



COMMITTEE ON DEMOCRATS
ENERGY & COMMERCE
RANKING MEMBER FRANK PALLONE, JR.

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**Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery
Committee on Energy and Commerce
Full Committee Markup of
H.R. 702, a bill “To Adapt to Changing Crude Oil Market Conditions”**

Thank you, Chairman Upton.

It’s been an interesting and challenging few days, but before I speak to the bill before us, I want to commend your decision to postpone consideration of the larger energy bill. I think it was the right call, and the extra time will provide us with the ability to continue our discussions and to explore avenues of progress in the bill.

By setting aside the energy package, we have also created an opportunity to have a focused discussion of our policy differences with regard to H.R. 702. And we do have important policy differences.

H.R. 702 is a blunt object which broadly undermines 40 years of protections for national security, our economy, consumers, and the environment. This bill looks backwards rather than even considering the possibility of developing new energy solutions for our nation’s future. And H.R. 702 does not just undermine current protective authorities related to crude oil, the legislation also prohibits any federal official from taking any action at any time if it might restrict, or enforce a restriction on the export of oil. This is very troubling to me. What’s more, the term “restriction” is so vague that it would presumably prohibit a host of other “restrictions” such as the required use of U.S. flagged ships under the Jones Act or the closure of a port for national security reasons.

Let’s be clear – the President has already stated that he will veto this bill. Further, any legislation of this nature is completely unnecessary since the President already has the authority to ease, or even remove, restrictions on crude oil exports and the Administration has recently taken major steps to exercise that authority by approving crude oil swaps with Mexico. This comes after the Department of Commerce began approving applications for the export of condensate last year. Think about that: a President who has clearly made an effort to ease export restrictions thinks that this bill’s approach is too extreme.

The bottom line is that it is imperative for Congress to consider a host of factors before we lift the current restrictions, and certainly if we are to completely dismantle our nation's ability to restrict oil exports, as proposed by H.R. 702.

First, there are consumer impacts, especially related to the price of crude oil and gasoline. A recent study found that changes to U.S. oil export policy will have little to no impact on the future price of oil. What we do know, is that changes in our crude oil policy will lead to a significant payday for oil producers – with increases in annual profits approaching \$30 billion by 2025.

Next, there are the impacts on our refinery capacity and associated jobs – well-paying middle class jobs that have grown over the past few years due to increased production. Unrestricted exports of crude oil puts those jobs in jeopardy, and could mean exporting those jobs AND losing out on critical investments in future refining capacity.

Finally, there are, of course, the environmental and climate impacts of lifting the export ban. Energy policy is fundamentally linked to environmental policy: each is a facet of the other. Increasing crude oil exports means increasing domestic production and its impacts on climate change, public health, worker safety, property owners and protection of our drinking water supplies.

As I've said before, this legislation eagerly embraces short-term profits and benefits without understanding – or even considering – the cost of such a major action. That's a mistake I caution us all not to make. We should take the long view to ensure we fully understand and consider the enduring consequences of our actions and choose the cleanest and most sustainable path forward.

I don't believe the potential impacts of H.R. 702 – on national security, on the economy, on consumers and on the environment – can be considered acceptable. Increased crude exports certainly help oil companies, but without any guaranteed benefits for consumers. I don't see what is in this for the average American and I certainly see no benefit for my constituents under this formulation. I urge my colleagues to join me and the President in saying no to this legislation.

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