

OVERVIEW OF TEXAS EXPORTS DURING CALENDAR YEAR 2017

Goods and services produced in Texas and sold in foreign countries represented 15.6 percent of the total Texas economy in calendar year 2017. Texas has ranked as the largest exporting state in the country in total dollar value of exports every year since 2002. Texas ranks second, behind only Louisiana, in having the largest percentage of a state economy based on exports. This relatively large exposure to international markets presents the Texas economy with larger fluctuations from any overall increase or decrease in the demand for and relative competitiveness of U.S. exports.

FACTS AND FINDINGS

- ◆ Exports of goods and services from Texas totaled \$264.1 billion in calendar year 2017, a 14.3 percent increase from the previous year. This growth rate represented the highest value in Texas since calendar year 2011. However, total exports remain at less than the 2014 peak level of \$285.6 billion.
- ◆ During calendar year 2017, Texas exporters were aided by two exogenous factors: the depreciating value of the U.S. dollar, and improving economic growth of several of the state's largest trading partners.

- ◆ Recent events such as the repeal of an export ban will have important effects on the exports of natural gas and crude oil from Texas.

DISCUSSION

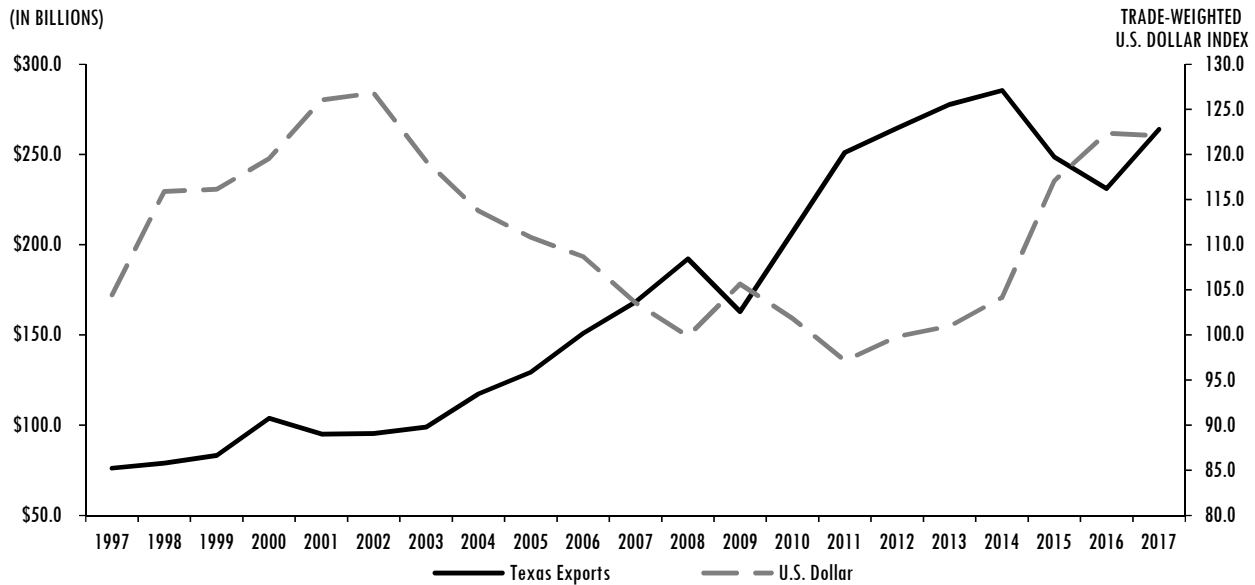
After two consecutive years of decreasing export growth, the total value of Texas goods and services sold internationally increased during calendar year 2017. The total dollar value of all goods and services produced in Texas and sold in foreign countries was \$264.1 billion during calendar year 2017, a 14.3 percent increase from the \$231.1 billion sold during calendar year 2016. In addition, Texas outperformed the U.S. as a whole for the year, with the total value of all U.S. exports increasing by 6.6 percent during 2017 to \$1,546.7 billion. Among the 50 states, Texas' 2017 performance ranked as the seventh highest in percentage change from the previous year. Depreciation of the U.S. dollar in 2017, shown in **Figure 1**, helped the competitiveness of Texas products in international markets. The value of the U.S. dollar, as measured by the Federal Reserve Bank of St. Louis' Trade Weighted U.S. Dollar Index, decreased by 7.0 percent during calendar year 2017, the largest annual decrease since 2007.

