KEY VOTE *ALERT!*

U.S. CHAMBER OF COMMERCE
Congressional & Public Affairs
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TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, strongly supports H.R. 702, legislation to "adapt to changing crude oil market conditions," and urges you to vote in favor of this bill.

Like all policy, the U.S. benefits by having federal energy policy that adapts to changing conditions in both technology and markets. Today however, there is no greater example of disconnect between federal policy and real-world conditions than the ban on crude oil exports. This prohibition is a 40 year old vestige of a by-gone era and should be repealed immediately. Erected in the wake of the Arab oil embargo, the purported rationale was that the U.S. was not self-reliant enough to consider exporting any domestically produced oil. However, much has changed in the subsequent 40 years since enactment.

Since 2006 the amount of oil produced in the U.S. has increased more than 90%. That 4.2 million barrel per day increase is larger than the annual production of every other country, save Saudi Arabia and Russia. Over this period, U.S. reliance on imported oil has decreased 40%.

Today, thanks to favorable geology and continuing innovation by the American oil and gas industry, the U.S. maintains more than 200 years of technically recoverable oil and over 500 years of in-place oil. Together with our massive natural gas and coal reserves, the U.S. has the largest energy resource base in the world. The policy of prohibiting trade of U.S. oil is not consistent with having the largest energy reserves in the world. Nor do any of the other oil-producing countries prohibit the export of oil.

One of the concerns that many have voiced about exporting U.S. oil is the impact on consumers. Thankfully, this question has been investigated thoroughly by the Government Accountability Office, as well as several think tanks and independent energy analysts, and every report has concluded that exporting U.S. crude would cause gasoline prices to decline, not increase. These analyses all found that allowing U.S. oil exports would add supply to the global oil market. Additional supply puts downward price pressure on the price of crude. Because gasoline is predominantly priced globally, a cheaper price for crude would put downward price pressure on gasoline.

Not only would consumers benefit from lower priced transportation fuels, but according to a recent IHS report, allowing U.S. oil exports would support an average of 400,000 jobs per year, generate an additional $1.3 trillion in government revenue through 2030, and add $265 in additional disposable income to every American household.

Over the past ten months, the drop in oil prices has led to more than 1,000 rigs to be laid down, resulting in an estimated 200,000 lay-offs. Much of this pain was unnecessary. The export ban denies U.S. oil producers the higher price at which crude is globally traded. If domestic producers could export and negotiate that higher global price, a significant number of potential U.S. wells that are now uneconomic would get spudded, putting thousands back to work.

Additionally, allowing U.S. exports would help deleverage countries that use their respective crude oil market dominance to negatively influence countries that must rely on imported oil. The world has witnessed how Russia has used oil and natural gas exports to force countries in Europe and Asia to acquiesce to its geopolitical and economic demands. Bringing U.S. oil to those markets would not completely displace Russian exports, but it would provide a much stronger negotiating position for importers, most of which are strategic U.S. allies.

Exporting oil would benefit the U.S. economy, put thousands back to work, and strengthen America's geopolitical and national security interests. **Accordingly, the Chamber urges you to vote in favor of H.R. 702. The Chamber may consider including votes on, or in relation to, this bill in our annual *How They Voted* scorecard.**

Sincerely,

R. Bruce Josten