



Administration and Industry Finally Talk - And the Dog That Didn't Bark 06/24/2022

The energy industry finally sat down with members of the Administration. The President chose not to participate. Going into the meeting most would have agreed on what the topics would be and there were no surprises. The Administration still believes that prices are too high and needs to come down and that the industry is price gauging. But at least this time the conversation was civil.

The topic I cared most about was the Administration's view on a petroleum product export ban. Fortunately, at least at this meeting this issue came up and was tabled, saying it currently wasn't being seriously considered. That's the good news. What concerns me and should concern others is that **it wasn't completely removed from the table.**

As silly and counterproductive as the Administration's proposals have been (a windfall profits tax and a buyers cartel just to name a few), a ban on product exports would be equivalent to Russia suddenly stopping **all exports to all buyers.** It would be like the U.S. dropping an economic strategic nuclear device on our allies.

This would immediately send the global economies into recession as product prices spiked. It would impact all countries, not just those who receive our products, since the world would suddenly be short 6MMB/D of products. Prices outside the U.S. would have to rise to a level that would bring down demand to available supply. The U.S. currently exports more than 6 MMB/D of products, more than half of which is in the form of gasoline, jet, diesel, and propane.



Back home, Gulf Coast refiners are the main product exporters. They would take a beating. Refinery runs would have to be sharply cut and capacity would have to be reduced. The ramifications are more severe than outlined here, including likely retaliation by our trading partners. It not only has economic but broad **national security** implications.

There is no justification for this issue to still be on the table. I recognize that a drowning politician will grab on to anything, but why take everyone with you?