



Lifting the Crude Oil Exports Ban Will Grow the Economy

Larry Summers, former top economic policy adviser to Presidents Obama and Clinton, said that the case for repealing the ban on crude oil exports "is easy." "The merits," he said, "are as clear as the merits with respect to any significant public policy issue that I have ever encountered." Summers' view is based on the fact that lifting the crude oil export ban will boost economic growth, wages, employment, and trade in the U.S.

- In short, as the Brookings Institution concluded, "there are few actions that the U.S. government can take that as a long-term instrument of economic policy would make as measurable a difference in the economy."
- "Lifting the ban," Brookings further concluded, "will have a positive outcome for the overall U.S. economy generating lasting long-term benefits through decreases to unemployment and benefits to welfare."

More Investment in the U.S.

Lifting the ban on crude oil exports will increase investment in the U.S. and generate greater economic growth.

- **IHS Energy:** Lifting the export ban would "add investment of nearly \$750 billion," and potentially \$995 billion, in the upstream (exploration and production) sector.

Upstream Direct Capital Investment: Case Comparison (\$ billion, nominal)

	Peak Upstream Capex (Year)	Average Annual Capex 2016-2030	Cumulative Investment 2016-2030
Base Production Case			
Free Trade	273 (2017)	300	4,501
Restricted Trade	207 (2017)	250	3,750
Difference Free Trade vs. Restricted Trade	66 (2017)	50	751
Potential Production Case			
Free Trade	285 (2017)	340	5,102
Restricted Trade	203 (2017)	274	4,109
Difference Free Trade vs. Restricted Trade	82 (2017)	66	995

Source: IHS Economics

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- **ICF International:** "An expansion of crude exports would result in \$15.2 - \$70.2 billion in additional investment in U.S. exploration, development and production in crude oil between 2015 and 2020."

Benefits to the Supply Chain

Repealing the ban would have a positive "multiplier effect" on the U.S. economy, as the benefits would be distributed through the entire energy supply chain.

- **IHS Energy:** "Benefits from free trade of crude oil are distributed throughout the US. Jobs growth and economic benefits are continent-wide and not just in large oil producing states due to substantial supply chains supporting the field production, capital spending, transportation, and refining of crude oil. For example, 24% of the future jobs supporting the oil industry are located in states that essentially produce no crude oil."



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Higher GDP

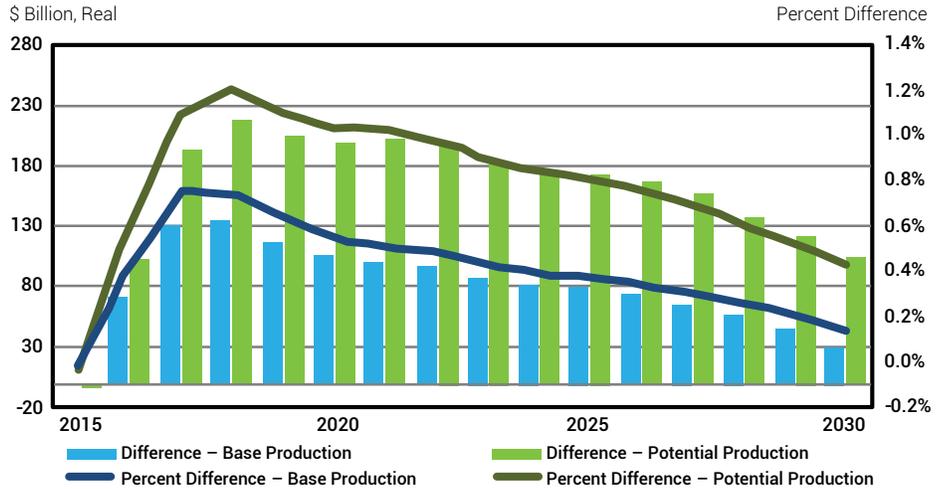
U.S. gross domestic product (GDP) will increase if the ban is lifted.

IHS Energy: "The higher US oil production resulting from a lifting of the ban will [...] increase GDP by \$135 billion."

ICF International: "U.S. GDP is estimated to increase by \$38.1 billion in 2020 if expanded crude exports were allowed."

Brookings: Lifting the crude export ban "will have a positive impact on GDP and welfare" and in every case analyzed, "there are positive percentage change impacts on GDP."

Gross Domestic Product - Free Trade versus Restricted Trade



Source: IHS Economics

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Aspen Institute: In a high export scenario, the "GDP is higher by 0.93 percent or about \$165 billion in 2019 – 2021, and levels off around 0.74 percent higher or \$141 billion in 2025."

GAO: "Removing export restrictions is expected to increase the size of the economy, with implications for employment, investment, public revenue, and trade."

Protects Against Supply Disruptions

Brookings further noted that "restricting U.S. [crude oil] exports does not reduce the cost of disruptions to the U.S. economy and to the extent that limiting U.S. exports reduces U.S. crude oil production, it both increases dependency while at the same time increasing vulnerability."

Alternatively, Columbia University's Center on Global Energy Policy found that, "Allowing exports would make the U.S. more resilient, not less, to supply disruptions elsewhere in the world. Greater integration into global markets would make U.S. oil supply more responsive to international market developments, mitigating the impact on American consumers and the U.S. economy of production losses in other countries."

More Tax Revenue

Allowing crude oil exports will generate significant new revenue for government at all levels. These funds can be used for public infrastructure projects such as roads and bridges, schools, and public services.

IHS Energy: "Government revenues from corporate, personal and energy-related taxes and royalties are expected to increase under free trade policy. The cumulative addition to revenue is \$1.3 trillion from 2016 through 2030."

ICF International: "U.S. federal, state, and local tax receipts attributable to GDP increases from expanding crude oil exports could reach \$13.5 billion in 2020."