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Why Banning Oil or Gas Exports Would Be a Bad Idea

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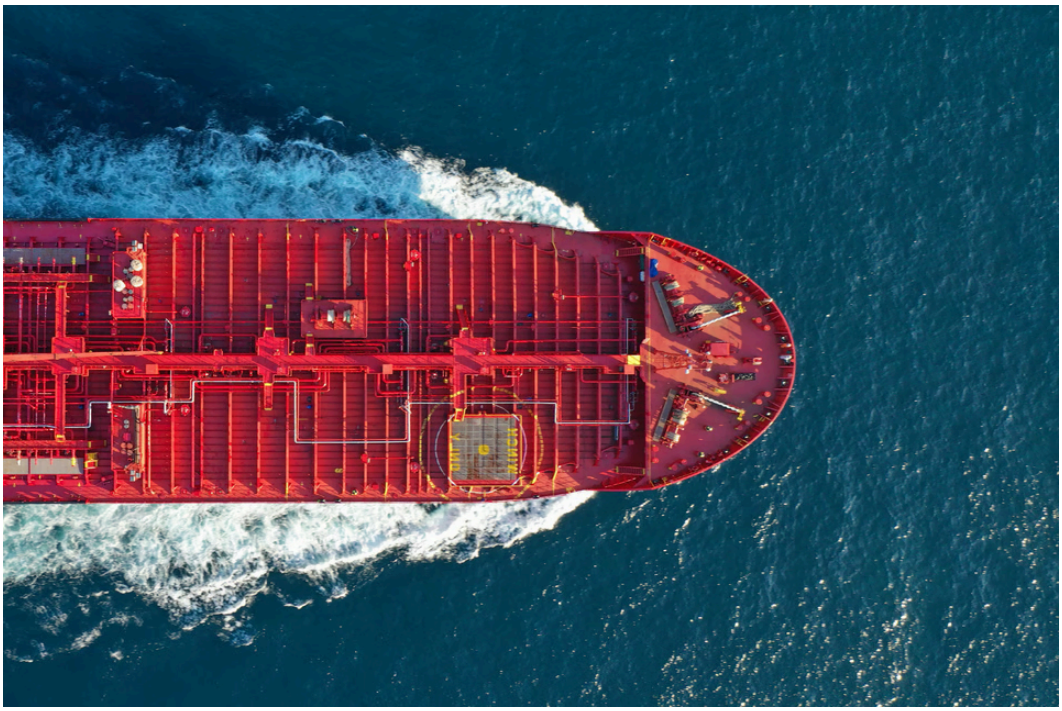

Takeaways

- With energy prices on the rise, some analysts have floated restricting American energy exports as a way of containing costs. This would be a mistake.
- Since fuels like gasoline, diesel, and jet fuel are tied to global markets, any moves to restrict US oil or gas exports could end up having the opposite effect, pushing domestic energy prices even higher.
- Restricting oil or gas exports would also undermine the United States' relationship with key allies and leave a hole in the oil and gas markets for adversaries like Russia and Iran to fill.

The Trump Administration's war in Iran has sent global oil prices surging, pushing US gasoline prices up over a dollar per gallon since the start of the war. Around the world natural gas prices are climbing as well. In import-dependent regions like Europe and Asia, prices have spiked nearly 70 percent, driving up electricity costs and the costs of manufacturing. If the war drags on, those pressures will not stay overseas forever.

As higher manufacturing and shipping costs ripple through global supply chains, American consumers are at risk of higher prices across the whole economy.

This will be the defining issue of the 2026 midterms. As policymakers scramble for ways to contain rising energy prices, some have floated export restrictions as one potential tool. The Trump Administration reportedly explored limiting US oil exports just last month, and similar ideas surfaced during the Biden Administration after Russia's invasion of Ukraine.

These measures would be a mistake. Export restrictions may be politically tempting, but they will not shield Americans from global energy shocks and may ultimately drive prices even higher.

Why Oil and Gas Export Bans Would Backfire

Oil Export Restrictions

In the wake of the 1970s energy crisis, Congress imposed a ban on most crude oil exports that stood for 40 years. But by 2015, the shale revolution had fundamentally reshaped US energy production, and Congress lifted the ban to reflect the new reality; the US was one of the largest oil producers in the world and a major player in global oil markets.

Today, the United States is deeply integrated into those markets and depends on a steady balance of imports and exports to keep oil refineries operating at maximum efficiency.

> In 2025, the US exported around 11 million barrels per day of petroleum to buyers all over the world, while importing another 8 million barrels per day, mostly in the form of crude oil from Canada and Mexico.

