

# U.S. Crude Oil Exports to International Destinations

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## Related Policy Issue

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On December 18, 2015, Congress passed [H.R. 2029](#)—the Consolidated Appropriations Act, 2016—which was enacted and became [P.L. 114-113](#). [A provision contained in P.L. 114-113](#) repealed a 40-year prohibition, with [exceptions](#), on the export of crude oil produced in the United States. Removing this prohibition and its associated restrictions provides producers, shippers, and traders with options to market and sell crude oil to international markets when market conditions support such transactions. Prior to the removal of the export restrictions, exceptions resulted in approximately 500,000 barrels per day of crude oil exports—nearly all to Canada—during 2015. Since the export prohibition was repealed, industry trade data indicate that crude oil has been exported to destinations [that were previously not allowed](#) and monthly export volumes to these international markets increased steadily at first but have declined since peaking in May 2016.

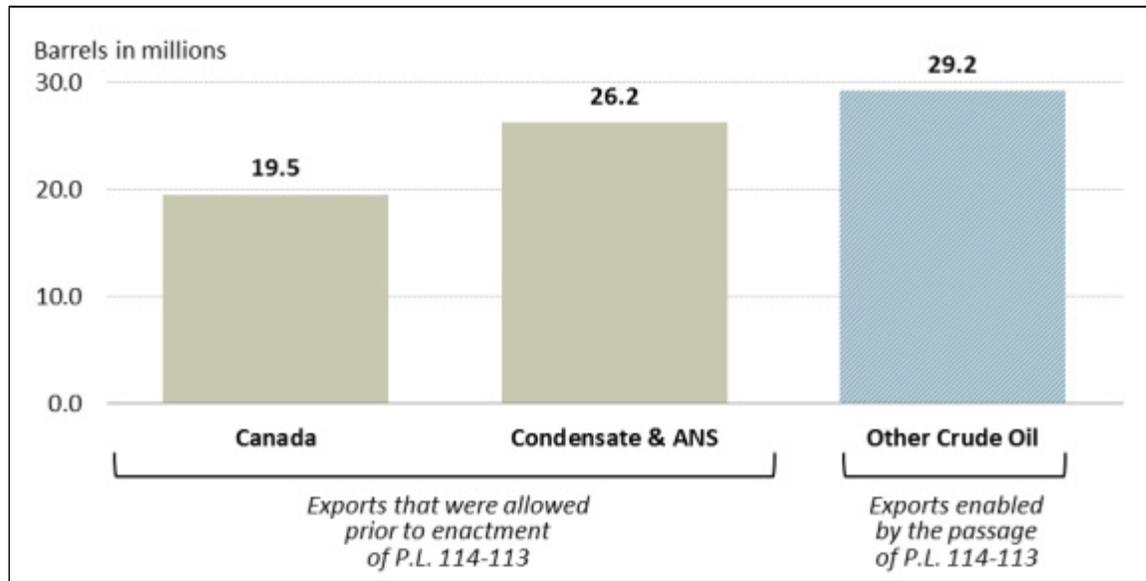
## U.S. Crude Oil Export Volumes

[Energy Information Administration \(EIA\) monthly data](#) report that for the month of December 2015, 392,000 barrels per day (bpd) of crude oil was exported from the United States. After initially declining in January and February, crude oil export volumes in April 2016 were 591,000 bpd. One possible reason for the initial export volume decline is the [narrowing price differential](#) between domestic and international crude oils that reduced the financial attractiveness of exporting U.S. crude.

According to industry data consultancy [ClipperData](#), waterborne exports—not including modes such as pipeline, rail, or truck—of U.S. crude oil and condensate from December 19, 2015, through June 30, 2016, totaled approximately 74.9 million barrels, approximately 413,500 bpd. The majority of those barrels (approximately 60%) was eligible for export prior to enactment of [P.L. 114-113](#) and would likely have been exported had the restrictions remained in effect. For example, exports to Canada and exports of processed condensate and Alaska North Slope (ANS) crude were allowed within the previous crude oil export regulatory framework. Other crude oil exports outside of these categories represent non-condensate crude oil exports that have been enabled by the prohibition repeal ([Figure 1](#)).

