



Oil Dependence: A National Threat



Ethanol and National Security.

How ethanol is already making a difference.

- Is America Funding Terrorism?
- Is Oil Dependence a National Security Threat?
- Are Renewable Fuels the Answer?

“Pioneer work in ethanol that increases demand for farm products, creates new jobs, and leads to greater energy security for our country—it’s all happening here, because here in America’s heartland, you are on the cutting edge of progress.”

– President Ronald Reagan
after touring an ethanol plant in 1984

“Part of the problem is that some of the nations we rely on for oil have unstable governments, or agendas that are hostile to the United States. These countries know we need their oil, and that reduces our influence, our ability to keep the peace in some areas. And so energy supply is a matter of national security.”

– President George W. Bush
Energy Policy & America’s Dependence on Oil: Address to the Renewable Fuels Association, April 25, 2006

Each year the United States sends hundreds of billions of dollars to foreign producers of oil, many of which are hostile to U.S. interests.

“We’re either going to be dependent on dirty oil from the Gulf or dirty oil from Canada...until we can get our act together as a country and figure out that clean, renewable energy is in both our economic interests and the interests of our planet.”

– Secretary of State Clinton
Remarks to Commonwealth Club, Oct. 15, 2010

“The United States of America cannot afford to bet our long-term prosperity, our long-term security on a resource that will eventually run out, and even before it runs out will get more and more expensive to extract from the ground.”

– President Barack Obama
at Georgetown University, March 30, 2011



The National Defense Council Foundation estimates annual defense spending to protect the flow of Persian Gulf oil alone is equivalent to adding an extra \$1.17 per gallon of gasoline.

–NDCF Annual Report: *The Hidden Cost of Imported Oil* (2003)

Effects on Security of Our Troops and Armed Forces

“And it’s costly, but it’s costly in more ways than just money. We import gasoline more than anything else – gasoline and water – more than anything else into Afghanistan. For every 50 convoys of gasoline we bring in, we lose a Marine. We lose a Marine, killed or wounded. That is too high a price to pay for fuel.”

– Navy Secretary Ray Mabus
On oil/gas: National Clean Energy Summit 4.0, August 30, 2011.

“When we did an examination of the vulnerabilities of the Navy and Marine Corps, fuel rose to the top of the list pretty fast. We simply buy too much fossil fuel from actual and potentially volatile places. We would never allow some of these countries we buy fuel from to build our ships, our aircraft, our ground vehicles – but because we depend on them for fuel, we give them a say in whether our ships sail, our aircraft fly, our ground vehicles operate.”

– Navy Secretary Ray Mabus
As reported from his speech at Mississippi State University Biofuels Conference, October 2011

Oil dependence distorts and constrains U.S. foreign policy and compels our nation to expend billions of dollars securing the worldwide flow of oil.

“Today, America is dependent on foreign oil. The political unrest in the Mideast and a series of natural disasters around the world affect the price of oil daily. The cost of fuel for our cars and trucks has increased to more than \$4 a gallon in many places. Without alternative paths, our energy dependence will continue to undermine our security and prosperity. Domestic sources of fuel, both conventional and alternative, can contribute to the solution.”

– Dr. Kevin Geiss, Deputy Assistant Secretary of the *Air Force* for Energy, *Remarks appeared in the Washington Times, April 13, 2011*



\$27 to \$138 billion is spent annually by the U.S. Military for protection of Middle Eastern maritime oil transit routes and oil infrastructure. –Liska and Perrin, August 2010

How Can We Renew America's Energy Security?

“We need to break America's addiction to foreign oil. We need a new energy system that is clean, green and American-made.

– Gov. Brian Schweitzer
Remarks to the 2008 Democratic National Convention, Denver, Colorado, August 26, 2008

“Because we know we can't power America's future on energy that's controlled by foreign dictators, we are taking big steps down the road to energy independence, laying the groundwork for new green energy economies that can create countless well-paying jobs. It's an investment that will double the amount of renewable energy produced over the next three years.

– President Barack Obama
Remarks Upon Signing the American Recovery & Reinvestment Act, Denver, Colorado, February 17, 2009



Ten of the 11 U.S. recessions since World War II have been preceded by significant oil price spikes.

–S. P. A. Brown and H. G. Huntington, *Reassessing the Oil Security Premium*

“We're convinced, for our own self-interest, that the way we use energy, changing it to a more efficient fashion, is essential to our national security, because it helps to reduce our dependence on foreign oil, and helps us deal with some of the dangers posed by climate change.”

