Every Major Study Agrees: Crude Oil Exports Would Put Downward Pressure on U.S. Gasoline Prices

U.S. Crude Oil Export Decision: Assessing the Impact of the Export Ban and Free Trade on the U.S. Economy,

IHS, May 2014

“ Lifting the 1970’s-era restrictions on U.S. crude oil exports would lead to further increases in domestic oil production, resulting in lower gasoline prices while supporting nearly 1 million additional jobs at the peak . . . It would lead to a total of $746 billion in additional investment during the study period (2016-2030) and an average of 1.2 million barrels per day (b/d) more oil production per year, the study finds. The additional crude oil supply would lower gasoline prices by an annual average of 8 cents per gallon, the study says. The combined savings for U.S. motorists during the 2016-2030 period would translate to $265 billion compared to a situation where the restrictive trade policy remains in place. The increased economic activity resulting from the rise in crude production would support an average of 394,000 additional U.S. jobs per, with highs of 811,000 additional jobs supported in 2017 and a peak of 964,000 jobs in 2018. ”

The Impacts of U.S. Crude Oil Exports on Domestic Crude Production, GDP, Employment, Trade, and Consumer Costs

ICF, March 2014

“ U.S. weighted average petroleum product prices decline as much as 2.3 cents per gallon when U.S. crude exports are allowed. The greatest potential annual decline is up to 3.8 cents per gallon in 2017. These price decreases for gasoline, heating oil, and diesel could save American consumers up to $5.8 billion per year, on average, over the 2015–2035 period. . . The U.S. economy could gain up to 300,000 jobs in 2020 when crude exports are allowed. Consumer products and services and hydrocarbon production sectors would see the largest gains. ”

Summary of Major Economic Studies	Estimated Decline in U.S. Price per Gallon of Motor Fuels
Resources for the Future	**1.7 to 4.5 cents**
IHS	**8 cents average**
ICF	**Up to 3.8 cents** (2.3 cents average)
Brookings & Nera	**Up to 12 cents** (9 cents average)
Aspen & MAPI	**Up to 9 cents**
GAO	**1.5 to 13 cents**
CBO	**5 to 10 cents**
Columbia University	**Up to 12 cents**
EIA	**1 cent***

*Assumes non-U.S. oil suppliers partially reduce production in response

“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.” Changing Crude Oil Markets: Allowing Exports Could Reduce Consumer Fuel Prices, and the Size of the Strategic Reserves Should Be Reexamined, Government Accountability Office (GAO), October 2014

Effects of Removing Restrictions on U.S. Crude Oil Exports,

Energy Information Administration (EIA), September 2015

“ 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 export . . . In the HOGR and HOGR/LP cases, the removal of crude oil export restrictions results in higher domestic crude prices, which leads to increased domestic production that adds to world crude supply and thereby reduces Brent crude prices and petroleum product prices. ”

Ending the Export Ban: What It Means for US Gasoline Prices,

Resources for the Future, February 2014

“ Our basic finding is that the efficiency of global refinery operations would be improved a little if the ban on US exports of crude oil were to be lifted. And, accordingly, gasoline production would go up and its price in the United States would fall. ”

Additional Analysis: Crude Oil Exports Would Bolster the Economy, Improve Security

The Economic and Budgetary Effects of Producing Oil and Natural Gas from Shale,

Congressional Budget Office - (CBO) December 2014

“ That increase in production would probably make GDP and federal revenues slightly higher than they would be under current export policies. . . U.S. consumers of gasoline, diesel fuel, and other oil products would probably benefit, along with domestic oil producers, if the ban was repealed. ”

Navigating the U.S. Oil Export Debate, Center on Global Energy Policy at Columbia University, January 2015

“ [Permitting exports] will likely decrease the price Americans pay for gasoline, diesel and other petroleum products and benefit the US economy as a whole. . . Allowing exports would make the US more resilient, not less, to supply disruptions elsewhere in the world. ”

Lifting the Crude Oil Export Ban: The Impact on U.S. Manufacturing, the Aspen Institute and the Manufacturers Alliance for Productivity and Innovation, The Aspen Institute and The Manufacturers Alliance for Productivity and Innovation (MAPI), October 2014

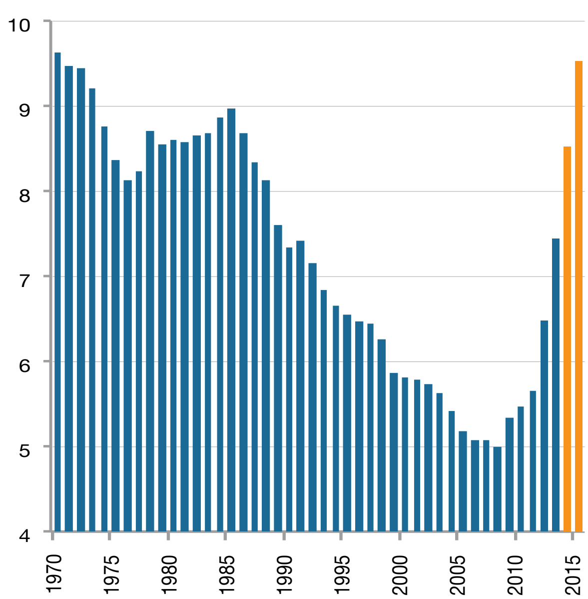
“ [E]nding the ban would not raise the price of petroleum products like gasoline but would actually put some, if modest, downward pressure on these prices. . .Lifting the ban on oil exports, which arguably could be done by executive action, is a simple and effective way to support high economic growth, better jobs for a beleaguered segment of the working population and for skilled workers and engineers, and energy self-sufficiency for the United States and its allies. ”

What Drives U.S. Gasoline Prices?, U.S. Energy Information Administration (EIA), October 2014

“ If higher prices for domestic crude were to spur additional U.S. production than might otherwise occur, the increase to global crude oil supply could reduce the global price of crude. . . [Global] Brent crude oil prices are more important than WTI crude oil prices as a determinant of U.S. gasoline prices in all four regions studied, including the Midwest. ”

Changing Markets: Economic Opportunities from Lifting the U.S. Ban on Crude Oil Exports, Brookings and Nera, September 2014

“ Lifting the ban on crude oil exports from the United States will boost U.S. economic growth, wages, employment, trade, and overall welfare. . . The welfare benefits to U.S. households derive from higher real incomes (from higher wages) and lower gasoline prices. ”



U.S. Crude Oil Production

(millions of barrels per day 1970–2015)

Note: Bars in orange show EIA's Short-term Energy Outlook forecast.
Source: EIA.

“In places like Albuquerque, Youngstown, Detroit, and Kansas City, nearly all post-recession growth has been driven by exports. Many businesses believe exports have been a lifeline through this economic recovery. But there is more we can do to build on this success, generate even more economic growth, and support more American jobs through exports.”

Penny Pritzker, Secretary of Commerce
White House Blog, September 2 2014

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