FIGURE 1
TRADE-WEIGHTED U.S. DOLLAR INDEX, CALENDAR YEAR 2017



NOTE: The index represents a weighted average of the foreign exchange value of the U.S. dollar against the currencies of 26 major U.S. trading partners. A value of 100 represents the value of the index in January 1997.
SOURCE: Federal Reserve Economic Data.

FIGURE 2
TEXAS EXPORTS, CALENDAR YEARS 1997 TO 2017



SOURCE: World Institute for Strategic Economic Research WISERTrade Federal Reserve Economic Data.

The weakening of U.S. currency makes Texas goods and services cheaper for foreign buyers and, thus, increases their demand for Texas products. As shown in **Figure 2**, the value of the U.S. dollar and the value of Texas exports typically have an inverse relationship. Aside from currency markets, a pickup in overall world economic growth also contributed to the relative strength of both U.S. and Texas exports in 2017. According to the International Monetary Fund, total world economic output, as measured by Real Gross Domestic Product (GDP), increased by 3.7 percent in 2017, an increase from the 3.2 percent growth recorded in 2016. It is worth noting that Texas’ two largest trading partners, Mexico and Canada, who combine to purchase almost half of all Texas exports, both experienced GDP growth rates of less than the worldwide average, at 2.0 percent and 3.0 percent, respectively, during 2017. However, GDP for China, Texas’ third-largest trading partner, grew by 6.9 percent, fueling a 50.9 percent increase in its purchase of Texas goods and services in 2017.

EXPORTS BY INDUSTRY

Among the North American Industry Classification System (NAICS) categories, Computer and Electronic Products remained the leading export industry in Texas for the third consecutive year, with a value of \$47.0 billion in 2017, or 17.8 percent of the Texas total. However, despite remaining the largest export industry, Computer and Electronic

Products decreased slightly, by 0.4 percent, from the previous calendar year. The next largest industries were Petroleum and Coal Products and Chemicals, exporting a total of \$44.4 billion and \$40.0 billion, respectively, during calendar year 2017. Collectively, these top three industries accounted for half of all Texas imports during the year. Of the 29 major NAICS industry groups with export data, 19 increased during 2017, and 10 decreased relative to their 2016 levels.

In growth rates, the top three performing industries in 2017 were Oil and Gas, Petroleum and Coal Products, and Agriculture Products, which grew 132.1 percent, 25.3 percent, and 24.7 percent, respectively. Conversely, the fastest contracting industries during the year were Fish and Other Marine Products, Furniture and Fixtures, and Printing, Publishing, and Similar Products, whose values decreased by 40.7 percent, 13.1 percent, and 12.6 percent, respectively. **Figure 3** shows export data for the largest exporting industries in Texas during 2017.

EXPORTS BY STATE

Texas continues to be the largest exporter among U.S. states, a position it has had since 2002. State exports were 17.1 percent of the U.S. total during calendar year 2017, an increase from 15.9 percent during calendar year 2016. Despite brief decreases during 2015 and 2016, largely caused by hydrocarbon-related sectors, the Texas share of U.S. total exports has been increasing