– President Barack Obama
Address at the UN Climate Change Conference, Copenhagen, Denmark, December 18, 2009



The only effective strategy for improving U.S. energy security is reducing the nation's oil dependence.

Can America Turn Off Terrorism's Power Source?

“Right now, the United States imports about 70 percent of its oil from overseas. At the same time, billions of dollars that we spend on all that foreign oil seems to end up in the bank accounts of those around the world who are openly hostile to American values and our way of life. This costly reliance on fossil fuels threatens America and the world in other ways, too. CO2 emissions are increasing global temperatures, sea levels are rising and storms are getting worse.

– Gov. Brian Schweitzer
Remarks to the 2008 Democratic National Convention Denver, Colorado August 26, 2008

“And we have an energy crisis that is hampering our economy, threatening our planet, and enriching our adversaries.

– President Barack Obama
Remarks on the Bicentennial of Abraham Lincoln's Birth, Springfield, Illinois, February 12, 2009

The Department of Energy recently estimated that the transfer of wealth to oil producing countries, the loss of U.S. economic potential, and sudden oil price movements cost our society the equivalent of an extra \$18 per barrel, or \$0.92 per gallon of gasoline.

“Eight of the nine leading exporters of oil in the world are dictatorships and autocratic kingdoms and that creates a very serious problem.”

– Former CIA Director James Woolsey
Wall Street Journal Op-ed, April 15, 2010. “Turning Oil into Salt.” Part 1 of 3 Energy Security series. 6:04. Youtube.com. December 8, 2009



The Department of Energy pegs the cost of U.S. oil dependence since 1970 at more than \$8 trillion.

How Does Oil Revenue Fund Terrorists?

“Wealth transfers from oil have been used, and continue to be used, to fund terrorism and its ideological support. Estimates of the amount spent by the Saudis in the last 30 years spreading Wahhabi beliefs throughout the world vary from \$70 billion to \$100 billion. Furthermore, some oil-rich families of the Great Middle East fund terrorist groups directly.”

– From *The Petroleum Bomb* by George Shultz, *fmr Secretary of State* and James Woolsey, *fmr CIA Director* (2005). This article was adapted from a position paper the authors wrote in their capacity as co-chairmen of the Committee on Present Danger.

“This is the only war, this long term war against terror or Islamic extremism...that we have fought in American history, other than the Civil War I suppose, in which we pay for both sides. This is not a good long term strategy.”

– Former CIA Director James Woolsey
Cascadia Center of Discovery Institute, Presentation on U.S. Energy Policy, June 2006



The global reach of radical extremists depends on revenue...

“The price of a barrel of oil is now one of the most dangerous weapons in the world... The nearly \$700 million a day we send to unstable or hostile nations also funds both sides of the war on terror, paying for everything from the madrassas that plant the seeds of terror in young minds to the bombs that go off in Baghdad and Kabul.”

– Senator Barack Obama
On Campaign (2008)
Town Hall meeting at Stivers School for the Arts, Dayton Ohio, July 11, 2008

“We are sending over \$500 billion a year to countries which really don't like us and share our interests and values. And today we have Iran building nuclear weapons, we have Saudi Arabia which is funding radical Islam around the world and this is a significant concern for our national security, our economic security, our well-being, and values and interests that we hold dear.”

– Mark Dubowitz
Foundation for the Defense of Democracies, “Turning Oil into Salt” Part 1 of 3 Energy Security series. 6:13. Youtube.com. December 8, 2009.

“If you want to know who is paying for those madrassas in Pakistan or the West Bank to teach those little boys to hate, just next time you go to a filling station, before you get out to charge your gasoline and take out your credit card, turn the rearview mirror just a few inches so you're looking into your own eyes. Now you know who's paying for those little boys to be taught to hate.”

