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Fueling **Jobs**.
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April 28, 2014

The Honorable Fred Upton
Chairman, Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Henry Waxman
Ranking Member, Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

RE: Letter of Opposition to H.R. 6, "The domestic-prosperity-and-global-freedom-act"

Dear Chairman Upton and Ranking Member Waxman:

America's Energy Advantage (AEA) is a trade association representing many of the world's leading manufacturers and commodity producers, as well as the United States' publicly-owned natural gas distribution companies. Our organization is a strong supporter of rules-based free trade, and as such, we must oppose H.R. 6. We appreciate the Committee's consideration of our views.

Allowing the unlimited and unchecked export of liquefied natural gas (LNG) to nations that have yet to sign free trade agreements with the U.S. will undermine the efforts of U.S. trade negotiators to open closed markets to all American goods and services.

Exporting such a large volume of this strategic commodity will also raise domestic natural gas and electricity prices for every American, undermine manufacturing competitiveness and cost the nation good-paying jobs. Equally troubling is the fact that the legislation would prevent the Department of Energy from mitigating or even reviewing the impacts of unlimited LNG exports on domestic prices, consumers, electricity markets, manufacturers or the economy.

This winter's propane crisis in the Midwest is a cautionary lesson for U.S. policymakers. The propane crisis was driven by several factors, but exports played a big role, as the U.S. sent a record-high 20 percent of domestic supply overseas last fall. Supplies plunged to historic lows, and the tough winter sparked shortages, skyrocketing prices and suffering for families, farmers and businesses.

A similar crisis in natural gas would be far more painful, as natural gas fuels millions more homes, farms and businesses than propane. This is what's at stake if we go too far, too fast with gas exports. Lawmakers supporting H.R. 6 might consider how they would explain to American families and businesses why they voted for legislation which tripled their utility bills and increased costs for millions of businesses. Some might characterize such a policy as an energy tax.

H.R. 6 also places our remarkable manufacturing comeback at risk. To date, this renaissance has generated more than \$100 billion of announced investment in over 120 different manufacturing projects. Our natural gas advantage is directly responsible for the ten consecutive months of growth in the manufacturing sector, reshoring businesses back to U.S. shores and carrying the potential to create 5 million good-paying jobs by 2020. We have a once-in-a-generation opportunity to restore American pre-eminence in manufacturing, but that would all be threatened by an approach that would allow the export of half of current domestic gas production.

We agree that the current crisis in Ukraine is a very serious situation, but H.R. 6, along with U.S. LNG exports to Ukraine are simply a false hope. No LNG export facilities exist in the continental U.S. and exports will not begin to flow in earnest until 2018. A much better option for weakening Putin is to export American hydraulic fracturing technology to our Ukrainian allies so they can develop their own domestic shale gas resources from the more than 40 trillion cubic feet of technically recoverable natural gas.

Still, if Ukrainian and European commercial interests believe they need to import American natural gas, they can sign contracts today to import LNG from one of the facilities that have already been approved, but only if they are willing to pay market rates, which in Asia are as much as 50 percent higher than in eastern or central Europe. There is no barrier or impediment other than the fact importing LNG from the U.S. is simply not economically viable.

On the other hand, U.S. LNG represents a significantly powerful tool to open closed markets overseas. Oil and gas are strategic commodities, fundamentally different from blueberries or ball bearings. In order to maximize the full potential of this newfound bounty and create a broadly shared prosperity, policymakers must pursue a cautious, thoughtful and deliberative approach to the question of LNG exports. H.R. 6 removes a primary leverage point that U.S. trade negotiators have at their disposal to improve our balance of trade and remove tariffs and trade barriers to U.S. products.

America's natural gas advantage presents a once-in-a-generation opportunity to create market access opportunities for American companies, exporters and workers. Why give it away to our overseas competitors and get nothing in return?

In approaching the complex decision of how much American natural gas should be exported to our global competitors, especially those who have not yet negotiated reciprocal free trade agreements, the United States should continue its case by case approach. The benefits of this newfound natural gas abundance to our domestic economy – robust job creation, manufacturing investment, affordable consumer prices and lower utility bills – are in the public interest of all Americans, and the export volume of this valuable national resource should be considered in this light. A strong American economy commands a position of strength in geo-politics and the global economy.

Thank you for your consideration,

America's Energy Advantage

www.americasenergyadvantage.org