

Energy Independence

Edward P. Cross, President
Kansas Independent Oil & Gas Association

The call for energy independence is at the center of our national energy debate and is a basis for many new energy policies and the expansion of existing ones. Many question what “energy independence” really means. However, a realistic appraisal of the U.S. energy position and the possibilities within our nation could provide a constructive framework for sound energy policy.

The concept of “energy independence” was first introduced by Richard Nixon in November 1973. Three weeks after the Arab oil embargo, Nixon introduced “Project Independence” and pledged that the U.S. would “meet our own energy needs without depending on any foreign energy source” within seven years. He deliberately modeled his Project Independence on John F. Kennedy’s Apollo goal of getting a man on the moon within a decade.

It proved much easier to get a man on the moon than to make a nation energy independent. Since the mid-1970’s, the U.S. has gone from importing a third of its oil to importing 60%. Thought needs to be given to what energy independence means and what can be achieved. Currently, the U.S. is moving toward greater integration into the global energy markets.

How dependent is the U.S.? An examination of total energy including coal, nuclear, oil, natural gas, renewables, etc., indicates the U.S. is roughly 70% self-sufficient. Oil is where most of the current dependence comes from. Contrary to widespread belief, the risks do not owe to direct imports from the Middle East. In fact, only 19% of oil imports to the U.S. originate in the Middle East. Our largest source of oil imports is Canada.

Canada or energy imports from Canada do not constitute a major threat to national security. The energy trade is part of a normal trading relationship with the country with which we’re conjoining economically and which just happens to be our biggest trading partner. Our second largest source is Mexico, with which we also have a big trading relationship. Mexico depends upon oil for about a third of total government revenues.

Energy security is a global issue. Although oil around the world varies greatly in terms of physical qualities and transportation costs, there is only one world oil market. So disruptions and loss of supply in one place affect global markets, global politics, and consumers everywhere. Even if the U.S. did not import a drop of oil, it would still be vulnerable to turmoil involving oil outside its borders.

In the end, if energy independence is presented as self-sufficiency the way that Richard Nixon defined it 37 years ago, then the prospects of achieving the goal of energy independence is very small. Such a goal will bring disappointment that will undermine the longer-term commitments that are required for a sound energy future. Cutting ourselves off from global energy markets is not realistic.

However, if the goal of energy independence is understood differently, then it is much more useful. We should define energy independence to be energy security i.e., more energy resilience, robustness, and reduced vulnerability. This definition recognizes that trade itself is not bad.

Energy independence as measured in energy security emphasizes diversification, encouraging investment and research and development in both alternative and conventional energy sources. Diversification of energy supplies is critical. Whether it is oil, natural gas, coal, nuclear, or alternatives, the key must be building a mix of energy that continues economic growth. Energy security also means a new push for energy conservation, higher energy efficiency, and lower energy intensity.

Energy independence as measured in energy security requires interdependence with other nations. How we manage our relations with other countries and other regions is a very essential ingredient for our own energy security.