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## Amplify the Oil Boom By Liberating U.S. Exports

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With U.S. oil production on a long-term uptick, the long-standing ban on direct exports of crude should be abolished. Bills in both houses of Congress propose to do just that, and on July 30 the [U.S. Senate Energy and Natural Resources Committee](#) sent one of them, Alaska Sen. Lisa Murkowski's Energy Policy Modernization Act, to the Senate floor for a vote.

Let's hope the export ban is lifted with broad bipartisan support. The result will increase U.S. jobs and increase the country's influence in world oil markets, with little risk of higher gasoline prices for consumers.

The U.S. oil and gas industry has changed dramatically in the past several years, and with it America's dependence on foreign imports. Consider: The [U.S. Energy Information Administration's Annual Energy Outlook](#) projects a decline in U.S. oil and natural gas liquids imports from a high of roughly 60% in 2011 to less than 20% in 2040. Yet last year's energy outlook projected net imports of more than 30% in 2040. That's a significant change in only a single year.

This is welcome news, but the news is even better if the oil the U.S. purchases from Mexico and Canada is treated as part of the U.S. domestic supply. That may sound odd, but there are good reasons to do so: North American oil and gas production and distribution systems are integrated, and intraregional transfers are no different than transfers between producing and consuming U.S. states. Canada is as reliable a supplier of oil to U.S. consumers as California -- perhaps more so.

From this perspective, the estimated U.S. imports of crude and other petroleum liquids in 2040 fall from 3.32 million barrels a day to below 500,000 barrels a day. That's only 3% of projected U.S. oil consumption. And while oil markets are volatile and uncertain, the outlook clearly points to sharply reduced U.S. dependence on oil imports.

For the North American region, the import or export of oil and refined petroleum liquids depends on the balance of supply and demand. On the supply side, experts agree that there is great potential for expanded production in the U.S. due to unconventional oil and gas production technology, depending on oil prices.

Canadian shipments -- I want to avoid the term "exports" -- to the U.S. also have been growing in recent years, and many expect this trend to continue. Mexico's projected production is smaller but may grow because of the anticipated privatization of Mexico's oil and gas activities. While many were disappointed by the poor participation of investor-owned international oil companies in the recent auctions of Mexican offshore rights, the important point is that there is no turning back for Mexico.

On the demand side, recent trends indicate slowing. The growth in the number of U.S. drivers has declined,

which means fewer projected vehicle-miles driven; aggressive new fuel-economy standards are taking hold; and the energy efficiency of U.S. industry continues to improve.

The bottom line is that the U.S. has the potential to export large amounts of oil and refined products. The concern that such exports would cause a spike in domestic gasoline prices should be calmed by the estimates of the large and growing production in the U.S. and Canada, and in Mexico as well. In any event, current laws allow for selling U.S. crude oil to Canada, which frees Canadian production for export.

There's no reason why the oil shouldn't be exported directly from U.S. ports, which will create jobs and strengthen America's influence in world markets. Today industry is circumventing the prohibition by refining crude oil gasoline and other byproducts that are eligible for export. It is an unnecessary and costly subterfuge. The sensible solution is to lift the ban on direct exports of crude.

It's a mistake to separate the U.S. from the rest of North America when assessing the economic and political consequences of alternative energy policies and trends. The costs and benefits of energy policies should not be seen through an exclusively national lens. The oil outlook is one example, but there are many others, such as greenhouse gas emissions, employment and immigration, and manufacturing. The greater regional interdependence of the North American economy should influence all aspects of U.S. energy policy.

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