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**U.S. Senate Committee on Energy and Natural Resources  
United States Crude Export Policy**

*Michèle Flournoy*

*CEO and Co-Founder, Center for a New American Security*

The unconventional energy revolution in the United States over the last several years has brought about a new era of energy abundance in our country. Crude oil production has increased significantly, from 5 million barrels per day in 2008 to over 9 million barrels per day today. In 2013, the United States surpassed Saudi Arabia to become the largest producer of liquid fuels, including oil and refined petroleum products, in the world. Remarkably, after decades of concern about the scarcity of American energy, our nation has seen a reversal of heavy and growing energy import reliance, to become a major exporter of refined petroleum products and a powerhouse in the production of energy-intensive petrochemicals and industrial manufacturing. Our nation is also on the cusp of exporting Liquefied Natural Gas.

The United States, however, is not a major exporter of crude oil. This is not for lack of potential and available supplies. Rather, it is due to laws that restrict the export of this commodity and that were put in place in response to the OPEC oil embargo of the 1970s. Crude oil export restrictions create distortions in the domestic oil market and pose a risk to U.S. oil production growth. They stifle economic growth and also hamper the ability of U.S. foreign policy and national security leaders to seize strategic benefits presented by the energy revolution.

Lifting oil export restrictions will yield a variety of security dividends to the United States. These include stoking U.S. oil production growth, which will strengthen the U.S. economy and better support the ability of our nation to play a strong leadership role on international security and economic affairs. Stimulating U.S. oil production growth also expands energy security by increasing global oil supply from a stable producer, via maritime transit routes free from the threat of conflict. Lifting the oil export ban also sends the right signal to international trading partners that the United States supports free trade, a regulatory decision in keeping with our WTO commitments and that will support the ability of the United States to win a trade dispute with another nation that may withhold its natural resources from the market. Shunning protectionism is the right message to send at time when U.S. negotiators are pursuing major free trade agreements with Atlantic and Pacific partners.

Another significant security benefit associated with lifting oil export restrictions is the greater flexibility this will provide to impose energy sanctions in the future. Sanctions are a critical national security tool that has a place alongside force projection and diplomatic activities in many of the major security challenges that confront the United States today, including illicit Iranian nuclear enrichment and Russia's

destabilization of Eastern Ukraine. But imposing sanctions that take oil off the market is a viable policy only if there is adequate alternative oil supply. The United States should encourage new supplies of oil to enter the market if it wants to sustain and enhance the ability to use oil sanctions in the future. Lifting the ban on U.S. oil export will help to accomplish just this by stimulating additional oil supplies.

Our closest allies, including those in Europe and Northeast Asia, would welcome—and have asked for—the unrestricted export of U.S. crude oil. It will offer them energy security benefits by expanding the diversity of their oil supply pool and contributing to more efficient global oil markets. This is good for their economic growth. The United States is stronger and more secure when our allies are energy secure and economically vital. We are also stronger when we have lucrative and mutually beneficial energy trade with allies. Policymakers in the United States should embrace these various benefits to our allies and ourselves and liberalize our crude export rules. Market conditions merit such a step, and security dividends will not be fully realized without it.

**Michèle Flournoy**  
**CEO and Co-Founder, Center for a New American Security**



Michèle Flournoy is Co-Founder and Chief Executive Officer of the Center for a New American Security (CNAS).

She served as the Under Secretary of Defense for Policy from February 2009 to February 2012. She was the principal adviser to the Secretary of Defense in the formulation of national security and defense policy, oversight of military plans and operations, and in National Security Council deliberations. She led the development of DoD's 2012 Strategic Guidance and represented the Department in dozens of foreign engagements, in the media and before Congress.

Prior to confirmation, Ms. Flournoy co-led President Obama's transition team at DoD.

In January 2007, Ms. Flournoy co-founded CNAS, a non-partisan think tank dedicated to developing strong, pragmatic and principled national security policies. She served as CNAS' President until 2009.

Previously, she was senior adviser at the Center for Strategic and International Studies for several years and, prior to that, a distinguished research professor at the Institute for National Strategic Studies at the National Defense University (NDU).

In the mid-1990s, she served as Principal Deputy Assistant Secretary of Defense for Strategy and Threat Reduction and Deputy Assistant Secretary of Defense for Strategy. She has received several awards from the Secretary of Defense and the Chairman of the Joint Chiefs of Staff.

Ms. Flournoy is a member of the President's Intelligence Advisory Board, the Defense Policy Board, the DCIA's External Advisory Board, the Council on Foreign Relations, and the Aspen Strategy Group, and a Senior Fellow at Harvard's Belfer Center for Science and International Affairs. She serves on the boards of The Mitre Corporation, Rolls Royce North America, Amida Technology Solutions, The Mission Continues, and CARE, and is a Senior Advisor at the Boston Consulting Group.

Ms. Flournoy earned a bachelor's degree in social studies from Harvard University and a master's degree in international relations from Balliol College, Oxford University, where she was a Newton-Tatum scholar.