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From: Andrew N. Kleit [REDACTED]
Sent: Wednesday, January 23, 2013 11:12 AM
To: LNGStudy
Subject: 2012 LNG Export Study

Dear Department of Energy:

I write in response to DOE's request for comments on the 2012 NERA report on LNG exports.

A modern economy is based on trade between producers with different comparative advantages. Thus, for at least 50 years the United States has been a large importer of energy, as the cost of producing this energy was higher outside the U.S. than inside the country.

Due to technological innovation, this situation has changed dramatically in the last few years. Now the U.S. is awash in natural gas from "unconventional" drilling procedures. Thus, the comparative advantage has changed, and the U.S. is in a position to improve its economy by exporting natural gas. In particular, sales of unconventional gas promise to bring important economic development to many in the lower income areas of my state of Pennsylvania.

Economic analysis shows that allowing exports (and imports) is of great benefit to the economy at large, while often adversely affecting small groups. Therefore, it is not surprising that a group of chemical companies are opposing natural gas exports. Each of these companies, however, is dependent on exports for their own profitability and the economic health of their communities. The arguments they use also would apply to potential restrictions on exports of their products. Of course, no such restrictions are being considered, as they would be highly adverse to our country's economic growth. The same reasoning applies to policies that would restrict the export of natural gas.

I also note there are important international consequences to the export of natural gas by the United States. The price of natural gas is higher outside the United States than inside it. Thus, exports will lower the price of natural gas worldwide. This will be of great assistance to our friends Japan and South Korea, who pay extremely high prices for natural gas. It will be to the detriment of our strategic adversary Russia, a country whose economy is highly dependent on high price exports of natural gas.

Allowing exports of natural gas would be a great benefit to our economy. Those companies who oppose such exports advocate policies that would result in economic disaster to both themselves and our economy.

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