

From: [Ross Eisenberg](#)
To: [LNGStudy](#)
Subject: NAM comments on the 2012 LNG Study
Date: Thursday, January 24, 2013 4:27:11 PM
Attachments: [NAM comments on DOE LNG study.pdf](#)

Attached are the comments of the National Association of Manufacturers, the largest manufacturing association in the U.S., representing nearly 12,000 small, medium and large manufacturers in all 50 states, on the 2012 Liquefied Natural Gas Export Study. Please contact me with any questions.

Ross Eisenberg

Vice President, Energy and Resources Policy
National Association of Manufacturers
Direct: 202.637.3173
Mobile: 703.517.1655
Email: reisenberg@nam.org



Ross E. Eisenberg

Vice President

Energy & Resources Policy

January 24, 2013

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375
LNGStudy@hq.doe.gov

Re: 2012 LNG Export Study

The National Association of Manufacturers (NAM), the largest manufacturing association in the U.S., representing nearly 12,000 small, medium, and large manufacturers in all 50 states, submits the following comments to the U.S. Department of Energy (DOE) on the 2012 Liquefied Natural Gas (LNG) Export Study, made available for public comment on December 5, 2012. The NAM is the leading voice in Washington, D.C. for the manufacturing economy, which provides millions of high-wage jobs in the U.S. and generates more than \$1.7 trillion in GDP.

The NAM was founded in 1895 on principles of free trade. At the time, the U.S. was in the midst of a deep recession and many of the nation's manufacturers saw a strong need to export their products. This commitment to free trade and open markets continues to be embedded in the NAM's policies today. Exports have been and continue to be a critical source of growth and opportunity for manufacturers throughout the United States. The 40 percent increase in goods exports that the United States has enjoyed between 2009 and 2011 has enabled many manufacturers to sustain and, in some cases even grow, employment during very difficult economic times. Export growth is vital not just for those businesses that directly export, but for the many suppliers of inputs and services to those businesses throughout every state.

The NAM strongly supports the exploration and development of natural gas and supports policies that allow for the growth of this industry. Technological breakthroughs have made vast domestic deposits of natural gas economically accessible. These new sources of natural gas have turned domestic supplies of natural gas, once a weakness, into a major economic strength. That is great news for manufacturers. Recently, PricewaterhouseCoopers (PwC), with support from the NAM, released the report "Shale Gas: a renaissance in U.S. manufacturing?" PwC found that full-scale and robust development of U.S. shale gas plays could result in one million new manufacturing jobs by 2025.

Leading Innovation. Creating Opportunity. Pursuing Progress.

LNG Exports Should Be Driven By Principles of Free Trade and Open Markets.

Natural gas is vitally important to manufacturers and job creation, and well as achieving affordable energy in this country. We are committed to increasing our vast domestic onshore and offshore energy resources with balanced and sensible regulation. Regarding LNG and natural gas, the NAM's official policy positions were established in March 2012 by the NAM's Board of Directors, with full participation in the drafting by both energy producers and energy users. They are as follows:

Liquefied Natural Gas

The dramatic increase in the domestic natural gas resource base has reduced the likelihood of the need for significant Liquefied Natural Gas (LNG) imports. Some now believe the U.S. could eventually become a net exporter of natural gas. An adequate supply of natural gas is needed to meet the growing demand of the U.S. manufacturing sector in a recovering economy. The NAM strongly supports federal and state policies to accommodate growth in domestic natural gas production. We further believe abundant domestic natural gas resources can fuel a renaissance in U.S. manufacturing. The NAM fundamentally supports free trade and open markets. We support a natural gas policy process that is open, transparent and objective.

Natural Gas and Manufacturing

Industry relies on natural gas for much of its energy needs and as a raw material. The NAM believes policies that encourage the cost-effective use of natural gas to grow American manufacturing should be encouraged.

The U.S. economy relies on natural gas for much of its energy needs and as a feedstock for commercial products. Natural gas is and will remain an important manufacturing commodity because of its scalability, affordability, versatility and efficiency. The NAM supports policies at the federal and state level that facilitate the responsible and expeditious development of natural gas resources, allowing these benefits to contribute to America's economic recovery and to accrue for energy consumers.

The principles above remain the policy of the NAM on LNG and natural gas.