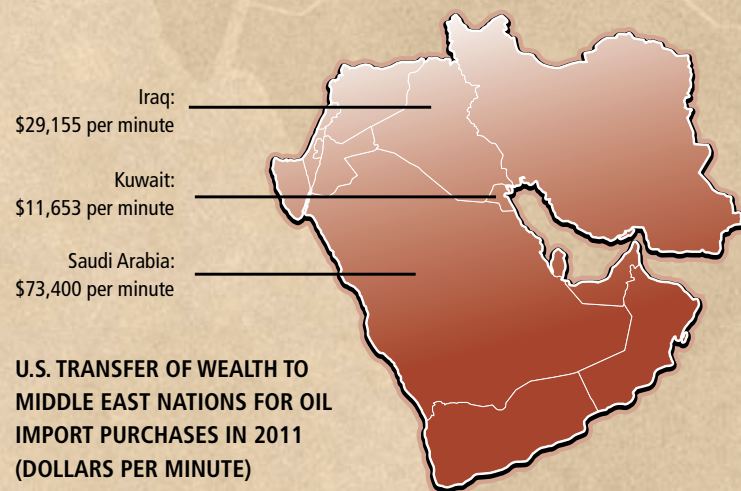
– Former CIA Director James Woolsey
Video for ACCESS DC. October 27, 2009

...generated by oil exports to the very democracies targeted by such groups.

How Does Oil Dependence Transfer Wealth from the United States to Foreign Oil Producers?

“We have a monopoly of petroleum in the transportation sector... The oil market is controlled by a cartel – the OPEC cartel with 13 governments that control 78% of the world’s oil. So on one hand we have a cartel and the other hand we have a monopoly and this combination is extremely toxic and very dangerous to the future of our civilization.”

– Dr. Gal Luft, Institute for the Analysis of Global Security
“Turning Oil into Salt.” Part 1 of 3 Energy Security series. 7:40.
Youtube.com. December 8, 2009



The high oil prices of 2008 transferred a record of nearly \$1 trillion dollars to members of OPEC.

Is Ethanol Part of the Solution to the Security Threat Posed by Foreign Oil Dependence?

“I set a goal to replace oil from around the world. The best way and the fastest way to do so is to expand the use of ethanol...”

– President George W. Bush
Energy Policy & America’s Dependence on Oil: Address to the Renewable Fuels Association, April 25, 2006

“[The current energy policy] is to buy from a cartel who drives the price and go to war every few years to maintain that privilege. It is outrageous. The good news is that there is an alternative. The good old fashioned American idea of introducing competition into the fuel market.”

– Robert McFarlane
National Security Advisor under President Ronald Reagan, Open Fuel Standard Press Conference, Capitol Hill, June 2, 2011

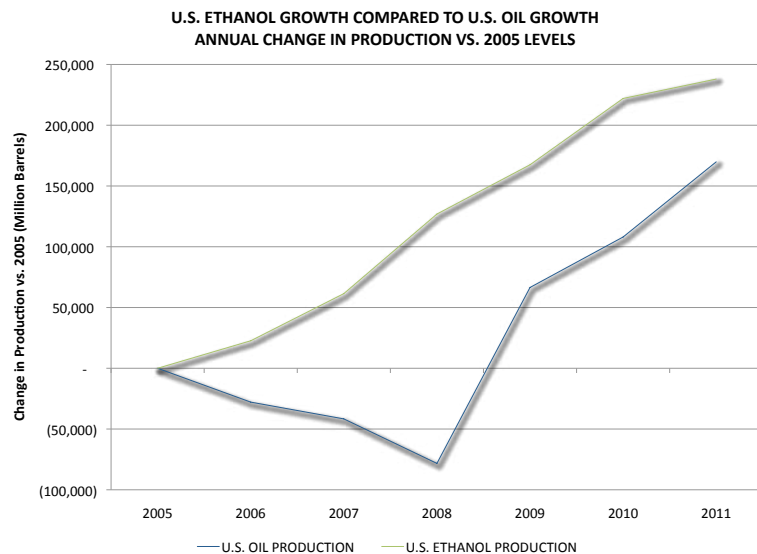
“This project is another step the Obama administration is taking to support production of a new generation of renewable fuels, in order to build an active biofuels and biomass production industry in every region of the country. Investments in renewable energy create jobs and reduce America’s dependence on foreign oil.”

– Tom Vilsack, Secretary of Agriculture, January 20, 2012, *USDA Press Release announcing USDA loan guarantee for new advanced biofuel production facility, Fiberight, LLC in Blairestown, IA*

In 2011, ethanol displaced 10% of U.S. conventional gasoline consumption.

Without question, the trend toward less oil import dependence that began in 2005 began because of rapid growth in ethanol production.