Figure 1. U.S. Waterborne Crude Oil Exports

December 19, 2015 – June 30, 2016

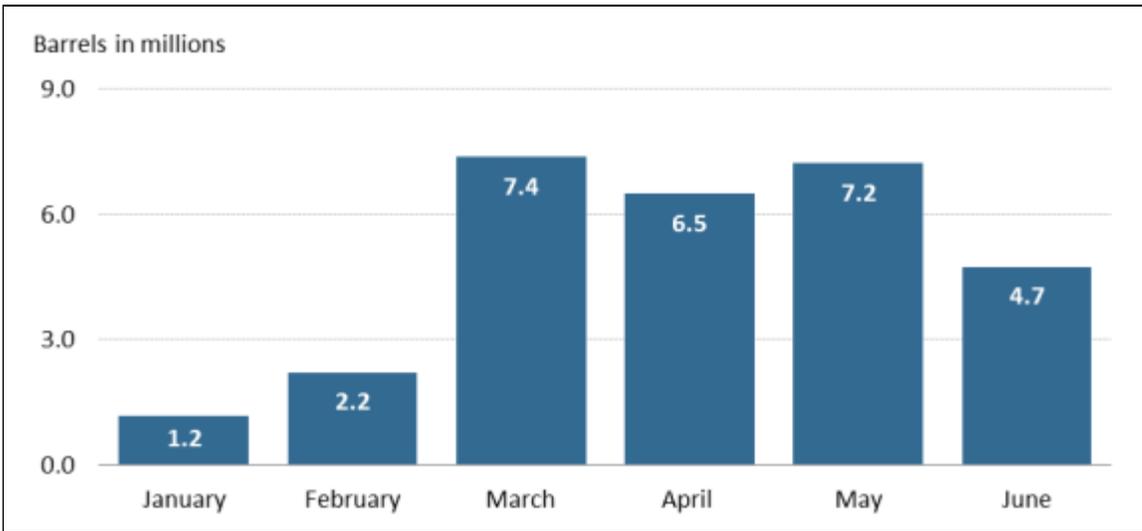


Source: CRS, with data from ClipperData.

According to ClipperData, approximately 29 million barrels of non-condensate crude oil, approximately 161,000 bpd, have been exported to destinations that were prohibited prior to enactment of [P.L. 114-113](#). This export volume is within the 0 to 2 million bpd range estimated by EIA in a September 2015 [study](#) that projected the effects of removing export restrictions. Export volumes to date have been on the lower end of the range, which can generally be explained by two factors. First, the financial attractiveness of exporting U.S. crude oil has been limited by the relatively narrow price differential between domestic and international benchmark prices. However, benchmark price differentials are not the only condition that might motivate exports. Regional price discounts and low-cost shipping opportunities could result in conditions that support crude oil exports. Second, global refiners may still be getting comfortable with acquiring and processing U.S. crude oil and it may take some time for global refiners to integrate U.S. crude oil into their feedstock mix. Monthly export data appear to support this conclusion: monthly non-condensate, non-Canada, non-ANS crude oil export volumes increased from 1.2 million barrels in January to 7.2 million barrels in May, then fell to 4.7 million barrels in June ([Figure 2](#)).

Figure 2. Non-condensate U.S. Crude Oil Exports (Excluding Canada and ANS)

