Supply disruptions tied to the Strait of Hormuz have renewed questions about U.S. energy security and why events halfway around the world still affect energy markets here at home. While we are the world's largest crude oil producer and make more than enough gasoline, diesel and jet fuel to meet domestic demand, we still import and export both crude oil and refined products.

So, if the United States produces so much energy, why do we need imports, and why don't we simply keep what we produce at home?

The United States imports crude oil for two reasons. First, U.S. refineries process more crude oil than we produce domestically. Second, different refineries need different types of crude oil. We import the crude that works best, and most economically, in our refineries and export crude that is a better fit and/or in high demand elsewhere.

Refined products work much the same way. In some parts of the country, especially the East and West Coasts, it can be less expensive to import fuel than to ship it from U.S. refining centers like the Gulf Coast. And, since U.S. refineries also produce more fuel than Americans use, exporting that surplus helps refineries operate efficiently, strengthens global fuel supplies and helps keep fuel costs lower for consumers.

Now, let's take a closer look:

Crude oil

Imports

Most of the crude oil that U.S. refineries process is produced domestically. Yet, we still import crude oil for three main reasons:

1. **Volume:** U.S. refineries need more crude oil than the U.S. produces. Record crude oil production in the United States is just under 14 million barrels per day. Refineries need more than 16 million barrels of crude oil every day.

2. **Crude Quality:** There are more than 150 different qualities of crude oil produced in the world today. It can be light or heavy, low in sulfur or high in sulfur, can produce a lot of diesel and jet fuel or make mostly gasoline. To run most efficiently and maximize production of the fuels Americans need most, different refineries need different qualities of crude oil. Most of the crude oil produced in the United States today is lighter than the ideal range for many facilities, so heavier crude oil imports help create the right mix. U.S. refineries are "complex" and optimized for heavier crude slates.

3. **Logistics and Infrastructure:** Even when domestic crude oil is a good fit, it isn't always the most economical option for every refinery. For those facilities, importing crude oil is the lower-

cost option.

Crude oil imports help meet refinery needs when domestic crude isn't available, isn’t the right fit and/or isn't the most economical option.

Exports

As stated previously, many U.S. refineries run best on heavier crude oil, while much of the crude produced in the United States is lighter. Many refineries in Europe, Asia and around the world are designed to run on lighter crude, making U.S. crude oil a valuable export.

Bottom line: The United States can import crude oil that best fits our refining system, most economically, and export what is in strong demand, and highly valued, overseas.

Refined products

Imports

The United States imports refined products like gasoline, diesel and jet fuel because not every region has enough refining capacity to meet local demand, and not every region can be supplied economically by U.S. refining centers like the U.S. Gulf Coast.

Pipelines connect the Gulf Coast to some parts of the country, but they don’t reach everywhere. For some markets, particularly on the East and West Coasts, fuel must be transported by water. Domestic marine shipping can be prohibitively expensive, particularly under the constraints of the Jones Act.

Put simply, imported fuel is often the most affordable source of refined product supply for some parts of the country.

Exports

Because the U.S. refining system is one of the most sophisticated and cost-competitive globally, the United States is a leading supplier of refined products here at home and around the world.

Diesel is our primary finished petroleum product export. While gasoline is the primary transportation fuel in the United States, much of the world relies heavily on diesel.

U.S. refineries cannot make gasoline efficiently without also producing diesel, so we end up with more diesel than we need. (More details on product yields here). Exporting that surplus diesel allows the United States to sell a product that is in greater demand overseas, maximizing the value of our world-

class refining system and strengthening our position in global energy markets.

Without export markets, refiners would eventually have to reduce overall production, limiting the value of our refining system and reducing supplies of other fuels as well.

The ability to import and export crude oil and refined products keeps the United States energy secure, ensuring Americans have the most reliable, affordable access to the fuels they depend on every day — even in times of global uncertainty.

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