

BILL ANALYSIS

Senate Research Center

S.C.R. 32
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Natural Resources & Economic Development
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The United States is the world's largest producer of natural gas, but antiquated trade restrictions limit the potential of this industry as an engine of economic growth.

In the wake of the 2008-2009 recession, the increasing extraction of natural gas from shale formations helped lift the nation's economy. This type of gas development supported more than 900,000 jobs in 2012, according to a study sponsored by the United States Chamber of Commerce Institute for 21st Century Energy. The majority of those jobs had been created even as overall unemployment reached some of the highest levels in a generation. The booming economy of Texas, a leader in shale gas and liquefied natural gas production, is a testament to the importance of this industry.

Natural gas exports also play an important geopolitical role. Russia has been the dominant provider of liquefied natural gas to European countries, and much of the liquefied natural gas that they use flows through pipelines that cross Ukraine. Recent turmoil there has threatened energy supplies to Europe, prompting efforts to diversify its sources of liquefied natural gas.

Currently, an American company can export liquefied natural gas only to the limited group of countries with which the United States has existing free trade agreements, unless the firm obtains a license by undergoing an onerous application process through the Department of Energy. The review of liquefied natural gas export applications has been extremely slow, resulting in costly and unnecessary delays in exports to many of our trading partners. Moreover, this barrier contradicts the nation's historic trade policy and inhibits compliance with World Trade Organization rules.

The expansion of natural gas exports to all countries within the World Trade Organization would bring the United States in line with its World Trade Organization obligations and build ties with East Asia and other parts of the world. Expediting these exports will spur additional investment in new domestic production and increase global supplies of a critical energy source.

At present, the costly and time-consuming regulatory limitations on the export of natural gas hinder trade expansion and job creation and work against the national security interests of the United States. By ending these constraints and increasing global supplies of a critical energy source, the nation can strengthen its position on the world stage while allowing the energy sector to amplify its vital contributions to economic growth.

RESOLVED

That the 84th Legislature of the State of Texas hereby respectfully urge the United States Congress to expedite natural gas exports.

That the secretary of state forward official copies of this resolution to the president of the United States, to the president of the Senate and the speaker of the House of Representatives of the United States Congress, and to all the members of the Texas delegation to Congress with the request that this resolution be entered in the Congressional Record as a memorial to the Congress of the United States of America.