



AXPC Supports Continuing Trade Policies that Support Low Energy Prices

AXPC opposes any measure taken to restrict the export of U.S. crude oil and liquefied natural gas (LNG). Despite rhetoric, these policies would not achieve their desired outcomes, and will likely increase energy prices for American families, and would further disadvantage U.S. oil and gas producers. Enacting these antiquated policies would greatly disadvantage the U.S. and our allies, while crude oil and natural gas from OPEC+, Russia, Venezuela, and elsewhere would fill the void.

Rather than considering banning U.S. energy exports, policy makers should support lower and stable domestic energy prices by [supporting domestic production](#) through the continued production on federal land and waters; sensible and cost-effective regulations; avoiding raising taxes or imposing new fees on the American oil and gas industry; supporting the infrastructure needed to cleanly and safely move energy from the wellhead to the customer, and working collaboratively with our industry on sensible, practical solutions to meet the dual challenge of climate change and global energy demand.

CRUDE OIL EXPORTS

- **Banning crude oil exports will raise prices.** U.S. gasoline prices are indexed to the Brent international benchmark. In 2015, the U.S. Energy Information Administration (EIA) found that allowing U.S. crude exports would not increase gasoline prices, “*petroleum product prices in the United States, including gasoline prices, would be either unchanged or slightly reduced by the removal of current restrictions on crude oil exports.*”¹ **In other words, American families would be burdened with higher gasoline, jet fuel and diesel prices if a crude oil export ban were imposed.**
- **U.S. crude exports help the U.S. refining imbalance.** The shale revolution unlocked a new supply of light/sweet crude oil, which domestic refineries have limited capacity to refine. These refineries are mostly equipped to process imported, heavy crude oil. The U.S. light/sweet crude is currently exported to countries that are better equipped to process the crude, while the refiners import heavy crude to process. Lifting the ban on U.S. crude oil exports helped to balance the nation’s crude oil import/export ratio. Prohibiting U.S. crude exports from entering the global marketplace could create an imbalance in global refining and global supply.
- **U.S. crude oil would be replaced with foreign crude with a higher emissions profile.** Global demand for crude oil would be met by countries like Russia which lack the same environmental regulatory standards as the United States. The Transition Pathway Initiative, a tool used by investors to assess companies’ preparation for the transition to a low-carbon economy, ranked Russia as “critically insufficient” in the fight against climate change.²

¹ <https://www.eia.gov/analysis/requests/crude-exports/>

² <https://www.fpri.org/article/2021/03/rosneft-gazprom-and-russias-failure-to-adopt-green-policies/>

LIQUEFIED NATURAL GAS EXPORTS

As the world's largest natural gas producer, the U.S. is well positioned to meet its domestic needs and export USLNG. The Potential Gas Committee, a group of 80 natural gas experts from industry, academia, and government, found that the future supply of U.S. natural gas at the end of 2018 stood at 3,838 trillion cubic feet—an increase of 20 percent from year-end 2016. **This is enough gas to meet U.S. domestic requirements and support robust exports for a century or more.**³

Additionally, in 2018 the U.S. Department of Energy released a study to assess the macroeconomic impacts of USLNG exports to inform decisions on applications seeking authorization to export USLNG. **The study found that because available natural gas resources have the largest impact on natural gas prices, “U.S. natural gas prices are far more dependent on available resources and technologies to extract available resources than on policies surrounding LNG exports.”**⁴

Undermines trust of U.S. as a reliable energy supplier. The U.S. represents approximately one quarter of both global natural gas supply and LNG. Restricting global access to energy sources in times of dire need and doing so in a manner that would override existing contracts, is a dangerous path to pursue. A ban or a pause on USLNG exports would have a chilling effect on any future contracts given the uncertainty that would be introduced regarding potential policy changes and the ability of the U.S. producer to follow through on the terms, which hurts future investment in the U.S. and advantages sources from foreign competitors like OPEC+ that elect to remain reliable.

USLNG can alleviate Europe's energy crisis. As winter approaches, European countries face shortages of natural gas and skyrocketing energy costs which has rippled through the European and global economy. Several European countries have called on the European Union to take urgent action to address the situation.

Exposes U.S. companies to legal liabilities. Exporting entities often sign mutually beneficial long-term contracts to sell LNG. Given that bringing an export facility online requires a multi-billion-dollar investment, there are sound business reasons for such contracts, including reductions in transaction costs and managing risks. U.S. companies could be subject to legal and financial liabilities due to their inability to meet existing contractual obligations. Contract disputes could have the effect of backing up domestic natural gas supplies from the Gulf Coast to the wellhead, creating significant operational challenges all along the supply chain.

