

**Opening Statement
Chairman John F. Tierney
Subcommittee on National Security and Foreign Affairs
Committee on Oversight and Government Reform**

**“National Security and Latin America:
Challenges and Opportunities on Energy Cooperation”**

As Prepared for Delivery

March 10, 2008

Good afternoon and thank you all for being here today.

Today, the Subcommittee conducts oversight of U.S. national security policy in the Western Hemisphere by exploring energy security issues in Latin America.

On its way to producing 30 percent of the world’s GDP, the United States imports enormous amounts of energy – mostly in the form of oil. One need look no further than our strategic interests and troubling history with oil-exporting nations in the Middle East to recognize that “petrol politics” are a critical element of our national security policy.

This nexus between national security and energy policy is self-evident, yet it has not received a commensurate amount of attention, and integrating these policies is vital to our national security interests.

Two former directors of the CIA, John Deutsch and James Schlesinger, have leveled significant criticism of the U.S. approach. In their 2006 report entitled, “National Security Consequences of U.S. Oil Dependency,” they concluded, and I quote:

Over many years and administrations, the U.S. government has failed to pay sufficient attention to energy in its conduct of foreign policy or to adopt a consistent approach to energy issues. The result is that energy matters typically appear on the foreign policy agenda as a surprise, usually in times of crisis, or as the unexpected consequence of other foreign policy actions.

Retired military leaders and other prominent businessmen have also called for a more integrative approach to our nation’s energy and foreign policy. In their 2006 report, “Recommendations the Nation on Reducing U.S. Oil Dependence,” the Energy Security Leadership Council summarized by saying:

Put simply, the reliable and affordable supply of energy – “energy security” – is an increasingly prominent feature of the international political landscape and bears on the effectiveness of U.S. foreign policy. At the same time, however, the United States has largely continued to treat “energy policy” as something that is separate and distinct –

substantively and organizationally – from “foreign policy.” This must change. The United States needs not merely to coordinate but to integrate energy issues with its foreign policy.

The Deutch / Schlesinger report had a number of recommendations going forward. They noted, for example, that the U.S. should “increase efficiency of oil and gas use” and “switch from oil-derived products to alternatives.” Because of the national security challenges in the Middle East, they also recommend that the U.S. government should, and I quote, “[e]ncourage supply of oil from sources outside the Persian Gulf.”

Latin America’s substantial energy reserves supply 28 percent of U.S. petroleum imports and 95 percent of our natural gas imports. The Middle East, by contrast, currently provides 17 percent of U.S. oil imports.

We have invited a panel of energy and security experts to be with us today to examine all the issues surrounding energy in Latin American and to ask what challenges exist for U.S. national security and what opportunities can our country take advantage of to maximize Western Hemisphere energy supplies, to improve our relations with our Latin American neighbors, and to strengthen our national security.

As noted by the title for this hearing, our energy relationship with Latin American is filled with both challenges and opportunities. Done correctly, I am hopeful we could turn existing challenges into opportunities and create win-win relationships.

Mexico’s government, for instance, predicts that it will run out of oil reserves within eight years. As the second-largest supplier of foreign oil to the United States, how will Mexico’s potential oil production crisis affect U.S. national security? How will Mexico’s diminishing oil reserves affect Mexico itself? Mexico relies on revenues from its oil to fund much of its government’s work. What will happen when this revenue dries up? And what can the U.S. do now to help?

Venezuela, the fourth-largest supplier of foreign oil to the United States, is also experiencing diminishing oil production.

Political tensions in the region, highlighted by the recent military posturing between Venezuela and Colombia, and the volatile relations between Venezuela and the U.S. present significant additional challenges. How should the U.S. approach these set of challenges?

Looking beyond oil, Latin America holds tremendous potential and opportunities for non-traditional sources of energy. Brazil is already the world’s second-largest producer of ethanol, trailing only the United States.

With oil prices above \$100 per barrel, the market for ethanol is growing, and many Latin American countries are well positioned to take advantage of this growth by creating their own, resource-efficient production.

Many Latin American countries are also ideally positioned to capitalize on growing demand for solar and wind energy. As we grapple with impending consequences of climate changes, we must ask ourselves how our foreign policy can encourage positive developments in Latin America's non-traditional energy sector.

A foreign policy that carefully considers energy security could help meet the energy demand of the United States, grow the economies of Latin American countries in ways that benefit all the peoples of those countries, and help stem the flow of greenhouse gases into the atmosphere.

On all these critical questions, I look forward to hearing from our distinguished panel of experts.