Americans are paying more at the pump this summer with gas prices in June reaching as high as $5 dollars per gallon. Now, instead of championing more domestic energy production and regulatory reforms that would reduce fuel manufacturing costs, some policymakers are rumored to be considering a ban on crude oil and/or U.S. refined product exports. This would be a mistake. Ending U.S. crude oil or refined product exports won't help U.S. consumers by lowering prices at the pump. In fact, it could make things even worse.

Let's take a closer look at how a refined product export ban would affect gasoline and diesel supplies and, thus, prices in the United States and around the world:

A ban on refined product exports would likely increase fuel costs here and around the world.

- The United States is not a monolithic or homogeneous energy market. Ours is a collection of regional energy markets—some connected by pipelines and waterways that allow crude oil and refined products to travel from one region to supply others, some more isolated and reliant on varying levels of in-region fuel production supplemented by imports of crude oil and refined products from the global market.
- The United States is a key exporter of crude oil and refined products globally. Importantly, we are the world's largest exporter of fuels and other refined products, which means we've been able to send supplies to our allies in Europe and Latin America replacing fuel from Russia and weaking Vladimir Putin's hold over other countries.
- If the United States were to restrict exports of gasoline and diesel, it would leave the global market without sufficient supplies of fuel, and prices for gasoline and diesel would rise.
- Again, because we are not a closed market, the United States is also an importer of crude oil, gasoline and diesel. So, an export ban that reduces global fuel supplies and raises costs would likely hit U.S. consumers with higher prices as well.

The East Coast is particularly vulnerable to higher prices from an export ban.

- The U.S. East Coast doesn't have enough refining capacity, locally, to meet regional demand. It relies on a combination of fuel from local refineries, other U.S. refining centers—primarily the U.S. Gulf Coast—and, also, fuel imports from the global market.
- We need imports to meet East Coast fuel demand in the most cost-efficient manner. There simply isn't sufficient pipeline connectivity or the economic shipping alternatives that would be required to transport significantly more fuel to the East Coast from refineries in the Gulf. Banning exports of fuel from the United States won't eliminate this challenge and make it easier or more affordable to supply American-refined fuel to the East Coast. Instead, it would likely raise the cost of fuel imported from the global market.

An export ban would likely reduce U.S. fuel production and lower global fuel supplies at a time when both are critically needed.

- An export ban would come to function as a cap on U.S. fuel production because U.S. refineries produce more fuel than we consume in the United States.
- Banning fuel and other refined product exports—most of which originate from our U.S. Gulf Coast refining center—would force those facilities to reduce production.
- U.S. refineries make more diesel than the U.S. market consumes. Exporting the excess allows us to keep our refineries running at optimal high utilization rates. If diesel cannot be exported, refineries may have to cut production. That could result in about one million fewer barrels per day of diesel and also more than one million fewer barrels per day of gasoline. No diesel exports would likely lead to less gasoline in the United States and globally, putting additional pressure on fuel prices for everyone. That may seem like a big leap, but here's why it works that way:

  A barrel of crude oil is refined into a range of products, never just one. That means there's always some diesel produced alongside gasoline at U.S. refineries. An export ban would flood the U.S. market, and particularly the Gulf Coast region, with diesel fuel that we do not need. This would eventually require a throttling of diesel production and there is no way to do that without also cutting outputs of gasoline, jet fuel and other products.

Banning exports would send a whiplash message to U.S. refiners and our allies globally, adding instability to the market and eroding U.S. energy security and leadership.

- The U.S. is a major supplier of gasoline and diesel to Mexico, other Latin American nations and Europe. In June, gasoline and diesel exports from the U.S. Gulf Coast grew to 1.88MMBD, returning monthly export volumes to levels not seen since January 2016. The United States has enough refining capacity to contribute supply to those markets. If we choose not to, our trade partners will have no option but to purchase fuel from other sellers—including China and Russia. Both China and Russia are looking to grow their energy influence in the West and would gladly welcome our retreat from the export market.
- Just last March, President Biden joined European Commission President Ursula von der Leyen to announce an agreement to work together to reduce Europe's dependence on Russian fossil fuels. Banning refined product exports now would send a different and contradictory signal.

An export ban could be met with retaliation, harming both U.S. refiners and consumers.

- U.S. refiners invested more than $100 billion in the last fifteen years to make our refining sector the most competitive in the world. We upgraded the complexity of our refining kit so that more of our facilities would be optimized to process the toughest-to-refine types of crude oil—feedstocks primarily available from the global market that most other countries' refineries cannot process. The ability to purchase and refine these types of crude oil has been a tremendous advantage to the United States and our standing as a global energy leader.
- Some U.S. trade partners sell their heavier, sour types of crude oil—that they cannot refine at their own facilities—to American refineries. In exchange, they purchase gasoline, diesel and other fuels from us. If we no longer offer gasoline or diesel to the global market, our trade partners may not be able or willing to continue selling their fit-for-purpose crude oil to our facilities. Without the

right crude oil feedstocks readily available to U.S. refineries, fuel production costs will increase, and operational efficiency will plummet. We'd be giving up the competitive edge we invested so much to establish.
- Additionally, because U.S. refining capacity exceeds U.S. crude oil production, our facilities can only run efficiently—and at high utilization—if they have uninterrupted access to crude oil from the global market. We are importing more than 6MMBD of crude oil from outside the United States to run our refineries at or near top utilization. If we don't have enough crude oil, our production of refined products will fall and consumers here and around the world will see higher prices.

The U.S. refining sector is the most competitive and resilient in the world and participating in the global market is to our advantage. Banning U.S. refined product exports will further disrupt and wreak havoc on a chaotic global market when what the market—which includes crude oil producers, refiners and fuel consumers—needs is stability.

AFPM President and CEO Chet Thompson and API President and CEO Mike Sommers recently sent letters to President Biden and Energy Secretary Jennifer Granholm specifically calling for the Administration to unequivocally take counterproductive policies like export bans off the table. In this critical moment for U.S. fuel consumers, refiners and the global market, this is one of the most important things our elected officials and agency leaders can do to provide clarity. Instead of banning exports, to foster U.S. energy security and restore stability to the markets for U.S. consumers, Congress and the Administration must take steps to:

1. Encourage more domestic energy production—including the build-out and modernization of energy infrastructure;
2. Address escalating regulatory compliance costs, such as those connected to the Renewable Fuel Standard;
3. Embrace an energy strategy that welcomes competition and contributions from a range of technologies seeking to reduce emissions;
4. Update fuel policies in light of today's fuel consumption trends and consumer powertrain preferences; and
5. Ensure capital markets are functioning for all participants.

if(window.strchfSettings === undefined) window.strchfSettings = {};window.strchfSettings.stats = {url: "https://afpm.storychief.io/en/restricting-exports-will-increase-prices-for-consumers-harm-u-s-refineries?id=1265103049&type=3",title: "Restricting Exports Will Increase Prices for Consumers & Harm U.S. Refineries",id: "bbe3c31b-b2fb-45e9-9758-9d71c459ffb0"};(function(d, s, id) {var js, sjs = d.getElementsByTagName(s)[0];if (d.getElementById(id)) {window.strchf.update(); return;}js = d.createElement(s); js.id = id;js.src = "https://d37oebn0w9ir6a.cloudfront.net/scripts/v0/strchf.js";js.async = true;sjs.parentNode.insertBefore(js, sjs);}(document, 'script', 'storychief-jssdk'))

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