Impedes progress in global emissions reduction. Natural gas' role in lowering emissions in the U.S. is a success story that can and should be replicated around the world. In recognizing the global environmental benefits of natural gas, Dr. Faith Birol, Executive Director of the International Energy Agency said, “natural gas is one of the mainstays of global energy. Where it replaces more polluting fuels, it improves air quality and limits emissions of carbon dioxide.”⁵

³ <https://Ingallies.com/wp-content/uploads/2020/02/USLNG-2020-02-10.pdf>

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[https://www.energy.gov/sites/default/files/2020/07/f77/Term%20Extension%20FRN%20Final%20Policy%20State
ment.pdf](https://www.energy.gov/sites/default/files/2020/07/f77/Term%20Extension%20FRN%20Final%20Policy%20Statement.pdf)

⁵ <https://www.iea.org/reports/the-role-of-gas-in-todays-energy-transitions>

USLNG exports strengthen the security of the U.S. and its allies. In 2020, USLNG exports reduced the nations' trade deficit by over \$10 billion.⁶ An increase in USLNG exports could support between 220,000 to nearly 500,000 jobs and add \$50 billion to \$73 billion to the U.S. economy.⁷

USLNG has allowed regions like the European Union (EU), particularly Eastern Europe, to diversify its energy sources to become less reliant on natural gas from Russia, that often uses its energy exports as a political tool, which will be compounded with the completion of Russia's Nord Stream 2 pipeline. Senator Bob Menendez (D-NJ), Chairman of the Senate Foreign Relations Committee, stated, "we consider Nord Stream 2 a geopolitical project geared towards expanding Russia's influence on Europe by dominating the energy market. The completion of the pipeline will strengthen the impact of Russian gas in the European energy mix, endanger the national security of EU member states and the United States, and threaten the already precarious security and sovereignty of Ukraine."⁸

Currently about 40 percent of USLNG exports go to the EU. Then-Vice President Biden celebrated this fact in 2015, when he said, "we support Lithuania as it inaugurated the first LNG terminal, ending the Baltic region's complete dependence on Russia imports of gas. And we worked closely with the European Union to help advance critical energy infrastructure projects that will help foster competition in Europe rather than perpetuate the dominance of one supplier. We applaud and encourage Europe's efforts to take a more regional approach because a more stable European supply of energy means a more secure world. And we're ready to do our part as our European friends know."⁹

SUPPORT FOR U.S. EXPORTS

White House Press Secretary Jen Psaki (October 13, 2021)

"And there is a natural gas shortage around the world, hence the need for the United States to continue to export natural gas."¹⁰

U.S. DOE Secretary Designee Jennifer Granholm (January 27, 2021):

"I believe USLNG exports can have an important role to play in reducing international consumption of fuels that have greater contribution to greenhouse gas emissions."¹¹

U.S. Secretary of State John Kerry and U.S. Secretary of Energy Ernest Moniz (May 4, 2016)

"The council welcomed the lifting of U.S. crude oil export restrictions in 2015 and the commencement of USLNG exports from the Gulf Coast in 2016, as they are important milestones for global energy markets that can also help improve security of supply globally and in Europe."¹²

⁶ <https://www.energy.gov/articles/trump-administration-releases-policy-extending-lng-export-term-2050>

⁷ <https://www.energy.gov/sites/default/files/2020/07/f77/Term%20Extension%20FRN%20Final%20Policy%20Statement.pdf>

⁸ <https://www.foreign.senate.gov/press/chair/release/chairman-menendez-european-foreign-affairs-committee-chairs-issue-joint-statement-on-nord-stream-2%20>

⁹ https://www.brookings.edu/wp-content/uploads/2015/05/20150527_biden_transcript.pdf

¹⁰ <https://www.whitehouse.gov/briefing-room/press-briefings/2021/10/13/press-briefing-by-press-secretary-jen-psaki-october-13-2021/>

¹¹ <https://www.energy.senate.gov/services/files/126F0A25-8274-4980-AD74-8011CAA0E5EB>

¹² <https://2009-2017.state.gov/r/pa/prs/ps/2016/05/256883.htm>

U.S. Secretary of Energy Ernest Moniz, (2015)

“I would mention one that the EIA published about the [impacts](#) on gasoline prices and their conclusions was none to possibly minor decreases to domestic prices, largely because the gasoline prices is more indexed more to the Brent benchmark.”

U.S. Government Accountability Office, *Changing Crude Oil Markets: Allowing Exports Could Reduce Consumer Fuel Prices, and the Size of the Strategic Reserve Should be Reexamined* (2014)

“Removing export restrictions is expected to increase the size of the economy, with implications for employment, investment, public revenue, and trade [C]onsumer fuel prices, such as gasoline, diesel, and jet fuel, could decrease as a result of removing crude oil export restrictions.”¹³

¹³ <https://www.gao.gov/assets/gao-14-807.pdf>