



A LESSON FROM CANADA: INCREASED DOMESTIC OIL PRODUCTION DOES NOT PREVENT GASOLINE PRICE SPIKES

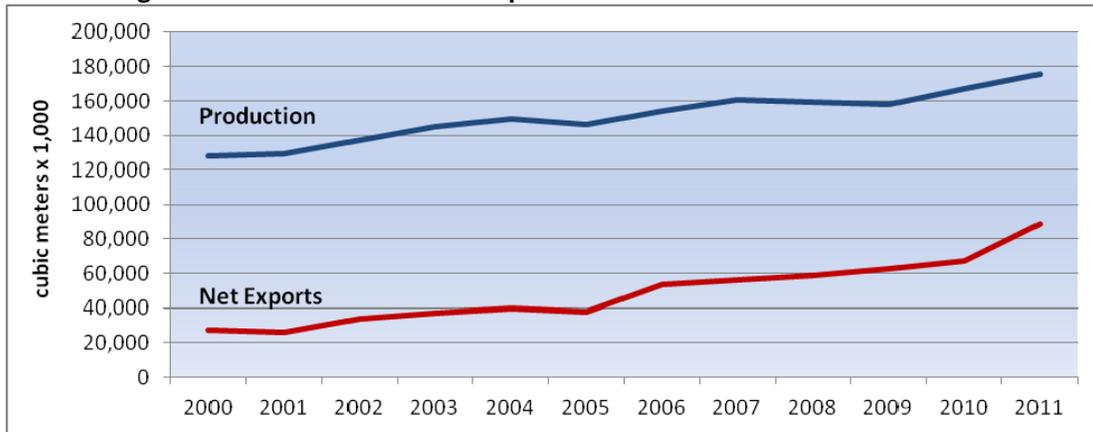
Committee on Energy and Commerce, Democratic Staff

Republicans have called for more domestic drilling in the United States as the best way to lower gasoline prices. But Canada's experience shows that domestic oil production does not affect gasoline prices at the pump because oil prices are set in a global market.

Canada has significantly increased its production of crude oil since 2000 ...

Between 2000 and 2011, Canada increased its production of crude oil by 37%. At the same time, Canada significantly increased its exports of crude oil, primarily to the United States. As a result, Canada's net exports of crude oil more than tripled between 2000 and 2011.¹

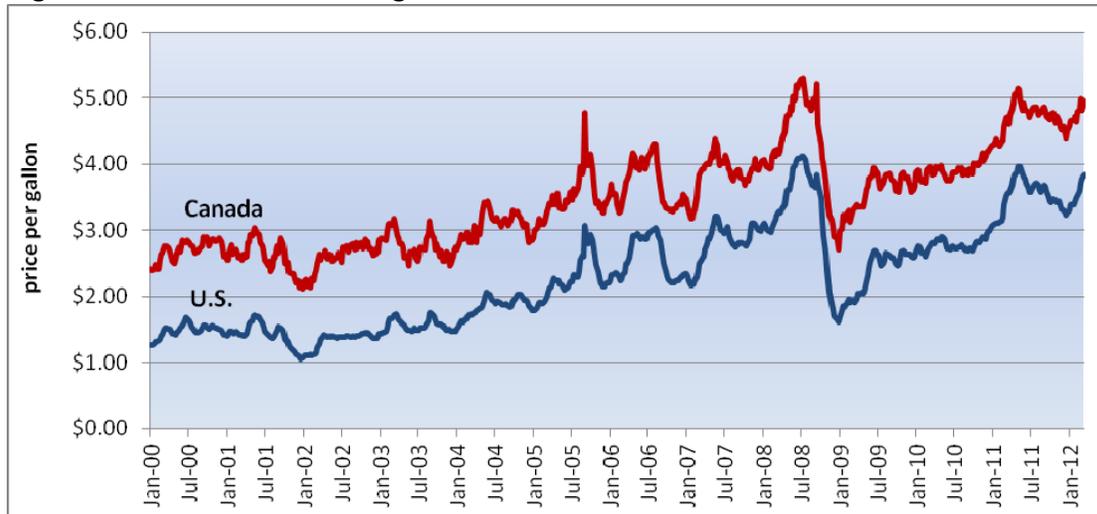
Figure A. Production and Net Exports of Crude Oil in Canada: 2000-2011



Source: Statistics Canada

... But Canada's consumers have faced the same price spikes at the pump as American consumers.

Figure B. Price Per Gallon of Regular Gasoline in Canada and the United States: 2000-2011



Source: Natural Resources Canada and EIA²

¹ Net exports are total exports of crude oil minus imports of crude oil. Statistics Canada, *Table 126-0001: Supply and disposition of crude oil and equivalent* (online at www5.statcan.gc.ca/cansim/a05?lang=eng&id=1260002&pattern=1260002&searchTypeByValue=1&p2=35) (accessed Mar. 19, 2012).

² EIA, *Gasoline and Diesel Fuel Update* (Mar. 12, 2012); Natural Resources Canada, *Energy Sources: Average Retail Prices for Regular Gasoline* (online at www2.nrcan.gc.ca/eneene/sources/pripri/prices_bycity_e.cfm). We converted the standard Canadian measurement of cents per liter into dollars per gallon for purposes of this analysis.