FIGURE 3
TEXAS EXPORTS BY INDUSTRY, CALENDAR YEARS 2016 AND 2017

INDUSTRY	VALUE (IN BILLIONS)		PERCENTAGE CHANGE		PERCENTAGE OF TEXAS TOTAL	
	2016	2017	2016 FROM 2015	2017 FROM 2016	2016	2017
Computer and Electronic Products	\$47.1	\$47.0	4.1%	(0.4%)	20.4%	17.8%
Petroleum and Coal Products	\$35.4	\$44.4	(17.8%)	25.3%	15.3%	16.8%
Chemicals	\$36.6	\$40.0	(7.9%)	9.3%	15.9%	15.2%
Oil and Gas	\$13.8	\$32.0	2.2%	132.1%	6.0%	12.1%
Transportation Equipment	\$23.5	\$22.4	5.8%	(4.7%)	10.2%	8.5%
Machinery, Except Electrical	\$20.1	\$21.0	(18.9%)	4.8%	8.7%	8.0%
Electrical Equipment, Appliances, and Components	\$11.7	\$11.9	(9.4%)	2.2%	5.1%	4.5%
Fabricated Metal Products	\$7.7	\$7.6	(21.7%)	(1.5%)	3.3%	2.9%
Agricultural Products	\$4.6	\$5.7	10.9%	24.7%	2.0%	2.2%
Primary Metal Manufacturing	\$4.6	\$5.3	(25.8%)	13.7%	2.0%	2.0%
All Other Industries	\$25.9	\$26.8	(3.5%)	3.1%	11.2%	10.1%

SOURCE: World Institute for Strategic Economic Research WISERTrade.

steadily during the last two decades. Texas' largest state competitors, in order, are California, Washington, New York, Illinois, and Michigan, which exported \$171.9 billion, \$77.0 billion, \$75.3 billion, \$64.9 billion, and \$59.8 billion, respectively, of goods and services during 2017. Nine states' exports decreased during 2017, and 41 states had varying levels of increases. The top three fastest-growing states for exports during 2017 were West Virginia, Nevada, and New Hampshire; the slowest-growing states for exports were Idaho, Maine, and Vermont. At 14.3 percent, the 2017 export growth

rate in Texas was more than double the 6.6 percent rate of growth in the U.S. as a whole. Texas ranked seventh among the 50 states in export growth rate for 2017. **Figure 4** shows export data for the 10 states that are the largest exporters in the U.S. for 2017.

EXPORTS BY COUNTRY

The two largest buyers of Texas goods, Mexico and Canada, purchase a significant portion of the total amount of the state's exported goods. In 2017, Texas exporters sold \$97.2

FIGURE 4
TOP TEN STATES WITH LARGEST EXPORTING VALUES, CALENDAR YEARS 2016 AND 2017

STATE	VALUE (IN BILLIONS)		PERCENTAGE CHANGE		PERCENTAGE OF U.S. TOTAL	
	2016	2017	2016 FROM 2015	2017 FROM 2016	2016	2017
Texas	\$231.1	\$264.1	(7.0%)	14.3%	15.9%	17.1%
California	\$163.5	\$171.9	(1.1%)	5.2%	11.3%	11.1%
Washington	\$79.6	\$77.0	(7.9%)	(3.2%)	5.5%	5.0%
New York	\$76.7	\$75.3	(7.7%)	(1.9%)	5.3%	4.9%
Illinois	\$59.8	\$64.9	(5.8%)	8.6%	4.1%	4.2%
Michigan	\$54.7	\$59.8	1.4%	9.3%	3.8%	3.9%
Louisiana	\$48.4	\$56.5	(0.6%)	16.7%	3.3%	3.7%
Florida	\$52.0	\$55.0	(3.4%)	5.7%	3.6%	3.6%
Ohio	\$49.3	\$50.1	(3.6%)	1.6%	3.4%	3.2%
Pennsylvania	\$36.5	\$38.6	(7.5%)	5.9%	2.5%	2.5%
U.S. Total	\$1,451.0	\$1,546.7	(3.5%)	6.6%	N/A	N/A

SOURCE: World Institute for Strategic Economic Research WISERTrade.

