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Congress of the United States

JOINT ECONOMIC COMMITTEE

Democratic Staff

107TH CONGRESS

804 HART SENATE OFFICE
BUILDING
WASHINGTON, DC 20510-6602
202-224-0372
FAX 202-224-5568
www.senate.gov/~jec/

PATRICIA RUGGLES
STAFF DIRECTOR

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Contact: Nan Gibson
202-224-0377
202-320-4545

FEW ECONOMIC BENEFITS, JOBS CREATED FROM DRILLING IN ANWR, NEW JEC REPORT FINDS

ANWR Oil Would Not Influence Global Oil Markets Enough to Enhance National Security

Washington, D.C. – Many employment, economic, and security gains have been projected if the Arctic National Wildlife Refuge (ANWR) were opened to drilling. However, a new report by the Democratic staff of the **Joint Economic Committee** (JEC) finds that drilling in ANWR would produce few economic benefits – creating only a very small number of jobs almost 20 years from now – and the oil resources would not be large enough to enhance national security.

The JEC report finds that the frequently-cited assertions that drilling in ANWR would produce 735,000 jobs and allow the United States to achieve independence from Middle Eastern oil suppliers are based on mis-characterizations about the functioning of oil markets, questionable estimates of the oil resources in ANWR, and outdated data and economic assumptions. The potential economic impacts of opening ANWR are less than one-tenth the size implied by these projections, according to the JEC report.

The key findings of the JEC report, *Drilling in ANWR: The Economic Costs and Benefits*, include the following:

- ▶ Instead of generating 735,000 jobs, drilling in ANWR would provide no substantial new employment for the next ten years and would generate modest employment gains in the long run, peaking at an estimated 65,000 new jobs nationwide in 2020. This would be an increase in projected employment of *less than* one tenth of one percent.
- ▶ It will be a decade or more before ANWR produces any oil, which means that there could be no short-run impact on prices, import levels, or national security.
- ▶ Even in the long run, drilling in ANWR would increase our projected share of world oil supply in 2020 from 4.1 percent to about 5 percent at the most, which is simply not enough to control prices. By comparison, OPEC currently supplies about 40 percent of the world's oil and is projected to supply 50 percent before ANWR production could reach its peak.

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- ▶ Our national security would not be enhanced by drilling in ANWR, because it would not provide enough oil to insulate the U.S. from swings in the global oil market, nor could it free the U.S. from the threat of politically motivated supply interruptions from foreign oil producers.
- ▶ The only way to reduce our economic and political vulnerability to volatile oil markets is to reduce our dependence on oil, regardless of its source. While several options exist to help achieve this goal by enhancing energy efficiency, drilling in ANWR may actually move us in the opposite direction, increasing our dependence on oil and oil markets.
- ▶ For American consumers, ANWR oil might eventually lower gasoline prices by a penny per gallon, with even smaller impacts on overall inflation.
- ▶ However, oil companies could reap substantial profits from the approximately \$180 billion dollars' worth of oil that is estimated to be recoverable from ANWR.

Opening ANWR to oil companies would provide few benefits to the nation as a whole, while at the same time allowing a significant piece of America's natural heritage to be destroyed, possibly forever, the report concludes.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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