



COMMITTEE ON DEMOCRATS
ENERGY & COMMERCE
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**Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery
Committee on Energy and Commerce
Subcommittee on Energy and Power
“H.R. 702, Legislation to Prohibit Restrictions on the Export of Crude Oil”**

Thank you, Chairman Whitfield and Ranking Member Rush for holding this hearing on H.R. 702, legislation by Mr. Barton to lift restrictions on the export of crude oil.

As I have said before, it is not a bad idea to reconsider the merits of a policy enacted in the wake of the 1973 oil embargo. The world is very different than it was 40 years ago. Our energy picture is evolving rapidly. Domestic oil production has increased dramatically in recent years and demand growth has slowed noticeably.

The current, relatively low price of oil and the increase in domestic production benefit us all. Low oil prices boost our GDP and decrease the amount Americans spend at the pump.

However, there's no guarantee that these conditions will last. We still import much of our oil. And, while oil prices might remain where they are, gasoline prices have already risen significantly since our March hearing on this matter.

Many factors could change the future energy picture, including geopolitical instability and international or domestic market forces. These are important issues to consider before shipping the oil we produce here to countries around the world. That is why we need to better understand where exported oil would go, whether it be to Asia, Europe or other locations. I welcome the Czech Ambassador and am interested to hear about how and what type of U.S. oil could benefit his country.

I believe that we need to answer a host of complicated questions before considering a wholesale dismantling of our nation's ability to restrict oil exports, as proposed in H.R. 702.

First, how would lifting the ban affect the price of crude oil and, therefore, the price of gasoline? I don't think there is consensus on that point, though I think my constituents would all agree that prices at the pump are still far too high. Exports may help oil companies, but will they really benefit consumers?

Second, how would such a change affect both our refinery capacity and associated jobs? How would exporting crude oil, instead of finished petroleum products, affect job growth in the years ahead? Some, like the Steelworkers, want to keep and grow those jobs in the U.S. Exporting the oil could mean exporting those jobs and paying a higher price for gasoline.

Third, if we are going to export crude oil, shouldn't the American people receive some direct benefit in the form of increased revenues? Shouldn't we consider a fee on exports to ensure all Americans benefit from the exploitation and exporting of their natural resources?

Fourth, what are the environmental and climate impacts of lifting the export ban? Are we still going put our beaches and oceans at risk just to add oil to the world market? Increasing crude exports means increasing impacts on climate change, public health and safety, property owners, and our water supplies. We must choose the cleanest and most sustainable path forward.

Finally, are we really ready to treat oil as just another commodity, like peanuts or grain? Because if oil is no longer something to be restricted, then isn't it also time to remove the many subsidies we have given to oil over the years in the name of national security?

I've never thought those subsidies were good policy, but if oil is no different than peanuts, why should it enjoy special liability exemptions under Superfund and other statutes? Why should we subsidize oil production on federal lands?

These are only a few of the issues I believe must be addressed before completely doing away with the ban on exports. We shouldn't embrace short-term gains without understanding the long-term costs of our decisions because we can't afford to get it wrong. To that end, maybe it would be wiser to explore some smaller, intermediate steps first --such as easing restrictions on crude exports to our neighbors in Mexico-- before abruptly eliminating all our national security protections for this critical energy source.

Again, I want to thank you, Mr. Chairman --as well as Mr. Barton-- for helping begin this important discussion. I look forward to hearing from our witnesses.

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