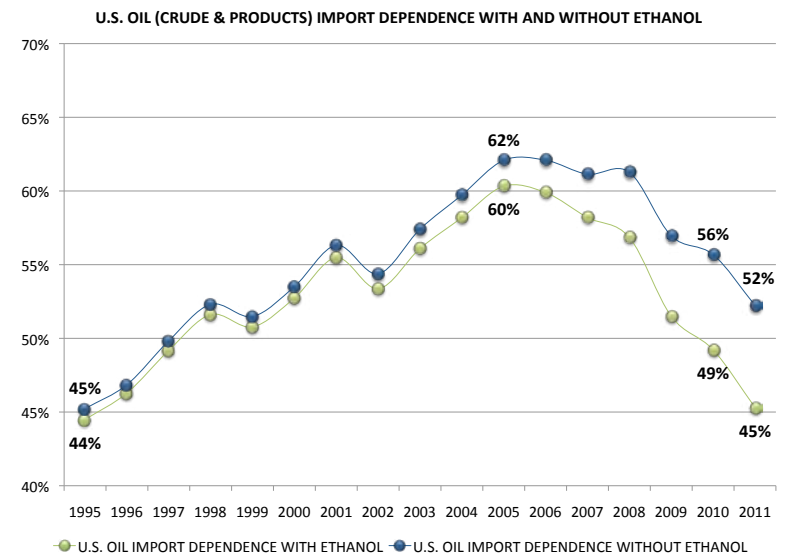
U.S. oil import dependence has been falling since 2005, even though domestic crude oil production fell successively in 2006-2008. Why? Because domestic ethanol production growth more than offset domestic crude oil production decreases.



On a cumulative basis, ethanol accounts for 81% of new domestic fuel production since 2005. Ethanol has added 838 million barrels of new fuel to our energy supply since 2005, while new oil production has totaled 197 million barrels.

Ethanol has played a meaningful role in reducing U.S. oil import dependence.

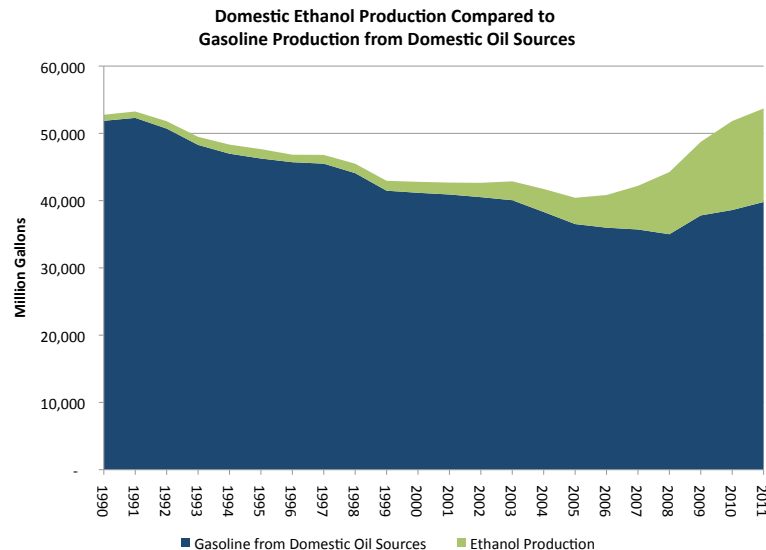
In 2010, booming ethanol production helped send U.S. oil import dependence below 50% for the first time since 1997. Oil import dependence dropped further to 45% in 2011. Without ethanol, our 2011 oil import dependence would have been 52%.



According to EIA, "increases in domestic biofuels production...played an important role in moderating import dependence." EIA says ethanol growth since 2005 is "...helping to displace traditional hydrocarbon fuels and so reducing petroleum import needs."

Ethanol is an Important Component of Improving U.S. Energy Security.

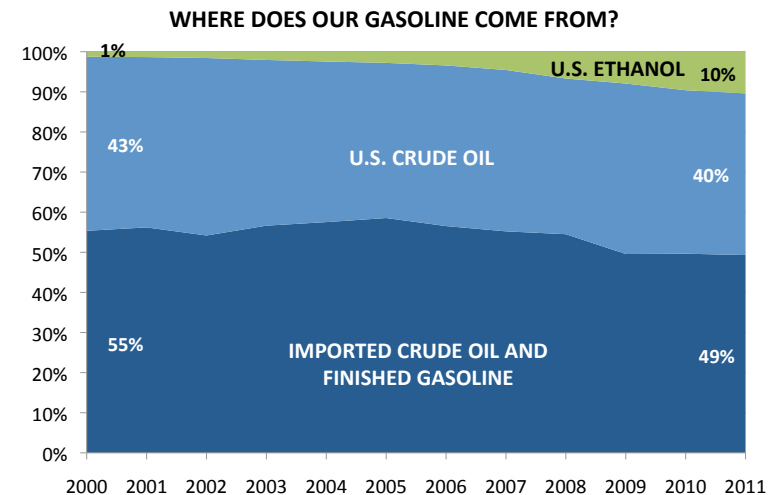
Since hitting a low in 2005, domestic liquid fuel production has been increased back to levels not seen since 1990, with ethanol leading the charge. Ethanol production has accounted for 58% of the fuel supply growth between 2005 and 2011.



