



Truman National Security Project

March 24, 2009

To:
The Honorable Arnold Schwarzenegger
Office of the Governor
State Capitol
Sacramento, CA 95814

From:
Truman National Security Project
1420 K St NW Suite 250
Washington, DC 20005
www.trumanproject.org
202-216-9723

RE: National Security Concerns Regarding Selective Enforcement of Indirect Effects in CA LCFS

Dear Governor Schwarzenegger,

We are writing in regard to the California Air Resources Board's (ARB) continuing development of the Low Carbon Fuel Standard (LCFS). As the ARB approaches a final set of rules and regulations, we would like to comment on the deep connection between our reliance on carbon based fuels and our national security. We applaud California's leadership for being on the cutting edge of promoting cleaner fuel use, which we see as a critical component of bolstering American security. We are concerned, however, that the indirect land use change (iLUC) penalty for biofuels will have an adverse effect on our ability to develop alternative fuels. This in turn will prolong the United States' reliance on fossil fuels and deepen the damage caused by both our reliance on oil and by climate change.

While the push to include iLUC in the LCFS is well-intentioned, we believe it is misplaced. The science of indirect effects is far from precise, and the model on which the iLUC effect is based is highly variable depending on the assumptions of the individuals conducting the research. Put simply, the jury is out on the science of iLUC. Equally important is the fact that no other fuels are penalized for their indirect effects. Singling out one fuel source – in this case biofuels – puts that source at a comparative disadvantage, thereby undercutting new investment and the development of new technologies. Fossil fuels create indirect effects and negative externalities as well, but neither they nor any other fuel source face punitive measures as a result. Until the science of indirect effects is strong enough to create a standard by which all fuel sources

can be judged, it would be unwise to single out any single fuel source vis-à-vis others. This is especially true in the case of fossil fuels, which would have an unfair advantage under the regulation if their indirect effect is assumed to be zero.

This is not simply a scientific or environmental matter. It is a matter of national security, which is threatened by our reliance on oil and the effects of climate change. That is why we, as former members of the United States armed forces and intelligence services are writing to you on this important subject. Biofuels play a critical role in breaking our dependence on oil and mitigating the impact of climate change. The links between national security, fossil fuels, and climate change are many and they are severe.

- **Our reliance on fossil fuels puts petrodollars in the hands of dictators and terrorists.** Based on 2007 production estimates, a \$5 increase in the price of crude oil will add \$5 billion annually to the coffers of Venezuela, \$7.5 billion to Iran, and \$18 billion to Russia. This money allows these countries to act against the best interests of the United States. In 2008, U.S. counter-terrorism officials declared that Saudi Arabia, the world's top oil producer, remains the world's leading source of money for Al Qaeda and other extremist networks.
- **Oil Kills Democracy.** It's a simple fact that democracies rarely, if ever, go to war with one another. Unfortunately, oil kills democracy. There are twenty-three countries in the world whose oil and gas products constitute more than 60% of their total exports. None of these countries are democracies. Creating a world of more democratic states in which leaders cannot keep their populations at bay with petrodollars requires a world in which fewer fossil fuels are consumed.
- **Protecting the world's oil infrastructure costs U.S. taxpayers billions.** The United States is responsible for patrolling the world's sea lanes and ensuring safe passage for seaborne commerce, much of which is oil products. The U.S. Navy is budgeting \$28.1 billion for operations alone in 2009. A significant portion of this outlay is to make sure oil flows are not interrupted.
- **The Cost of Oil Places Undue Stress on the U.S. Military.** Every time the price of oil increases by \$10 per barrel, the Department of Defense is forced to spend another \$1.3 billion on fuel – that's the equivalent of the Marine Corps' entire annual procurement budget. Fuel efficiency also has life and death consequences: seventy percent of battlefield tonnage is attributed to transporting fuel. Attacks on fuel convoys in both Iraq and Afghanistan have become a major cause of U.S. casualties. A more fuel-efficient military would save the U.S. billions of dollars and untold lives.
- **Climate Change Places Undue Stress on the U.S. Military.** One the most drastic effects of climate change is an increase in the intensity and frequency of tropical storms. Hurricane Katrina proved how devastating this can be not just for our civilian population, but also for our armed services. Military units were needed to respond to the storm, and the cost of repairing the damage to the Pascagoula Naval Station in Mississippi reached several billion dollars. These are resources that could have been better spent on improving intelligence,

hunting down terrorists, or sending critical equipment to our troops in Iraq and Afghanistan.

- **Climate Change Creates Political Instability and Acts as a Catalyst for Failed States and Terrorism.** Climate change causes drought, the disappearance of drinking water, and a rise in sea levels. Billions of people live near coastal plains that could easily end up underwater. This would cause the mass-migration of millions of people and create ungoverned spaces where terrorists can flourish, just as they did in Afghanistan in the 1990s and just as they currently do in Somalia. Competition over resources, which increases with drought and dwindling water supplies, can also lead to violence. The most tragic evidence of this is the conflict in Darfur, where competition between herders and farmers for land sparked a genocidal conflict that has claimed the lives of 400,000 people.

Having served in uniform ourselves, there is nothing we take more seriously than the safety and well-being of our country. We are calling on the state of California to lend us a hand in keeping America safe by enacting a fuel regulation that is unbiased and does not enforce indirect carbon effects against only one type of fuel. There is no silver bullet to the energy and security challenges we face, but biofuels have a crucial role to play. We hope California will continue to be a national leader in energy issues and allow biofuels to play that role.

Sincerely,

Robert "Bud" McFarlane
National Security Advisor to President Ronald Reagan
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