**FIGURE 5
TOP 10 LARGEST TEXAS EXPORT MARKETS, CALENDAR YEARS 2016 AND 2017**

COUNTRY	VALUE (IN BILLIONS)		PERCENTAGE CHANGE		PERCENTAGE OF TEXAS TOTAL	
	2016	2017	2016 FROM 2015	2017 FROM 2016	2016	2017
Mexico	\$91.7	\$97.3	(1.3%)	6.0%	39.7%	36.8%
Canada	\$20.0	\$22.8	(21.8%)	14.1%	8.6%	8.6%
China	\$10.8	\$16.3	(6.2%)	50.9%	4.7%	6.2%
Brazil	\$7.1	\$9.9	(2.2%)	40.5%	3.1%	3.8%
South Korea	\$6.9	\$9.8	(14.8%)	42.0%	3.0%	3.7%
Japan	\$6.2	\$8.9	22.1%	43.4%	2.7%	3.4%
Netherlands	\$6.4	\$7.2	(5.3%)	13.1%	2.8%	2.7%
Singapore	\$4.7	\$5.8	(4.0%)	23.3%	2.0%	2.2%
United Kingdom	\$4.0	\$5.8	(6.7%)	44.6%	1.7%	2.2%
Taiwan	\$4.3	\$4.7	31.4%	8.9%	1.9%	1.8%
Texas Total	\$231.1	\$264.1	(7.0%)	14.3%	N/A	N/A

SOURCE: World Institute for Strategic Economic Research WISERTrade.

billion (an increase of 6.0 percent from 2016) and \$22.8 billion (an increase of 14.1 percent from 2016) of goods and services in Mexico and Canada, respectively. These amounts constituted 45.5 percent of the total value of all exports during the year. Other top markets for Texas exporters included China, South Korea, and Brazil, which purchased \$16.3 billion, \$9.9 billion, and \$9.8 billion, respectively, of the state’s exports in 2017. In percentage increases, the fastest-growing export markets among major trading partners (defined as purchasing more than \$100.0 million in Texas exports during the year) in 2017 were the Cayman Islands, Togo, and the Bahamas, all of which more than doubled their purchases of Texas exports in 2017. Among the same group of major trading partners, the three worst performing countries were Qatar, Angola, and Gibraltar, which decreased 69.9 percent, 52.9 percent, and 51.0 percent, respectively, from 2016 to 2017. **Figure 5** shows export data for the 10 largest Texas export markets worldwide.

LIQUEFIED NATURAL GAS EXPORTS

Texas natural gas production averaged 21.7 billion cubic feet per day (Bcf/d) during calendar year 2017, which was 23.9 percent of total U.S. production. Total U.S. production represents a 37.2 percent increase since calendar year 2000. This increase is due in large part to drilling technological advances that have made large quantities of natural gas that are locked in shale and other rock formations commercially viable to produce. Such production previously was thought to be uneconomical. The large production increases have

been concentrated in the following states and formations: Pennsylvania – Marcellus; Ohio – Utica; Texas – Barnett, Eagle Ford, and Permian; and Louisiana – Haynesville. During the same period, growth of total U.S. commercial and residential consumption has increased 16.1 percent, leading to an excess of supply over demand. Most of that growth was due to natural gas displacing coal in power generation. The resulting excess of natural gas supplies has led to several large companies making or planning capital expenditures intended to increase exports of U.S. natural gas.