January–June 2016



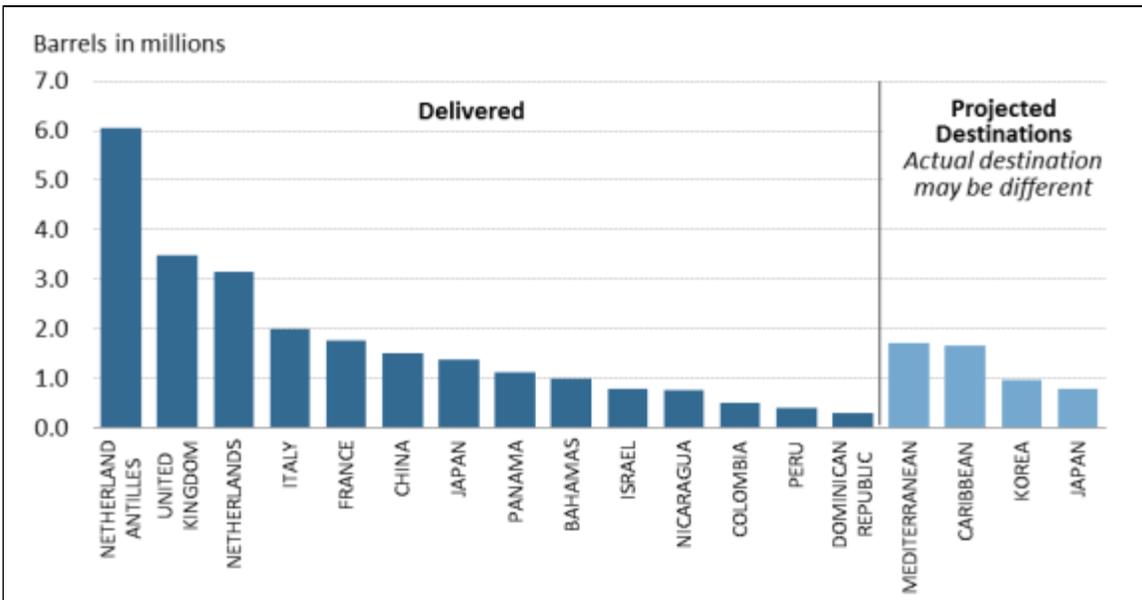
**Source:** CRS, with data from ClipperData,

### Export Destinations

Through June 30, 2016, approximately 29 million barrels of non-condensate crude oil—including approximately 10 crude oil grades such as Eagle Ford, West Texas Intermediate, and Gulf Coast sour blend—have been exported and either have been delivered or were in transit to 15 destinations that were previously prohibited. Regional destinations for U.S. crude oil include Europe, Asia, the Mediterranean, and the Caribbean. Approximately 82% of these exports have been delivered and 18% were in transit. [Figure 3](#) indicates export volumes to each destination.

Figure 3. Non-condensate U.S. Crude Oil Destinations (Excluding Canada and ANS)

January–June 2016



**Source:** CRS, with data from ClipperData,

**Notes:** Projected destinations are subject to change due to transactions that can occur during transit.

## Policy Considerations

During the congressional debate about removing crude oil export restrictions, several policy issues were considered, such as price impacts and production volumes. Regarding price impacts, there was concern that gasoline prices for U.S. consumers could potentially rise if crude oil exports were allowed. However, assessing such a relationship is difficult due to the limited amount of time that exports have been unrestricted in addition to the multiple variables (e.g., inventories) that influence gasoline prices. [EIA price data](#) indicate that during the week prior to enactment of [P.L. 114-113](#), retail gasoline was priced at \$2.14 per gallon. Prices declined to \$1.83 per gallon in mid-February, and have since risen to \$2.43 per gallon for the week ending June 27, 2016. Additionally, there was concern expressed about increasing production volumes and the potential for associated environmental impacts that might result from allowing crude oil exports. However, [EIA data](#) indicate that U.S. crude oil production has declined since December 2015. This dynamic could potentially change in the future should crude oil prices and production profitability increase, production levels rise, and/or regional oversupply of certain crude oil types start to occur. Oversupply conditions generally result in price differentials, which could create economic incentives to export and thus motivate additional production activity.

[P.L. 114-113 includes a provision](#) that allows the President to impose export restrictions should it be determined that crude oil exports result in domestic oil prices above global prices and adverse employment effects. While current data do not suggest any negative economic, gasoline price, or employment effects resulting from the export prohibition repeal, unrestricted U.S. crude oil exports have only been allowed for a short period. It may take some time for such relationships, if any, to be evident.