U.S. oil imports from some of the world's most hostile regions have fallen dramatically as U.S. ethanol production has ramped up. Since 2000, oil imports from Venezuela are down nearly 30%, while imports from Iraq are down 25%.

Increased Ethanol Production is Helping to Reduce Dependence on Imported Oil.

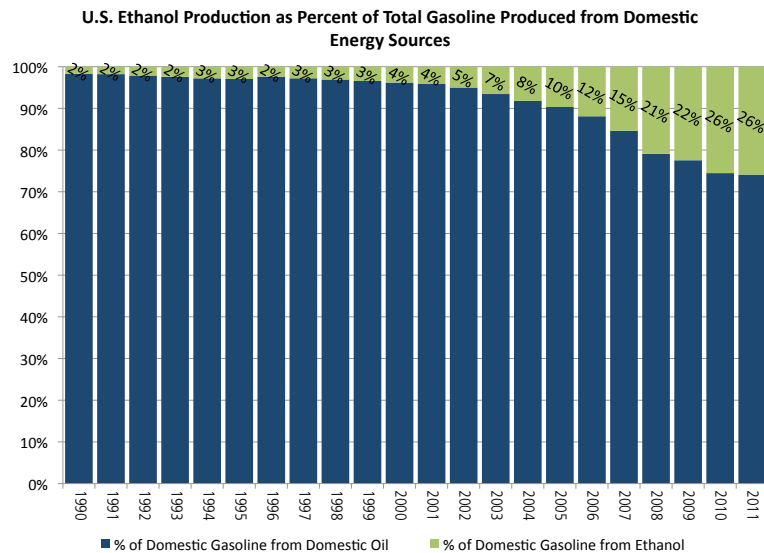
In 2000, 55% of our gasoline supply came from imports and 1% came from ethanol. Today, ethanol makes up 10% of our gasoline supply, and imported sources have dropped to 49%.



U.S. ethanol growth has reduced oil imports from the Persian Gulf region by 25% since 2000.

Ethanol Constitutes a Large and Growing Share of Domestically Produced Fuel for Gasoline Vehicles

Ethanol now accounts for one out of every four gallons of fuel produced for gasoline vehicles from domestic energy sources. Ethanol offers an existing meaningful solution for displacing oil in the transportation sector.

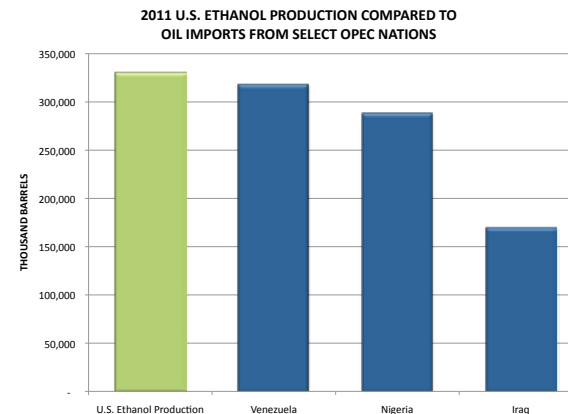


Ethanol presents the United States with a critical opportunity to expand domestic energy production and reduce imports.

Ethanol is a Growing, Secure and Domestically Produced Source of Energy

“There is, however, a way out of this crisis...The solution lies in opening the transportation fuel market to competition from sources other than petroleum...Hence the need for Congress to require that new vehicles allow the use of alternative fuels... Competition is a bedrock of our American way of life. It’s time to introduce it into our fuel market...”

– Robert McFarlane
National Security Advisor under President Ronald Reagan



The future of energy independence, and of our security both abroad and at home, is taking place right now, everyday, in ethanol plants across this great nation.



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