

Statement of Senator Daniel K. Akaka regarding the Strategic Petroleum Reserve

Senator Daniel K. Akaka Papers

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STATEMENT OF SENATOR DANIEL K. AKAKA
REGARDING THE STRATEGIC PETROLEUM RESERVE
3/11/91

First, let me say that Senator Inouye wanted to be here today to present testimony in person. As you know, our offices have worked very closely on the need to establish a regional petroleum reserve in Hawaii.

Unfortunately, Senator Inouye has a conflict and cannot attend our hearing. I believe we have his prepared remarks which can be inserted in the record.

Mr. Chairman, an Emergency Oil Reserve is a matter of great concern to the people of Hawaii. Our islands are rich in many things -- especially beauty -- but poor in fossil fuels. We rely on oil for 90 percent of our energy needs. All of it arrives by ocean tanker.

Hawaii is the most oil-dependent state in the nation. We are more dependent than Japan.

An oil supply disruption is our greatest nightmare. If the Middle East sneezes, the mainland may catch a cold, but Hawaii comes

down with double pneumonia. That is why we need an emergency petroleum reserve.

The United States has roughly 570 million barrels in reserve. If imports were severed, the rest of the country would be safe from serious economic harm. Hawaii will not be so fortunate.

Our only means of access to the strategic petroleum reserve (SPR) would be tanker deliveries from Gulf ports through the Panama Canal. Studies have determined that the minimum delivery time for SPR oil is 53 days. This exceeds Hawaii's average inventory by 23 days. Under these circumstances our supply of oil would dry up and our economy would come to a standstill.

Hawaii tax dollars help fill and maintain the strategic petroleum reserve. But Hawaii doesn't benefit from the energy security the reserve provides. That's not fair. And it's not right.

Hawaii is the only island state. But we are still part of the union. If the National energy strategy is intended to safeguard all 50 states, then Hawaii must have an emergency petroleum reserve.

That is why the proposal to establish an "Oil Security Premium" to fill the strategic petroleum reserve has special interest to us in Hawaii. Under the Johnston/Wallopp bill, oil importers would be

required to relinquish a certain amount of the petroleum products they import to be used to fill the strategic petroleum reserve.

If this proposal advances, it is only fair that the oil security premium for oil imported into Hawaii remain in Hawaii. There is no justification for Hawaii, which desperately needs emergency supplies of oil, to send oil products to the Mainland's central reserve. That would be what the English call "carrying coals to Newcastle."

++ There are grave uncertainties about the federal government's ability to assure that SPR oil can be delivered to Hawaii before our supply runs dry.

These findings are not very reassuring. I hope this report will cause you to reexamine your department's opposition to a emergency reserve for Hawaii.

Thank you.

QUESTIONS

++ Mr. Secretary, as I have said, Hawaii is 90 percent dependent on oil.

++ In the event of a severe cutoff of oil, the minimum delivery time for strategic petroleum reserve to Hawaii exceeds our average inventory by 23 days.

Q: Under these circumstances, don't you believe that a regional petroleum reserve for Hawaii makes sense?

++ Mr. Secretary, there has never been a test draw-down of the SPR that I know of. And certainly, no oil from the central reserve has ever reached Hawaii.

++ Your assessment of how Hawaii would be served in the event of a SPR drawdown is based on analysis and projections. These "theoretical models" are not very reassuring, however.

++ In Hawaii, we don't believe that "theoretical models" will put gas in the tanks of our automobiles.

Q: In the event of a drawdown, what assurances can you give Hawaii that oil will reach us before we run dry?