

June 3, 2015

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Upton:

We are encouraged by your comments on crude oil exports at Tuesday's House Energy and Power Subcommittee hearing on America's energy infrastructure. The American energy renaissance has created an historic opportunity for the nation to assume the role of a world energy superpower, with all of the American economic benefits, international advantages, and responsibilities that go along with that status.

Today, with the advancement of hydraulic fracturing and improved horizontal drilling technologies, America's energy industry can provide oil and natural gas at levels not seen since the 1970's. However, the 1970's laws that govern America's crude oil exports are outdated.

American families in every state stand to benefit as crude exports will increase the nation's Gross Domestic Product and stimulate economic activity across the country. Adding a surplus of America's crude oil into the global market would reduce market volatility, stabilize oil prices that are set by the global market, and therefore help lower U.S. gasoline prices, which are based on international oil prices.

Numerous independent economic studies have confirmed the widespread benefits of crude oil exports. By lifting the outdated exports ban, the United States would see more good-paying American jobs, reduced pressure on gasoline prices, increased investment in free trade, economic growth, and a diminished need for imported foreign oil from volatile regions of the world, all while reducing the national trade deficit.

Unfortunately, much of the concern about allowing crude oil exports relates to the impact it might have on gasoline prices. These concerns have been adequately addressed. According to several independent, non-partisan economic studies, including a recent study by the U.S. Government Accountability Office, repealing the crude oil export ban will benefit American consumers by putting downward pressure on gasoline prices. As the U.S. Energy Information Administration has noted, U.S. gasoline prices are tied to global oil prices. Repealing the crude oil export ban will increase both U.S. oil production and global oil supplies, which, according to the Brookings Institution, "will make global oil prices fall." This will help lower gasoline prices in the United States.

According to ICF International, lowered energy prices as a result of the crude export ban “could save American consumers up to \$5.8 billion per year, on average, over the 2015 – 2035 period.” Additionally, IHS Energy, a global consultancy and think tank, concludes, “lifting restrictions on crude oil exports will increase real household disposable income in the forecast due to an investment-led expansion in economic activity and a lower unemployment rate.” As a result, U.S. households will benefit from higher real wages and incomes, as well as increased government revenues, which can be used for infrastructure, schools, and other public services.

While American economic interests will always be the primary consideration in addressing trade issues, the international implications of allowing crude oil exports should be a key component as well. Allowing the export of surplus American crude oil production would result in sharp reductions to the trade deficit and reduce the need for the United States and its allies to import oil from volatile regions of the world. Given the increased security threats facing the nation and its allies, the United States must leverage its abundant energy resources to further enhance its economic and national security. Lifting export restrictions would provide America with greater foreign policy influence and would strengthen its trading position worldwide.

With such significant implications, IPAA and its member companies have made removing the restrictions on U.S. crude oil exports a top priority this Congress. We look forward to working with you in the coming months on advancing thoughtful, commonsense decisions on crude oil exports that are based on national policy interests.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Russell". The signature is fluid and cursive, with a large initial "B" and "R".

Barry Russell
President and CEO