As indicated clearly by the policy language above, the NAM is not calling for policies that favor LNG exports over use of natural gas domestically. Nor are we calling for policies that would engineer the opposite. Our policy statements highlight the important role domestic natural gas resources can have for the manufacturing economy. Natural gas truly does have the potential to be a game-changer that could fuel major investments across the manufacturing supply chain, supporting millions of jobs and ensuring that the United States remains the world's top manufacturing economy. As our policy makes clear, we believe "abundant domestic natural gas resources can fuel a renaissance in U.S. manufacturing," and "encourage the cost-effective use of natural gas to grow American manufacturing." We believe in "a natural gas policy process that is open, transparent and objective." With that in mind, we urge the DOE to rely upon the best quality information regarding the impact of LNG exports on economic, environmental and energy security interests. Finally, as our policy states, the NAM "fundamentally supports free trade and open markets" and, as discussed in more detail below, opposes bans on the export of LNG.

The NAM Opposes Bans on Exports of LNG.

From the President's first State of the Union address, doubling U.S. exports has been a top U.S. goal. From its origins, the United States has been built on exports. In fact, Article I, section 9 of the United States Constitution provides quite explicitly that "[n]o Tax or duty shall be laid on Articles exported from any State," evincing a strong disinclination to limit exports of any product.

With 95 percent of the world's consumers outside the United States, export bans on any product, including LNG, can be expected to have far-reaching negative effects, including on domestic economic opportunities, employment and ultimately economic growth. The NAM's policies on international trade, established by the Board of Directors in March 2012, form the basis for this position:

International Trade

The objective of the NAM's international trade policy is to strengthen manufacturing in America and improve the competitiveness of American manufacturing in the worldwide economy. Fairly conducted trade provides opportunities for growth and expansion of manufacturing in America, increases the range of goods and services available to consumers, enhances market-based production globally and contributes to closer understanding and cooperation among nations. The NAM believes this objective can best be achieved by limiting costs and other impediments imposed on U.S. manufacturers and by pursuing and utilizing a rules-based international trading system that enhances the role of free market forces while seeking to eliminate market-distorting governmental intervention.

WTO Dispute Settlement

The NAM believes all WTO member economies, including the United States, should comply with WTO agreements, including the Dispute Settlement Understanding.

The United States along with its G-20 partners have repeatedly expressed their deep concern about rising protectionism, including in particular export restrictions which began to proliferate globally as the world economy declined in 2008. Indeed, export restrictions are viewed as the one of the fastest growing forms of distortion in the international trading system. The Organization for Economic Cooperation and Development (OECD) has been keeping an inventory of export restrictions and has published analytical work examining the economic concerns with imposing such restrictions.¹

The United States has been in the forefront of challenging other countries' export prohibitions, starting with China's restrictions on raw material exports and more recently China's restraints on rare earth exports. In the raw materials case the World Trade Organization (WTO) found conclusively that China's raw material export quantitative restrictions were contrary to the core international trade disciplines of the World Trade Organization, including, GATT Articles XI:1² that generally prohibit the use of export bans and quantitative export restraints. These obligations apply equally to the United States, China and all other WTO members.

¹ The Economic Impact of Export Restrictions on Raw Materials, OECD (Nov. 2010).

²GATT XI:1 states "No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licences or other measures, shall be instituted or maintained by any contracting party on the importation of any

The United States' ability to challenge other countries' existing exports restraints on agricultural, forestry, mineral and ferrous scrap products – just to name a few – will be virtually non-existent if the United States itself begins imposing its own export restrictions. Even worse, as the world's largest economy and largest trading country, U.S. actions are often replicated by our trading partners to our own dismay. If the U.S. were to go down the path of export restrictions, even more countries would quickly follow suit and could easily limit U.S. access to other key natural resources or inputs that are not readily available in the United States.

Conclusion

Thank you for the opportunity to comment on the 2012 LNG Export Study. As these comments have made clear, the NAM fundamentally believes principles of free trade and open markets should govern the export of LNG. The NAM also opposes bans or similar market-distorting barriers to exports of LNG or any other commodity. We expressed this position when we sent Key Vote letters opposing legislation that would ban exports of natural gas in February 2012 and petroleum products in March 2012. We expressed this position in October 2012 when we co-released a study on export controls limiting domestic manufacturers' ability to export nuclear technologies. And we expressed this position earlier this week when we submitted comments to the Army Corps of Engineers opposing efforts to delay the permitting process for coal export proposals in the Pacific Northwest.

Please contact me with any questions or comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ross Eisenberg", is placed over a light green rectangular background.

Ross Eisenberg
Vice President
Energy and Resources Policy