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Exporting energy

Can you guess which of the following was the top American export in 2011? Was it:

- a) agricultural products,
- b) pharmaceutical products,
- c) petroleum products or
- d) industrial machines?

The surprising answer is C, petroleum products.

According to the U.S. Energy Information Administration, petroleum exports were worth \$88 billion -- more than pharmaceutical products (No. 2) and industrial machines (No. 3) combined. Agriculture did not make the top 15.

Here is another surprise:

Last year, the United States was a net exporter of oil products, exporting 848 million barrels of refined petroleum products -- oil, gasoline and diesel -- while importing 750 million barrels.

It marked the first time since 1949, during the Truman administration, that the United States exported more fuels than it imported.

Ten years ago, fuel was not among the top 25 U.S. exports. So what happened?

For one thing, it is now a world market; for another, the U.S. economy.

America's weak economy, coupled with more fuel-efficient cars and trucks, has reduced demand at home. In 2005, the U.S. imported nearly 900

million more barrels of petroleum products than it exported. U.S. demand has been dropping steadily since 2007, and the deficit disappeared this past fall.

Meanwhile, developing economies in Asia and Latin America are vastly increasing demand abroad and gasoline and diesel supplies are going to the highest bidders. Those bidders are largely in Asia, Latin America and Europe.

That demand also has reduced the amount U.S. refiners have in reserve, thus keeping the cost of gasoline at high levels in this country.

It is interesting to note the role that the much-maligned Environmental Protection Agency plays in this. EPA required U.S. refiners to create a cleaner-burning diesel fuel. Much of Europe runs on diesel, and South Americans use diesel in their tractors. As a result, diesel accounted for 40 percent of the exported fuel.

While the numbers on refined fuels have flipped, the nation is nowhere close to becoming energy independent. The United States still imports 9 million barrels of crude oil per day. The cost differential -- crude costs about \$100 per barrel while gasoline sells for roughly \$3.50 per gallon -- means the United States still must import crude oil to meet demand, even if much of that demand is from overseas.

However, because the United States is now a net exporter of petroleum products -- a situation analysts say is likely to continue for the next decade -- this country is expected to have more leverage when it comes to world markets.

As for EPA's role, it didn't kill jobs, it created them.