

GEOPOLITICAL AND NATIONAL SECURITY BENEFITS OF U.S. OIL AND NATURAL GAS PRODUCTION



The United States is now the world's largest combined producer of oil and natural gas, providing benefits to American consumers and reshaping the geopolitics of energy. Thanks to the shale revolution, the U.S. has emerged as an energy superpower, changing widely held global beliefs of perceived energy scarcity to one of relative energy abundance. Allies now seek U.S. energy as a reliable alternative to energy supplies from less stable regions, while reducing the leverage of those nations that have used energy as a geopolitical weapon.

BACKGROUND:

Thanks to the shale revolution, the U.S. now has an abundant supply of natural gas and oil, reversing long-held assumptions about scarcity of supply. The U.S. is now exporting a portion of its natural gas and oil production, creating domestic economic benefits and promoting U.S. national security interests.

In December of 2015, the U.S. lifted the crude export ban, paving the way for new opportunities for U.S. producers and doing away with a relic of '70s-era energy scarcity. This has led to a shift in strategy of traditional energy market participants, including OPEC and other major energy producing and consuming nations, and continues to change the geopolitical landscape. At the same time, the U.S. energy renaissance has led to new opportunities for American energy to compete in the global marketplace, providing international consumers with a stable and reliable new supplier. ¹

After a decade that saw U.S. natural gas production jump 50 percent, the advent of natural gas exports to strategic allies represents a significant expansion of U.S. global energy leadership. Access to U.S. LNG is a key aspect of renewed European Union efforts to improve energy security for European nations that "are still far too vulnerable" to supply disruptions, according to EU officials. ²

Our ability to expand the economic and strategic benefits of our position as the world's leading natural gas producer is tied to our ability to expeditiously approve exports. In addition to the extensive environmental review process required for the largest LNG export facilities, exports to non-Free Trade Agreement nations require additional approval from the Department of Energy that has proved to be a lengthy, sometimes unpredictable, process. Meanwhile, dozens of LNG export projects are currently planned or under construction in other nations. Competition to meet global LNG demand is well underway, and streamlining the approval process is critical to U.S. ability to capitalize on our production advantages and help strengthen the energy security of our allies.

FAST FACTS:

- » According to ICF International, maintaining the crude oil export ban would have meant missing out on an estimated 300,000 American jobs and \$5.8 billion per year in consumer savings by 2020 in gasoline, heating oil and diesel costs. ³
- » In 2014, the number of nations buying American crude oil was eight. In 2016, after export restrictions were lifted, that number rose to 29. ⁴
- » The United States is projected to become the world's third-largest LNG supplier in five years, behind Qatar and Australia, according to the International Energy Agency.
- » LNG exports could contribute up to 452,000 jobs nationwide between 2016 and 2035 and add up to \$73.6 billion annually to the GDP, according to an ICF International study. ⁵
- » As of December 2016, more than 20 U.S. LNG export facilities awaited DOE approval.

REFERENCES:

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3. ICF International and EnSys Energy for API, "[The Impacts of U.S. Crude Oil Exports on Domestic Crude Production, GDP, Employment, Trade, and Consumer Costs](#)," March 2014.
4. [EIA Exports by Destination](#), August 2017.
5. ICF International for API, "[U.S. LNG Exports: Impacts on Energy Markets and the Economy](#)," May 2013.