In 2017, the U.S. exported 8.7 Bcf/d of natural gas, or 9.5 percent of total production, which represented a record high total. Of this amount, 6.7 Bcf/d was exported via pipeline to Mexico and Canada and 1.9 Bcf/d was exported via vessel to 25 different countries. Of the total LNG exports in 2017, 46.0 percent were to Asia, 29.0 percent were to Latin America and South America, 14.0 percent were to Europe, and 10.0 percent were to the Middle East. To make natural gas exportable by vessel, it must be liquefied by lowering the temperature of the gas to approximately -260 degrees Fahrenheit, which occurs in a liquefaction facility called a train. Liquefaction of the gas decreases the volume by 99.8 percent, making it suitable for transport by ship, rail, or truck. The gas must then be shipped to a location with a regasification (regas) terminal at the importing destination. Before the production boom during the last 10 years, the U.S. was predicted to consume more natural gas than was produced domestically. Subsequently, several regas facilities

were constructed along the Atlantic and Gulf coasts. However, since the supply and demand balance has reversed, several of these facilities are adding liquefaction capabilities known as liquefaction trains to export the gas by ship to global markets. At the end of 2017 two facilities exported liquefied natural gas (LNG) from the U.S., and four facilities are expected to commence exporting in the next one to two years, including the following facilities:

- **Cheniere Energy** – Sabine Pass LNG: Located in southwest Louisiana, across the Texas border from Port Arthur on the Sabine River. Sabine Pass shipped its first LNG cargo in February 2016. Four trains are fully commissioned (operational), and a fifth train is being constructed. When complete, Sabine Pass LNG will process and export more than 3.5 Bcf/d;
- **Dominion Cove Point LNG** – The second operating LNG liquefaction terminal is Dominion Energy’s Cove Point LNG, located on the western shore of the Chesapeake Bay, approximately 70 miles south of Baltimore, Maryland. The liquefaction facilities began exporting LNG in March 2018. Dominion Cove Point has a total export capacity of 0.8 Bcf/d;
- **Cheniere Energy** – Corpus Christi LNG: Located on the La Quinta Channel on the northeast side of Corpus Christi Bay, this is the first facility to operate in Texas. Of the six, this is the only facility that is a new, or greenfield project, and not an expansion of an existing regas facility. Construction on the first two trains began in May 2015, and began operation in November 2018. Cheniere’s total export capacity of the facility will be 1.3 Bcf/d;
- **Freeport LNG** – Located on Quintana Island, southeast of Freeport. Construction of the liquefaction facilities began in November 2014, and the first train is expected to be operational in late 2019. Two additional trains are expected to be completed in 2020. Freeport LNG will have a total export capacity of 2.1 Bcf/d;
- **Cameron LNG** – Located on the western shore of the Calcasieu Ship Channel, approximately 20.0 miles south of Lake Charles, Louisiana. Construction of the liquefaction facilities began in October 2014, and the first train is expected to be operational in early 2019. Cameron LNG will have three trains with total export capacity of 2.0 Bcf/d; and

