

Natural gas exports: A boon to the economy

By Editorial Board, December 07, 2012.

USUALLY, OPPONENTS of freer trade argue that Americans shouldn't be buying so many cheap products from abroad, sending their cash overseas. But when it comes to exporting some of this nation's abundant supplies of natural gas, those who oppose opening up to the world turn that logic on its head — arguing, strangely, that Americans shouldn't be trying to sell this particular product to other nations, bringing money into the country in the process. Both arguments are unconvincing, and for the same reason: When countries can buy and sell to each other, their economies do what they are best at, producing more with less and driving economic growth.

A new [Energy Department study](#) on increasing U.S. natural gas exports proves this timeless lesson again, as it shows how bewildering the opposition to exporting the fuel is. Analysts examined a range of scenarios, with varying assumptions about supply and demand here and worldwide. In every case, exporting natural gas produced net economic benefits. In fact, the study found that the more the country exports, the higher the gain. With exports, gross domestic product in 2020 could be up to \$47 billion higher.

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Critics point out that exporting natural gas might increase domestic prices for the fuel somewhat, which could raise the cost of electricity and other goods. Yet the report noted that higher natural gas prices would also mean more foreign money coming into the country. Besides, the report noted, international competition seriously limits how much the United States might be able to export and therefore how high prices could rise. No matter the increase, Americans will pay much less than most foreigners for natural gas, giving

domestic businesses a competitive advantage, since liquefying and transporting the fuel overseas adds a lot to the price.

Critics, nevertheless, worry that export revenue would go to energy companies at the expense of manufacturing, which can be sensitive to energy prices. But the report figures that the most vulnerable sliver of the manufacturing sector accounts for only one-half of 1 percent of total U.S. employment. Employment in energy-intensive industries would decline no more than 1 percent — “less than normal rates of turnover of employees in the relevant industries” — under any scenario.

Finally, some environmentalists oppose anything that might increase domestic natural gas production, since it relies on a controversial process known as fracking. Extracting energy resources can be a dirty and dangerous business, and fracking is no exception. But the answer is smart regulation, not shutting down the industry. Not only does cheap U.S. natural gas hold the possibility of significant economic benefits, it is also already making a positive difference for the environment, displacing far dirtier coal in electricity generation.

It would be particularly perverse for the Obama administration, which has made an explicit commitment to increasing the nation’s exports, to preserve restrictions on natural gas exports. The government should permit energy companies to sell as much of the fuel as the economics warrant, whether in Germany or Germantown.