This two-way trading relationship reflects the fact that not all crude oil is created equal. While headlines often treat crude oil as a uniform commodity, it varies widely in quality and how easily it can be refined into finished products like gasoline, diesel, and jet fuel. US production and exports are dominated by light, sweet crude, which is easier to refine and commands a premium in global markets. Many US refineries, however, were built decades ago to process heavier sour crude, a cheaper but more complex type of crude primarily found in Canada and around the Gulf of Mexico. Pipelines and distribution systems were also built to reflect that dynamic.

As a result, the US oil system is optimized around trade. The US exports a significant share of its light crude to markets where it is more valuable, while importing heavier crude that U.S. refineries are better equipped to process.

If an Administration were to unilaterally restrict American crude oil exports overnight, a few things would happen:

- **Global oil prices would rise**. Pulling US barrels out of the global market would tighten supply, putting upward pressure on oil prices. Existing constraints, like a closure of the Strait of Hormuz, would amplify those pressures because buyers would have fewer alternatives to turn to.

- **Domestic crude oil prices might drop, but refined fuel prices wouldn't fall with it.** Since US refineries have limited capacity to absorb and process surplus light crude produced domestically, even a temporary drop in domestic crude prices would not translate into lower fuel prices for consumers. Prices for finished products like gasoline, diesel, and jet fuel are set in global markets, so they will track more closely with global prices even if the US keeps more oil at home.
- **Imported fuel costs would increase.** The US still imports millions of barrels per day of heavy crude and other petroleum products, which the US would then be forced to import at elevated global prices. This would offset any potential benefits of cutting exports.
- **America would lose credibility as a stable supplier of oil.** The world still depends on oil. Any actions that the United States takes to restrict our allies' access to American oil will undermine our own national and economic security interests while strengthening the position of countries like Russia and Iran.

Natural Gas Export Restrictions

The US is the world's largest natural gas exporter, another product of the shale revolution of the mid-2000s and the lifting of a partial ban on natural gas exports in 2016.

> Today, about 60 percent of America's natural gas exports leave the country as liquefied natural gas (LNG) – gas that is cooled to liquid form and then shipped on specialized tanker ships to buyers all over the world. The remaining 40 percent is exported via pipeline to Canada and Mexico. [1]

The US currently has limited LNG export capacity relative to the amount of gas the country produces or consumes, which has historically limited the country's exposure to global supply shocks. This is why domestic gas and electricity rates haven't skyrocketed in the wake of the Iran conflict the same way that those rates have in regions like Europe or East Asia.

However, the US may not be insulated from those impacts forever. North American LNG export capacity is projected to double by 2029 as new terminals come online, most of them in the US, and some policymakers have expressed concerns that greater export capacity could link US natural gas prices more closely with volatile international gas markets.

These concerns are not unwarranted, but they are also largely beside the point today. New LNG terminals are already coming, backed by long-term contracts that give allies in Europe and East Asia a lifeline as they transition away from depending on Russian gas. On top of that, the federal government has no clear legal mechanism to curb existing LNG exports in the same way it does with oil exports. [2] The question thus is no longer about whether the US should participate in global LNG markets – it already does—but rather about how the country manages that role responsibly.

And here, many of the same takeaways from the oil sector apply. A unilateral restriction on LNG exports would tighten global supply, drive up prices abroad, and increase price volatility with no consumer benefit If it lowers domestic gas prices, those effects would only be temporary, while the turmoil inflicted on America's trading partners would be felt for years.

This would result in the **same failed tradeoff of a short-term political win with damaging long-term consequences.**

Conclusion

The current spike in energy prices is a self-inflicted wound by the Trump Administration. Policymakers need to avoid another one. Well-intentioned but half-baked proposals to restrict oil or gas exports would distort global markets, undermine US competitiveness, and ultimately cost Americans consumers even more.

The one truly durable solution to protect the United States from global price shocks is to build a diversified and flexible energy system. Adding more nuclear, renewables, and energy storage – while continuing to invest in reliable oil and gas infrastructure – will help insulate the United States from future supply disruptions. The goal should be resilience, not isolation—and that means strengthening America's energy system, not cutting it off from the rest of the world.

ENDNOTES

1. U.S. Energy Information Administration. *"U.S. Natural Gas Exports."* https://www.eia.gov/dnav/ng/ng_move_expc_s1_m.htm. Accessed 27 Mar. 2026.

2. See 42 U.S. Code § 6212a for provisions on federal oil export restrictions.