



**Opening Statement**  
**Senator Maria Cantwell (D-Wash.)**  
**Committee on Energy and Natural Resources**  
**Hearing on Crude Export Policy**  
**March 19, 2015**

“Thank you, Madam Chair. I too want to welcome the witnesses and thank you for holding this hearing.

This committee last held a hearing on crude oil exports 14 months ago. At that hearing, many of my colleagues noted the historic nature of the subject. The U.S. Congress banned exports of American crude oil in 1975, after oil exporting nations had used their export capacity as an economic weapon – which caused serious damage to the U.S. and global economy. Since that time, there has never been a reason to revisit the ban. For decades, we in Congress have debated the best ways to deal with our country’s ever-increasing dependence on imported foreign oil.

Within the last decade, we actually started to see that situation reverse, as we started consuming less, producing more, and importing less. Three major policy changes came together to change the U.S. energy security paradigm: we started using our transportation fuel more efficiently, by increasing vehicle fuel efficiency requirements; we started to break the oil sector’s monopoly on our gas tanks, by replacing 10 percent of our transportation fuel with ethanol and biodiesel, and promoting electrification of vehicles; and our long term investments in government-funded basic research on oil and gas production started to pay off.

It’s the combination of all three of these policy measures that has brought us here today. Because not only are we now producing more oil than we ever anticipated, thanks to the good works of the Department of Energy, Sandia National Laboratory, and the public-private partnerships that it created; but we also stopped consuming more and more oil every year.

Between 1982 and 2007, gasoline consumption in the United States grew every single year. It now appears that 2007 was the peak year for gasoline consumption. In 2007, we used 391 million gallons of gasoline in this country. In 2014, we used only 374 million gallons – if you count every year from 2008 through 2014, Americans have

saved 119 million gallons compared to 2007. Assuming \$3 per gallon, that's \$356 million that Americans spent on something other than gasoline between 2008 and 2014.

So I think it's important for us to recognize that we have had success on both the supply side and the demand side of the equation, in terms of reducing our dependence on imported oil.

Now the oil industry is asking us to repeal the export ban. As our oil industry produces more oil at home, but our consumption stays relatively flat, our industry wants to sell American oil into foreign markets where it can get a higher price.

But let's be clear about this: the United States is and will remain a net oil importer. As we talk about whether we should export oil, we need to keep in mind that for every barrel of oil we export, we will be importing even more.

The question before us today is whether this policy change would be in the interest of the American people. As policy makers, our obligation is not to any particular industry, nor to any particular economic theory. Our responsibility is to decide what policies provide the greatest good to the greatest number of people.

As we consider the question of whether this export ban is still the right policy for America, I think we should think about three variables:

- First, price. Economic effects of oil and gasoline prices ripple throughout our economy. Lower oil prices act like a tax cut for the vast majority of Americans. No one wants to see the price at the pump go up. Not in my state of Washington, and I'm sure throughout the country. In a poll published this week by Allstate and the National Journal Heartland Monitor, 79 percent of Americans said that the current price drop has made a difference in their financial situation. The same percentage of respondents said that they are using what they save at the pump for daily necessities or paying down debt. I would rather have Americans get their own fiscal house in order, versus paying more at the pump for their transportation needs.
- Second, safety. This oil is moving around our country in ways that we never would have anticipated, even five years ago. Oil production has increased faster than the infrastructure needed to transport it in the safest ways. My state currently has tens of thousands of barrels of oil per day travelling through every major population center of our state. And I want to be clear about this. We currently do not have the regulations on the books to safely transport this product. I am going to be working for further measures to make sure that we do get those standards in place.
- Third, energy security. No one consumes oil. We consume gasoline, diesel, and other products that are made from the oil. If we end up sending oil abroad, while some regions of our country then have to import gasoline, diesel, and home heating oil that were refined someplace else – are we exporting our energy security that we have all worked so hard on?

So these are some of the things that I'll be trying to better understand today.

In a poll conducted in December 2014, Hart Research Associates found that 69 percent of Americans are opposed to lifting the export ban. Other polls find that the public is largely opposed. Labor unions, including the AFL-CIO and the Steel Workers, are also opposed. And I guarantee you, if we start talking about lifting the Jones Act as a requirement of this there will be many more that are opposed. In addition, my home-state independent refiner, U.S. Oil in Tacoma, is also against lifting the ban. So we have a variety of public opinions from people as well as from a variety of sources.

I will just leave us with one quote that is a reminder of this debate. From Teddy Roosevelt and his Administration's "Papers on the Conservation of Mineral Resources" in 1909:

Quote, "the greatest waste of petroleum has been in exporting crude petroleum and petroleum products to foreign countries. The necessity for it has been due to the sudden increase of production, due to the discovery and immediate development of the larger fields, and only by this means has it been possible for the producers to continue to obtain a constant market for petroleum, wherever produced. This immediate purchase of the product has meant a gain of millions of dollars to the producers." End quote.

So, I think it's relevant today, the same observation. And I hope that as we're considering this, we'll take into consideration the policy impacts on this to all of our economy. Again, I thank the witnesses for being here today and thank you Madam Chair for calling this hearing."

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