

The Honorable Joe Manchin
Chairman
Senate Committee on Energy and
Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20515

The Honorable John Barrasso
Ranking Member
Senate Committee on Energy and
Natural Resources
366 Dirksen Senate Office Building
Washington, DC 20515

Dear Chairman Manchin and Ranking Member Barrasso:

Thank you for holding today's hearing to examine the administration's pause on LNG export approvals and the Department of Energy's process for assessing LNG export applications. As the nation's largest manufacturing association, the National Association of Manufacturers represents manufacturers of all sizes in every industrial sector and in all 50 states. Manufacturers in the U.S. are committed to creating jobs and improving the quality of life in the communities they serve and are dedicated to protecting the health, safety and vibrancy of those communities.

The United States is the world leader in exporting liquefied natural gas. The boom in U.S. natural gas has created tens of thousands of jobs in infrastructure and energy production projects, made the U.S. and its allies more energy secure and less reliant on adversarial nations like Russia, and helped meet our climate goals by reducing U.S. emissions by roughly 20% since 2005.¹ The U.S. Department of Energy's freeze on export permits for new LNG projects threatens this progress and undermines manufacturing competitiveness.

Global Security and Environmental Risks

In the aftermath of the Russian invasion of Ukraine, Europe sought to reduce its dependence on Russian gas. In the third quarter of 2021, prior to the invasion, 39% of the European Union's gas came from Russia; two years later, that amount was down to 12%.² This is in large part thanks to the importation of U.S. LNG.

Europe is currently the primary destination for U.S. LNG, accounting for 67% of total exports in the first six months of 2023.³ For comparison, 64% of the United States' global

¹ "Data Highlights: Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2020.," U.S. Environmental Protection Agency (2022). Available at: <https://www.epa.gov/system/files/documents/2022-04/us-ghg-inventory-1990-2020-data-highlights.pdf>.

² "The EU Is Much Less Dependent on Russian Gas But Still Isn't Ready To Give It Up," Elitsa Simeonova, RadioFreeEurope (December 31, 2023). Available at: <https://www.rferl.org/a/russia-natural-gas-european-union-dependence-ukraine-war/32754244.html>

³ "Today In Energy," U.S. Energy Information Administration (September 12, 2023). Available at: [The United States exported more LNG than any other country in the first half of 2023 - U.S. Energy Information Administration \(EIA\)](https://www.eia.gov/todayinenergy/article.php?storyid=12345678).

LNG exports in 2022, and 23% of American exports in 2021, went to the European Union.⁴ During this time, the U.S. continued to export to important allies like Japan, India, South Korea and Taiwan, although the war in Europe forced diversions of LNG cargo that was bound for Asia. In order to fulfill commitments to our allies around the globe, the U.S. must reverse this harmful DOE policy.

It is disconcerting that the DOE chose to disregard these considerations, and their decisions could benefit producers of energy sources with significantly higher emissions than LNG. According to the DOE, Russian exports to Europe had 40% more global warming potential than U.S. LNG across 20 years.⁵ Russian gas also had 20% more global warming potential than European coal. Clearly, U.S. LNG exports are better for the environment and help the U.S. and our allies achieve our climate goals. As it has been noted many times within this subcommittee, renewable sources have yet to replace baseload power sources of energy because of their intermittent nature, so clean American natural gas is necessary as a bridge toward building a cleaner future for the United States and our allies.

The pause on LNG exports will also have a long-term chilling effect on investments in infrastructure here in the U.S., which is necessary to meet current and future demand for energy. Additional build-out in infrastructure is necessary to meet energy demand in Europe and in Asia. When Russia invaded Ukraine, instead of having the ability to increase exports to account for restrictions on the importation of Russian gas, the U.S. was forced to divert cargoes scheduled under contracts away from Asian and South American countries.⁶ To meet the total demand of the global market instead of picking one region over another, investment decisions need to be made now to account for the lengthy permitting process for natural gas pipelines and LNG terminals. Obtaining an environmental impact statement for a project takes an average of 4.5 years.⁷ Should the pause continue, billions of dollars in direct investment would be lost. For example, a delay of a single project could prevent \$10 billion of direct investment into the U.S. manufacturing economy and extended supply chain.⁸ This will hurt countless small and medium sized manufacturers and local businesses.

⁴ "EU-US LNG Trade: US Liquefied Natural Gas (LNG) Has the Potential to Help Match EU Gas Needs," European Commission (2022). Available at: [EU-US LNG 2022 2.pdf \(europa.eu\)](https://ec.europa.eu/euro-observatory/observatory-articles/eu-us-lng-trade-us-liquefied-natural-gas-lng-has-the-potential-to-help-match-eu-gas-needs).

⁵ "Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 update," U.S. Department of Energy Office of Scientific and Technical Information (2019). Available at: <https://www.osti.gov/biblio/1607677/>.

⁶ "U.S. Measures to Provide Liquefied Natural Gas for the European Union," Congressional Research Service (March 6, 2023). Available at: <https://crsreports.congress.gov/product/pdf/R/R47468>

⁷ "Environmental Impact Statement Timelines (2010-2018)," Executive Office of the President, Council on Environmental Quality (June 12, 2020). Available at: https://ceq.doe.gov/docs/nepa-practice/CEQ_EIS_Timeline_Report_2020-6-12.pdf.

⁸ "Project Snapshot: CP2 LNG CP Express," Venture Global CP2 LNG, LLC (2021). Available at: <https://venturegloballng.com/wp-content/uploads/2021/03/CP2-FactSheet.pdf>.

Conclusion

The DOE's pause in U.S. LNG exports and LNG infrastructure projects will make it more difficult for manufacturers in the U.S. to thrive and puts our allies at risk. Any decision to pause or ban LNG exports weakens our country, while giving Russia an upper hand as Europe and Asia look to transition their energy needs. The NAM is committed to working with Congress to ensure the United States remains a leader in energy security and promotes policies that will create jobs and grow investment in manufacturing and infrastructure. These goals can be achieved while also keeping our promises to protect our environment and setting the standard for environmental stewardship.

Sincerely,

Christopher Netram

Managing Vice President, Policy