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CANADIAN OIL TO CHALLENGE GRIP OF OPEC CARTEL

WASHINGTON, D.C. **–** Huge reserves of unconventional oil in Canada and their accelerated development will undermine the OPEC oil cartel in coming years, according to a new Joint Economic Committee (JEC) study released today by Chairman Jim Saxton. According to the study, *Canadian Oil Sands: A New Force in the World Oil Market*, estimates of proven oil reserves rank Canada second only to Saudi Arabia, with the possibility that Canada's reserves may be even larger. Strong economic incentives would exist, even with oil prices at half the current level, to ramp up oil sands production and more than double output in ten years.

"The large Canadian reserves of unconventional oil and their rapid development are very good news for consumers in the U.S. and around the world," Saxton said. "While these reserves can supply only a limited amount of oil at the current time, their development is exactly the kind of thing the OPEC cartel has hoped to avoid.

"OPEC pricing policy for many years has sought to extract the maximum profit from oil consumers without providing enough incentive to trigger the development of costly energy alternatives. However, OPEC's production quotas and failure to invest in expanded capacity have severely limited the conventional oil supply in the face of an unexpected increase in Asian demand. Concerns about Iran and terrorism have only exacerbated the situation. The result is sky-high oil prices and every economic incentive to develop alternative energy sources.

"The Canadian oil sands will be an increasingly important factor in the world energy market in coming years. These reserves are immense and their potential output is very significant for the future energy balance. The oil sands will not solve the energy problem, but they will help to undermine OPEC's power to increase oil prices and will thereby enhance U.S. energy security," Saxton concluded.

For a copy of the JEC study, *Canadian Oil Sands: A New Force in the World Oil Market*, please visit our website at www.house.gov/jec

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