

# Obama vows to cut oil imports by a third

## President cites Canada as energy partner

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U.S. President Barack Obama on Wednesday called for a one-third reduction in American oil imports by 2025 as part of a broad energy policy including a shift to cleaner-burning fuels. In a speech to students at Georgetown University in Washington, D.C., Obama targeted American reliance on Middle Eastern oil.

"I set this goal knowing that imported oil will remain an important part of our energy portfolio for quite some time," he said. "And when it comes to the oil we import from other nations, we can partner with neighbours like Canada, Mexico and Brazil, which recently discovered significant new oil reserves, and with whom we can share American technology and know-how." Canada is the biggest source of U.S. oil imports, which in 2009 totalled 11 million barrels a day. According to figures the U.S. Energy Information Administration released last month, Canadian imports totalled 2.7 million barrels a day in December, an eight per cent increase from November.

Obama vowed to break through the political gridlock that has stymied similar conservation initiatives for decades.

"Presidents and politicians of every stripe have promised energy independence but that promise has so far gone unmet," he said.

"That has to change. We cannot keep going from shock to trance on the issue of energy security, rushing to propose action when gas prices rise, then hitting the snooze button when they fall again."

### Natural gas prices rise

Obama touted a series of initiatives — some new, but many he's previously announced — he said would boost domestic oil production, increase the use of biofuels and natural gas and make vehicles more energy efficient.

Natural gas prices climbed after the speech. The natural gas contract for May delivery closed up 10.6 cents, or 2 1/2 per cent, to \$4.369 US per 1,000 cubic feet on the New York Mercantile Exchange.

Natural gas represented four per cent of Canada's merchandise exports in 2009, all of its going to the U.S.

Natural gas prices have remained around the same range they've been in for three years as the recession and a surge in North American production kept prices in check.

Obama also embraced nuclear power as part of America's energy future, despite increased safety concerns following the earthquake and tsunami in Japan that severely damaged a nuclear power plant there.

Obama said he is determined to ensure that nuclear plants in the U.S. are safe, and has ordered a safety review of all facilities that will incorporate lessons learned from the crisis in Japan. The president spoke against the backdrop of rising gas prices following unrest in the oil-rich Middle East. Gas prices in the U.S. have shot up 50 cents a gallon this year, reaching a national average of \$3.58 a gallon last week, according to the American Automobile Association's daily survey.

Obama defended his energy measures against critics who say he has impeded domestic oil exploration.

Republicans have blamed Obama's policies for the rising gas prices, pointing to the slow pace of issuing permits for new offshore oil wells in the wake of last summer's massive Gulf of Mexico spill and an Obama-imposed moratorium on new deepwater exploration.

The president struck back at that criticism Wednesday, saying his administration has approved 39 shallow-water drilling permits since new standards were put in place last year, and seven new deepwater drilling permits in recent weeks.

"So any claim that my administration is responsible for gas prices because we've shut down oil production might make for a useful political sound bite, but doesn't track with reality," Obama said.

He said the oil industry is "sitting on supplies of American energy just waiting to be tapped." An Interior Department report released Tuesday said more than two-thirds of offshore leases in the Gulf of Mexico are sitting idle, neither producing oil and gas nor being actively being explored by the companies who hold the leases. The department said those leases could potentially hold more than 11 billion barrels of oil and 50 trillion cubic feet of natural gas. Even if Obama's efforts can reduce U.S. demand for foreign oil, experts say that's unlikely to bring down the cost of gasoline, since oil is priced globally and increased demand from China and other developing nations continues to push prices up.

### Must move quickly

The White House has set a goal of relying on non-oil energy sources for 80 per cent of U.S. electricity use by 2035.

"We have to discover and produce cleaner, renewable sources of energy," Obama said. "And we have to do it quickly."

Obama called for the construction of four new advanced biofuel plants in the U.S. within the next two years. However, advanced biofuels — fuels made from non-food sources such as wood chips, switchgrass or plant waste — are still in their infancy and cannot yet be made in amounts similar to corn ethanol.

Congress has directed more money to research and development of those fuels in recent years because some critics of corn ethanol have linked the diversion of corn for fuel to rising food prices.

Obama also ordered government agencies to ensure that by 2015, all new vehicles they purchase are alternative-fuel vehicles, including hybrid and electric. The president has previously set a goal of putting one million electric vehicles on U.S. roads by 2015.

Administration officials said Obama's plans would require significant spending on research and development, though they offered no cost estimates.