US Deregulation of Oil Exports Could Hurt North American Refineries

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WASHINGTON (Sputnik) — Removing the ban on US crude oil exports is likely to benefit producers, but could squeeze the profit margins of North American refineries that will have to pay higher prices for the crude oil they consume and process, exports told Sputnik.

“In North America, it [lifting crude oil export ban] could mean slightly higher prices for crude... and therefore smaller profits for refineries,” Brown University Professor Jeff Colgan, author of Petro-Aggression: When Oil Causes War, told Sputnik on Wednesday.

On Sunday, the Wall Street Journal reported that the US House of Representatives could vote in September on lifting the ban on US crude oil exports.

Lifting the ban, Colgan argued, will not significantly impact world prices because the United States, already a net oil importer, would not inject enough additional supply into the market to make a dramatic difference.

Ball State University Professor of Economics Cecil Bohanon told Sputnik that eliminating the oil export ban would allow foreign refiners to compete for the "captive" US-produced petroleum market.

“This competition will bid up the price US producers receive and eliminate the above normal profits domestic refiners receive,” Bohanon explained. “The loss to the US refiners is a gain to the US petroleum producers.”

Bohanon also noted that US domestic refiners pay a lower price for US oil than would otherwise be the case, “yet sell gasoline freely on the world market.”

The crude oil export ban, or the US Energy Policy and Conservation Act, was signed into law in 1975 in response to the shortage of global oil supply after the Arab oil embargo.

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