House Bill to Lift Crude Oil Export Ban Faces Obama Veto

On Friday the House of Representatives succeeded in passing a bill that would lift the 40-year-old ban on exporting crude oil, but failed to get enough votes to overcome the expected Obama veto of the measure, if it gets that far. Twenty-six Democrats joined with 235 Republicans in support of lifting the ban — far short of the 290 votes needed to override the certain White House veto.

The bill now goes to the Senate for consideration. Senate Majority Leader Mitch McConnell hasn't indicated whether he will bring the bill to the floor. If he does, he will meet substantial resistance from those who think lifting the ban will raise gas prices and delay the nation's conversion to "green" sources of energy: wind, water, and solar.

The White House warned on Wednesday that even if a bill were somehow to pass the Senate, the president would veto it:

> Legislation to remove crude export restrictions is not needed at this time. Rather, Congress should be focusing its efforts on supporting our transition to a low-carbon economy. It could do this through a variety of measures, including ending the billions of dollars a year in federal subsidies provided to oil companies and instead investing in wind, solar, energy efficiency, and other clean technologies.

When Jay Hauck, the executive director of a coalition of refiners which oppose lifting the ban, learned of the House vote, he said simply, "The bill is dead."

He may be right, but the issue isn't going away anytime soon. First of all, the ban is a relic of bygone days when the United States was faced with oil shortages, and Congress, in its wisdom, concluded that the industry shouldn't be allowed to sell what it had overseas.

Second, refiners are able to sell modest amounts of oil abroad already, to Canada and Mexico.

Third, a much larger coalition of refiners — including Devon Energy, Hess Corporation, ConocoPhillips, Marathon Oil Corporation, and Apache Corporation — has been pushing Congress to lift the ban for more than a year. That coalition claims that doing so would eliminate market distortions caused by the ban, create new jobs as the industry ramps up further to meet the demands of new markets overseas, and create and make viable even more resources for the future.

In addition, a White House veto would place Obama in the position of putting Iranian interests ahead of America's, according to Representative Ted Poe (R-Texas): "[A veto] doesn't make sense to me: to help Iranians sell their excess crude abroad but prevent Americans from selling our excess crude oil."

On top of that, a White House veto would put the Obama administration squarely opposed to support for lifting the ban from two elite insider groups: the Council on Foreign Relations and the Aspen Institute. In July 2013, Blake Clayton, a fellow for energy and national security at the Council on Foreign Relations, wrote "The Case for Allowing U.S. Crude Oil Exports," saying, "Removing all proscriptions on crude oil exports, except in extraordinary circumstances, will strengthen the U.S. economy and promote the efficient development of the country's energy sector." He added:

> Exporting energy is good for the economy. Crude oil exports could generate upward of $15 billion a year in revenue by 2017 at today's prices…. Letting drillers reap extra profits from selling crude overseas, if the market dictates, would provide greater incentives for drilling, stimulating new supply. It would also encourage investment in oil and gas production in the United States rather than abroad…. It would demonstrate Washington's commitment to free and fair trade, even in a politically sensitive sector, bolstering its negotiating position on other trade issues.

Last fall the Aspen Institute went further, analyzing in detail just how much the economy would benefit from lifting the ban: The country's gross domestic product would increase by nearly a full percentage point, 630,000 new jobs would be created as the industry expands to meet the new demand for crude from overseas, and real household income would increase by between $2,000 and $3,000 a year, thanks to higher employment and lower gasoline prices.

Supporters in the Obama administration see the logic in lifting the crude oil export ban, according to Louis Finkel, vice president of the American Petroleum Institute:

> Even experts within the administration recognize that free trade in oil could benefit American consumers and create U.S. jobs. Given the benefits for U.S. families and workers, it's hard to imagine why the administration would reject bipartisan efforts to unlock America's potential as an energy superpower even as it pushes for a deal to lift the oil embargo on Iran.

The reason that it's hard for Louis Finkel to imagine why the administration is opposed to lifting the ban is because he doesn't understand Presiident Obama. Obama has no interest in making cheaper energy more readily available to the American consumer. The president is impervious to the most persuasive of arguments working in America's favor. Instead he continues to follow the green agenda that insists that higher oil and gas prices will accelerate America's "inevitable" transition from carbon-based energy to wind, solar, and hydroelectric energy. That is why Obama will not go along with any legislation that furthers the country's reliance on fossil fuels.

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