



# Crude Oil Exports Would Enhance National Security, Trade Relations with Allies

As Congress and the Obama Administration consider repealing the 1970s era ban on crude oil exports, increasingly, attention has moved from the clear benefits such a change in policy would bring to our economy to the national security and geopolitical impact crude oil exports would have on global energy markets, as well as our allies and trading partners around the world.

By leveraging America's vast natural resources to advance U.S. foreign policy objectives – while creating jobs and spurring investment here at home – additional oil will flow to the international market providing greater stability to energy markets, reducing price volatility, promoting free trade and limiting the geopolitical influence of other large producing countries.

Former Assistant Secretary of Defense for Operational Energy Plans and Programs Sharon Burke, currently a senior advisor at the New America Foundation, recently noted:

"I think what's very interesting here on the supply side is, again, the idea of North American producers being a stabilizing influence in the market. The thing that's so difficult for us on the national security side is the volatility of this market and the unpredictability of it and just even in the last few years if we hadn't had so much U.S. product coming on the market, even with the ban on crude exports, you would have seen so much more price volatility and so many more spikes."

## Crude Oil Exports Enhance U.S. National Security, Market Stability

U.S. crude oil exports will diversify the supply of oil available to our trading partners and allies. Currently, the U.S. trades limited volumes of crude oil with Canada, while allies in Europe, Mexico and other trading partners continue to push the U.S. government to modernize its crude export policy.

- **Leon Panetta, former Secretary of Defense, and Stephen Hadley, former National Security Advisor:** "Too often foreign-policy debates in America focus on issues such as how much military power should be deployed to the Middle East, whether the U.S. should provide arms to the Ukrainians, or what tougher economic sanctions should be imposed on Iran. Ignored is a powerful, nonlethal tool: America's abundance of oil and natural gas. The U.S. remains the great arsenal of democracy. It should also be the great arsenal of energy."
- **William Cohen, former Secretary of Defense:** "By allowing the U.S. to become a stable source of supply to global energy markets, counteracting supply disruptions that will inevitably affect other energy-rich regions, President Obama and Congress can double down on promoting long-term economic growth and reinforcing U.S. foreign policy leadership. The U.S. can do more with its energy resources to support this strategic vision. A direct way of leveraging this opportunity is to lift the ban on the export of crude oil..."
- **Jason Bordoff, former Special Assistant to President Obama and founding director of the Center on Global Energy Policy at Columbia University:** "Allowing exports would make the US more resilient, not less, to supply disruptions elsewhere in the world. Greater integration into global markets would make US oil supply more responsive to international market developments, mitigating the impact on American consumers and the US economy of production losses in other countries."



"America's energy revival is not only good for growth, it offers new buffers against the coercive use of energy by some... The challenges faced by Ukrainian and European dependence on Russian energy supplies puts a spotlight on the need for an expanded view of energy security that recognizes the collective needs of the United States, our allies, and trading partners as well as the importance of competitive energy markets."

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- **Michèle Flournoy, former Under Secretary of Defense:** “Sanctions are a critical national security tool that has a place alongside force projection and diplomatic activities in many of the major security challenges that confront the United States today, including illicit Iranian nuclear enrichment and Russia’s destabilization of Eastern Ukraine. But imposing sanctions that take oil off the market is a viable policy only if there is adequate alternative oil supply. The United States should encourage new supplies of oil to enter the market if it wants to sustain and enhance the ability to use oil sanctions in the future.”
- **General Martin Dempsey, Chairman of the Joint Chiefs of Staff:** “An energy independent and net exporter of energy as a nation has the potential to change the security environment around the world – notably in Europe and in the Middle East.”
- **Elizabeth Rosenberg, Senior Fellow at the Center for a New American Security:** “For our European allies, the presence of more U.S. oil in the market will offer more supply options. This will mean that European consumers look less to Russia, from which they receive roughly 40% of their oil supplies and which has a history of coercive energy supply policies.”
- **Brookings:** “Permitting the export of crude oil will enhance U.S. global power in several ways, including: reinforcing the credibility of U.S. free and open market advocacy; allowing for the establishment of secure supply relationships between American producers and foreign consumers; increasing flexibility to export crude to others to address supply disruptions; empowering another non-OPEC nation to meet the growing energy demands from countries in Asia, as well as other rapidly developing nations; shifting oil rents to the U.S. from less reliable suppliers; and providing our own hemisphere with a competitive source of crude supply.”

## Fast Facts

- ★ The United States is the only major oil producing country in the world that bans the export of crude oil.
- ★ The U.S. is the largest petroleum producer in the world, recently surpassing Russia and Saudi Arabia.
- ★ In 2014, the U.S. exported \$147 billion worth of refined petroleum products, including gasoline and diesel fuel. The U.S. also exports coal, natural gas and natural gas liquids – making crude oil the only form of energy banned from export.
- ★ Crude oil exports will provide allies and trading partners with a reliable and secure energy alternative.

## Crude Oil Exports Consistent with U.S. Trade Policy

In addition to enhancing our national security and providing stability to energy markets, crude oil exports also aligns with the United States’ long history of supporting free trade policies, eliminating trade barriers and opening global markets to competition.

- **Council on Foreign Relations:** “Liberalizing the crude oil export regime would advance U.S. foreign policy. It would demonstrate Washington’s commitment to free and fair trade, even in a politically sensitive sector, bolstering its negotiating position on other trade issues.”
- **Carlos Pasqual, former U.S. Ambassador to Ukraine and Mexico:** “[O]n today’s global environment where energy has vast geopolitical ramifications, the United States is strongest positioned when it can advocate for global competition and free trade in commodities – and say without any reservation when we call on friends and allies to make sacrifices on issues such as sanctions or subsidies, that we ourselves have not protected our own legacy interests.”
- **Michele Flournoy, former Under Secretary of Defense:** “Lifting the oil export ban also sends the right signal to international trading partners that the United States supports free trade, a regulatory decision in keeping with our WTO commitments and that will support the ability of the United States to win a trade dispute with another nation that may withhold its natural resources from the market.”
- **Jason Bordoff, former Special Assistant to President Obama and Founding Director of the Center on Global Energy Policy at Columbia University:** “Geopolitically, the oil-export ban can undermine U.S. credibility in challenging trade restrictions and promoting open markets elsewhere, while boosting U.S. output could erode OPEC’s market share and pricing power.”
- **Sharon Burke, Senior Adviser to the New America Foundation:** “We have to be willing to walk our own walk. If we’re for free trade, we’re for free trade. If we’re going to bring complaints before WTO then we have to say that we’re also promoting the same values. The crude export ban is not consistent with that and I do think it matters how we appear to the world and that we live by our own values.”