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Opening Statement of
Chairman Doug Lamborn
Subcommittee on Energy and Mineral Resources

On Tuesday, May 20, 2014
1334 Longworth House Office Building Full Committee Oversight Hearing on
"American Energy Jobs: Opportunities for American Manufacturing"

I'd like to thank our witnesses for being with us today. Today we are meeting to discuss "American Energy Jobs: Opportunities for American Manufacturing." This is another in an ongoing effort by the Natural Resources Committee to focus on the success America has been having as a result of booming growth in job opportunities from domestic energy production.

The past several decades have seen the exodus of American manufacturing and jobs overseas to countries with lower production costs. In 2008, reports were that as many as 1 million American jobs had been lost to high energy prices. As companies left our shores, tens and hundreds of thousands of U.S. jobs and opportunity for American's went with them – largely to China and the Middle East. However, in recent years we are seeing a reverse of this trend. A 2013 survey by Boston Consulting Group showed that more than half of U.S. based manufacturing executives at companies with sales greater than \$1 billion are planning to bring back production to the U.S. or are actively considering it.

Several factors contribute to this trend – escalating wages in foreign countries, lack of protection for intellectual property, quality control issues, air pollution, land prices and rising transportation costs. However, a key factor contributing to this influx of American manufacturing back to the States is the abundance of affordable natural gas and energy in the U.S. The boom in natural gas production made possible by expanding domestic energy production has led to a 25% decrease in natural gas prices in the U.S. while natural gas prices in China have increased 138%.

Natural gas is a feedstock for the manufacturing of petrochemicals which are then used as a foundation for the production of plastics, medicine and medical devices, appliance, computer parts, materials for the armed forces, and communication and transportation equipment. Additionally, the surge in natural gas production has led to an increase in

domestic manufacturing of materials and supplies to support energy production. This includes steel, drill bits, vehicles, pipes, welding equipment, and an array of other tools, clothing, and equipment used for energy production.

The past decade has seen a loss of approximately 6 million U.S. factory jobs, but U.S. factories have consistently been adding jobs every year for the past four years. A recent IHS report estimates the full economic contribution from the unconventional oil and natural gas value chain and energy related chemical manufacturing has added 2.1 million jobs in 2012 and this could increase to almost 3.3 million jobs by the end of the decade.

It is important to note the contribution domestic manufacturing makes to the U.S. economic is not isolated to only energy producing states – rather, the contribution and economic growth is seen nationwide. Nor is this growth limited to small companies –but major global companies are making moves back to the United States. BASF, one of the world’s largest chemical companies, is considering building a \$1.4 billion facility on the Gulf Coast. Siemens is planning to expand operations in the U.S. and Siemens Chief Executive Joe Kaeser recently called the U.S. “the place to be” in global energy. Egyptian fertilizer manufacturer Orascom is building a billion dollar facility in Iowa and Austrian steelmaker Voestalpine AG is currently constructing a multi-million dollar facility in Texas to take advantage of inexpensive shale gas. And these are not isolated incidents – there are dozens of examples of domestic manufacturers growing their business and overseas manufacturers investing in U.S. facilities –all made possible by the shale gas revolution.

Job creation is not the only benefit the U.S. is seeing from this new influx of manufacturing. It is estimated that annual gross domestic product could nearly double from \$284 billion in 2012 to \$533 billion in 2025. American families are also experiencing benefits from this increase in domestic manufacturing – in 2012 household disposable income increased by more than \$1,200 and IHS estimates American families could see disposable income increase by more than \$3,500 per year in 2025.

With the increasing attractiveness of the U.S. manufacturing environment, the United States is truly on its way to becoming a center of global manufacturing. However, we cannot take this economic growth for granted as these benefits are not guaranteed. It cannot be ignored that this growth is largely attributed to energy production on state and private land.

The Obama Administration continues to advance policies that block, overregulate, or simply prohibit increased U.S. energy production inhibits the accompanying downstream economic benefits from energy production. Due to the Administration’s actions of blocking off land to energy production, delaying permit approvals, retroactively canceling leases and an unreliable regulatory environment, energy companies are actively fleeing and avoiding public land in favor of private and state land for energy development. Similarly, if these policies continue, we will see manufacturers again flee our shores in search of more friendly and reliable manufacturing environments – taking American jobs with them.

I'd like to again thank our witnesses for being with us today and I look forward to hearing your testimony.