Global Oil Supply Disputes
Increase Volatility of Oil Prices

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As the new decade dawned, two nations found themselves locked in geopolitical tension over energy resources. On midnight New Year's Eve, the existing oil supply contract between Russia and Belarus expired. Russia abruptly cut off oil supplies to Belarus' refineries due to disagreement over export tariffs on Russia's oil. The flow of oil between the two nations resumed just a few days later, even though no agreement had been reached. The ongoing argument over Russian oil has increased volatility in the global oil market. Oil price increases in early January were due in part to this Russo-Belarusian clash.

For America, this supply disruption and ensuing market instability underscores an important point, namely, the continued need for greater access to its domestic oil and natural gas reserves. International disputes like this one between Russia and Belarus reinforce the reality that America cannot continue its current trend of relying more and more on foreign supplies of energy. This is especially true as the global economy begins to regain its momentum, driving up demand of oil and natural gas and thus pushing prices higher.

As America begins to slowly recover from the recent recession, expanding access to U.S. oil and natural gas reserves will generate real, tangible benefits for American government, consumers, and businesses alike. Rather than expending more tax-payer dollars on stimulus programs, Congress would be wise to look to America's oil and natural gas industry for the jobs and revenue necessary to help drive America's economic recovery.

A 2009 poll found that 61% of Americans who voted in the 2008 presidential election support access to American oil and natural gas resources. If Congress listens to a majority of its constituents calling for more access to American oil and natural gas resources, these benefits will begin to have an immediate and positive impact on our economy. A recent study found that policies encouraging development of the vast American oil and natural gas resources could generate $1.7 trillion in government revenue. New revenue of this magnitude would be most welcome by many states that are thirsting for fresh cash flows.

Another benefit of increased oil and natural gas production is substantial opportunities for the creation of viable and well-paying jobs. The American oil and natural gas industry currently employs 9.2 million workers in good jobs that offer good wages and benefits. If Congress were to implement sound energy policies that opened access to American oil and natural gas reserves, a study commissioned by the American Energy Alliance suggests roughly $8 trillion of economic activity could be generated. American workers would see an increase in wages of more than $1.4 trillion. This translates into substantially higher buying power for consumers, thus further stimulating the economy through purchases of new goods and services. And this buying power ultimately allows shops, restaurants, and other commercial enterprises to grow their businesses.

With such a winning scenario, it is hard to believe Congress has not moved forward with policies that encourage the expansion of American oil and natural gas production. If Congress does not take charge of providing more opportunities for American oil and natural gas companies to explore and develop oil and natural gas reserves, we can be sure to feel the pain of supply disruptions more than ever in the future.

As Russia and Belarus continue to work to achieve common ground for their oil trade, the U.S. must be taking every step possible to strengthen its energy security and fuel its economic recovery. Congressional action to increase opportunities for American oil and natural gas exploration and development would be one big step toward meeting both those challenges.