easy.

Mr. Bush vowed in his State of the Union address on Tuesday to achieve a 75-per-cent reduction in U.S. oil imports from the Mideast by 2025 through a renewed commitment to renewable energy and new technologies.

"In order to stay competitive, America must end its dependence on oil," Mr. Bush told a crowd in Nashville yesterday, returning to the same theme. "When you're hooked on oil from the Middle East, it means you've got an economic security issue and a national security issue."

The Mideast currently provides less than 20 per cent of U.S. crude imports, but reducing that figure any further will be a challenge because the bulk of the world's oil reserves are located in the region and other suppliers -- with the notable exception of Canada, the United States's biggest source of imported crude -- have their own problems.

"It's the holy grail of U.S. policy, trying to cut down their dependence on the Middle East," said Leo Drollas, deputy director of the Centre for Global Energy Studies in London, "but it's one thing to say that and another doing anything about it."

Russian oil production has not been rising as quickly as anticipated, while Mexican production is stagnant and is likely to start declining soon, Mr. Drollas said.

"Venezuela is a real basket case and Nigeria is looking a little bit worrisome," he continued. "If you look around at the other oil suppliers, there isn't much there."

Canada, which has been boosting its exports south of the border, is a welcome alternative, Mr. Drollas said. "Canada offers prospects of more supplies through development of the tar sands in Alberta."

What's different about Mr. Bush's State of the Union approach is that he's proposing that Americans turn to alternative technologies, including hybrid engines and ethanol to power cars, and clean coal, wind and solar energy for electricity output. In so doing, the former Texas oilman dropped any reference to increasing domestic U.S. oil production, particularly from the environmentally sensitive Arctic Wildlife Refuge.

"It's a very significant departure for him because where he comes from, the solution has always been 'Let's drill more. Let's develop domestic production and the Gulf of Mexico,' " said Gal Luft,

co-director of the Institute for the Analysis of Global Security, a Washington think tank.

Mr. Luft said that reducing oil consumption is the only way to go if Washington wants to reduce the geo-political influence of Mideastern governments because currently, if the United States cuts its imports of oil from Saudi Arabia or Kuwait, that oil simply finds its way to Europe or China.

According to U.S. officials, the United States is projected to be importing six million barrels of Mideast crude by 2025 and adopting these alternatives could slash those imports by at least 75 per cent. But since Mideast imports are such a small proportion of the total, the overall impact will not be that significant, Mr. Luft said.

Despite Mr. Bush's newfound interest in eco-friendly energy sources, environmentalists were less than thrilled.

"When you have an addiction, you don't say 'I'll try to kick the habit in 10 or 20 years,' " said Carl Pope, executive director of the Sierra Club, accusing Mr. Bush of hypocrisy for suggesting he supports fuel alternatives. "Time and again the resulting policy reflects the desires of the giant oil, coal and nuclear industries . . ."

The National Environment Trust predicted that U.S. dependence on foreign oil imports will actually be 10 to 15 per cent higher when Mr. Bush leaves office in early 2009 than it was when he was first sworn in eight years earlier. The group said the only way to reduce that dependence is to force U.S. auto makers to increase fuel efficiency standards, thereby reducing the output of gas-guzzling SUVs.

All the talk of reducing Mideast oil imports was music to the ears of Murray Smith, Alberta's former energy minister and the province's chief lobbyist in Washington, even though there was not a single mention of Canada or the Alberta oil sands.

"I'm not upset and I don't think anybody in the oil patch is upset," he said. "Canada doesn't have to be mentioned to be important. In many deals, the silent partner is the one that's most valued."

Oil supply

Where the United States gets its crude oil, Nov. '04 to Nov. '05

U.S.: 33.7%

Mexico: 10.1%

Canada: 10.6%

Venezuela: 8.2%

Saudi Arabia: 9.6%

Nigeria: 6.9%

Iraq: 3.6%

Other: 17.3%

SOURCE: ENERGY INFORMATION ADMINISTRATION

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