



SNAPSHOT: THE BENEFITS OF LIFTING THE CRUDE EXPORT BAN

There have been a few choice words used to describe the crude oil export ban, including throw-back, relic, antiquated, and our favorite: a policy as “outdated as the typewriters on which it was written.”

The one thing we think it should be called is, repealed.

BACKGROUND

The crude oil ban, which prevents American oil companies from selling domestic production on the global market except under very specific circumstances, was created in the 1970s. The ban was a protectionist response to the Arab oil embargo, and to the price shocks, shortages, and long gasoline lines that followed.

Today, the ban remains in place even in a new era of American energy abundance. The extraction of shale oil and gas from developments such as the Bakken (ND) and the Eagle Ford (TX) has made the United States the world’s largest energy producer. Yet the ban prevents us from sharing our output with allies who are eager to source their oil from the US but instead have to depend on hostile, volatile oil suppliers like Iran and Russia. In addition, because the ban keeps US companies from competing on the global market, they have to accept a lower price for their production, which trades at a discount to foreign oil.

The ban also further complicates America’s already difficult crude oil refining situation.

There are only two American refineries configured exclusively to process the light, sweet crude from shale. As a result, the nation is experiencing a supply glut that’s causing further downward pressure on prices and dampening the energy-led rebound of the American economy. Without the ban, American oil could be transported to European refineries that are suited to process it.



See a comprehensive list of public figures for and against the ban at: canaryusa.com/everybody-talks-crude

Lifting the ban would improve our foreign relations and trade balance, and slash our supply glut. What are the other benefits?

STABLE, LOWER GAS PRICES

There's been some concern that lifting the ban would raise gasoline prices in the US. But the truth is, domestic crude prices have no effect on the price at the pump. Because oil is traded globally, gasoline prices move with the global price crude. Adding American oil to the global mix would lower international prices; in a report published September 2015, the Energy Information Administration (EIA) suggested that unrestricted exports of US crude oil would either leave US gas prices unchanged or even slightly reduce them.¹ According to the consultancy ICF International, lower prices as a result of ending the crude export ban “could save American consumers up to \$5.8 billion per year, on average, over the 2015-2035 period.”²

MORE JOBS

According to a study conducted by IHS Global, higher US oil production resulting from lifting of the ban could create as many as 1 million jobs.³

A STRONGER ECONOMY

Repealing the ban would add investment of nearly \$750 billion according to IHS Global and potentially \$995 billion in the upstream exploration and production sector.⁴ ICF International estimates that US federal, state, and local tax receipts attributable to GDP increases from expanding crude oil exports could reach \$13.5 billion in 2020.⁵ The Aspen Institute says that real household income – the dollars in the average family’s pocket—would rise by \$2,000 to \$3,000 in 2025, an increase of 2.2 percent.⁶



Join us in the effort to see the crude oil export ban repealed. Sign the **#talkcrude** petition at **canaryusa.com/talkcrude**.

1 money.cnn.com/2015/09/08/investing/us-oil-export-ban-gas-prices

2 oilexports.com/10-key-questions-about-the-crude-oil-export-ban

3 rstreet.org/outreach/free-market-coalition-to-congress-repeal-the-crude-oil-export-ban

4 oilexports.com/the-case-for-exports

5 oilexports.com/wp-content/uploads/2015/01/ICF_International-0314-Impacts_of_US_Crude_Oil_Exports_on_Domestic_Crude_Production_GDP_Employment_Trade_Consumer_Costs.pdf

6 aspeninstitute.org/sites/default/files/content/upload/FINAL_Lifting_Crude_Oil_Export_Ban_0.pdf