



## Biden warns Big Oil over gas output

### Description

USA: President Biden will warn CEOs of the nation's largest oil companies on Wednesday that he's considering invoking emergency powers to boost U.S. refinery output, according to a letter obtained by Axios.

**Why it matters:** Biden's direct engagement with the oil giants is part of an ongoing White House effort to tame fuel prices despite limited options — and cast oil companies as responsible for consumers' higher bills.

- The letter, which calls on the companies to boost output, signals how gasoline and diesel prices have become both an economic and political shock reaching the highest levels of the administration.

**What he's saying:** Biden tells seven big refiners and fuel companies that he's "prepared to use all reasonable and appropriate Federal Government tools and emergency authorities to increase refinery capacity and output in the near term."

- "I understand that many factors contributed to the business decisions to reduce refinery capacity, which occurred before I took office," he writes. "But at a time of war, refinery profit margins well above normal being passed directly onto American families are not acceptable."

**Adding an olive branch,** the letter — sent to the heads of ExxonMobil, Chevron, BP America, Shell USA, Phillips 66, Marathon and Valero — calls for them to offer "concrete, near-term solutions."

- Biden says he wants ideas to address inventory, price and refinery capacity issues in the coming months, as well as transportation measures to bring fuel to market.
- "The crunch that families are facing deserves immediate action," Biden writes.

**Between the lines:** In seeking help from the oil industry, Biden is walking a political tightrope, eager to lower the cost at the pump without alienating his base, which backs policies to combat climate change.

**Zoom out:** Average U.S. gasoline prices have risen above \$5 per gallon — fueling wider inflation,

hitting consumers and creating political peril for Democrats ahead of the midterm elections.

- “With prices for your product where they are today, you have ample market incentive to take these actions, and I recognize that some of you have already begun to do so,” he writes in calling for increased supplies of gasoline, diesel and other refined products.

**What’s next:** Biden said Energy Secretary Jennifer Granholm will convene an “emergency meeting on this topic.”

**The big picture:** Very high oil prices thanks in part to Russia’s unprovoked war on Ukraine, global fuel demand bouncing back from COVID-19 and constrained refinery capacity are pushing gas prices up.

- Biden’s letter focuses on the drop in U.S. refinery capacity in recent years. It has dropped by about 1 million barrels per day compared to pre-COVID levels, according to the industry and federal [data](#).

**The other side:** Before seeing the letter, industry officials said they hope to work with the Biden administration and that discussions are already occurring.

- “We’re encouraged by the administration reaching out and asking refiners what they can do to help resolve the situation from a policy standpoint,” Frank Macchiarola, a senior vice president at the American Petroleum Institute, told reporters on a call Tuesday.

**Oil and gas producers** have criticized the administration for not issuing new drilling leases on public lands, canceling the Keystone Pipeline and emphasizing its net zero carbon emissions climate agenda.

[exxon-mobil\\_letter](#)

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1. Economy-Business-Fin/Invest
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