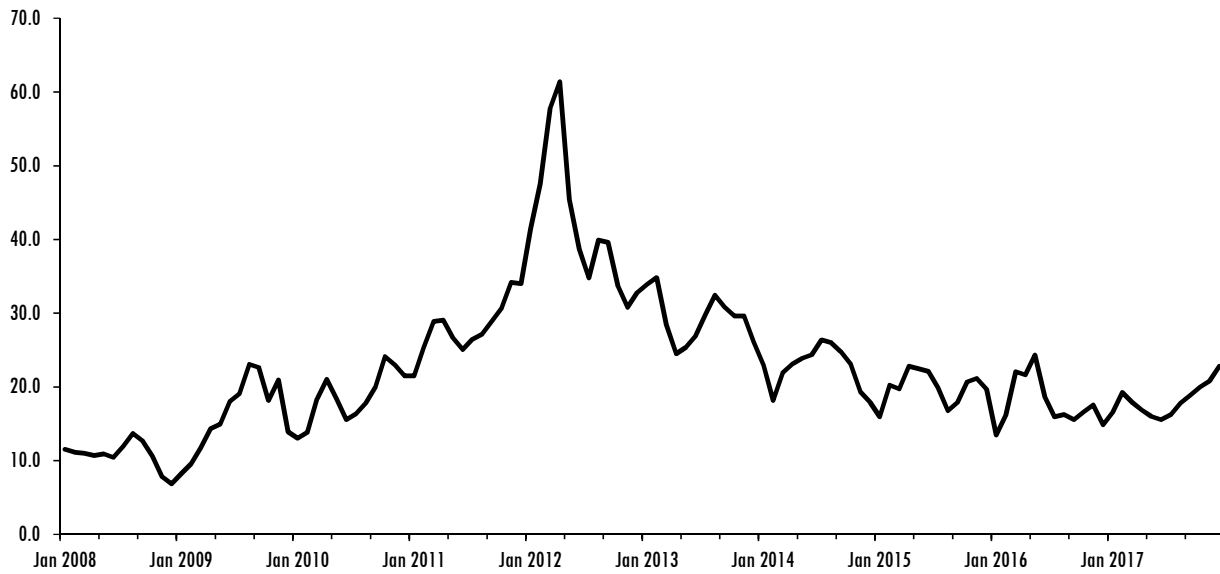
- **Elba Liquefaction Project** – Located on Elba Island, just east of Savannah, Georgia. Construction of 10 mini trains began in 2016 and is expected to be completed in 2019. Elba will have a total export capacity of 0.4 Bcf/d.

These facilities are the only six U.S. projects that have begun LNG export-related construction or operation. Several other liquefaction projects are seeking regulatory approval or final investment decisions, so export capacity could increase further. When operational in 2021, the combined export capacity of these six facilities will be 10.0 Bcf/d. For a sense of scale, that amount is nearly half of the total natural gas produced in Texas.

Global trade of LNG reached 37.8 Bcf/d in 2017. This amount represented an increase of 3.7 Bcf/d, or 11.0 percent, from 2016 levels. Asian countries are the largest consumers of LNG, with Japan, China, and South Korea representing the top 3 importers of LNG in 2017. The opening of the expanded Panama Canal in June 2016 has decreased LNG shipping costs from the U.S. Gulf Coast to Asian markets. These decreased costs make Texas-sourced gas more cost-competitive with its top LNG-producing rivals: Qatar, Australia, Malaysia, Nigeria, and Indonesia. The canal decreases the distance the LNG needs to travel, and the number of ships available to ship LNG will be expanded. Before the canal’s expansion, less than 10.0 percent of the global LNG fleet could travel through it; however, more than 90.0 percent will be able to pass through the completed expansion. Although the U.S. ranks as the sixth largest exporter of LNG, it is projected to become the second-largest exporter when all of the liquefaction projects are completed, exceeded by only Qatar.

Asian markets represent the bulk of potential export destinations. However, Europe and South America are expanding their uses of natural gas. European countries import more than half of the natural gas they consume, and approximately two-thirds of those imports arrive by pipeline from Russia. Recent actions by Russia have prompted other European countries to diversify their imported gas suppliers. European countries imported 6.2 Bcf/d of LNG in 2017, and demand is expected to increase, particularly because the continent already has a large amount of regasification infrastructure built, much of which is unused. Several South American countries also are expected to increase their consumption of LNG, most notably Brazil and Argentina.

FIGURE 6
GLOBAL CRUDE TO DOMESTIC GAS PRICE RATIO, JANUARY 2008 TO DECEMBER 2017



SOURCE: Federal Reserve Economic Data.

Besides the expected new U.S. LNG supply coming online, several other large liquefaction facilities, primarily in Australia and Russia, have combined to result in a global supply excess. At the end of 2017, total worldwide LNG nameplate liquefaction capacity (i.e., the maximum amount of LNG production) exceeded global demand by 10.4 Bcf/d. When construction projects are completed by 2023, this surplus is expected to increase by 29.8 percent, to 13.5 Bcf/d. This excess has the potential to hinder Texas LNG export prospects by decreasing LNG prices.

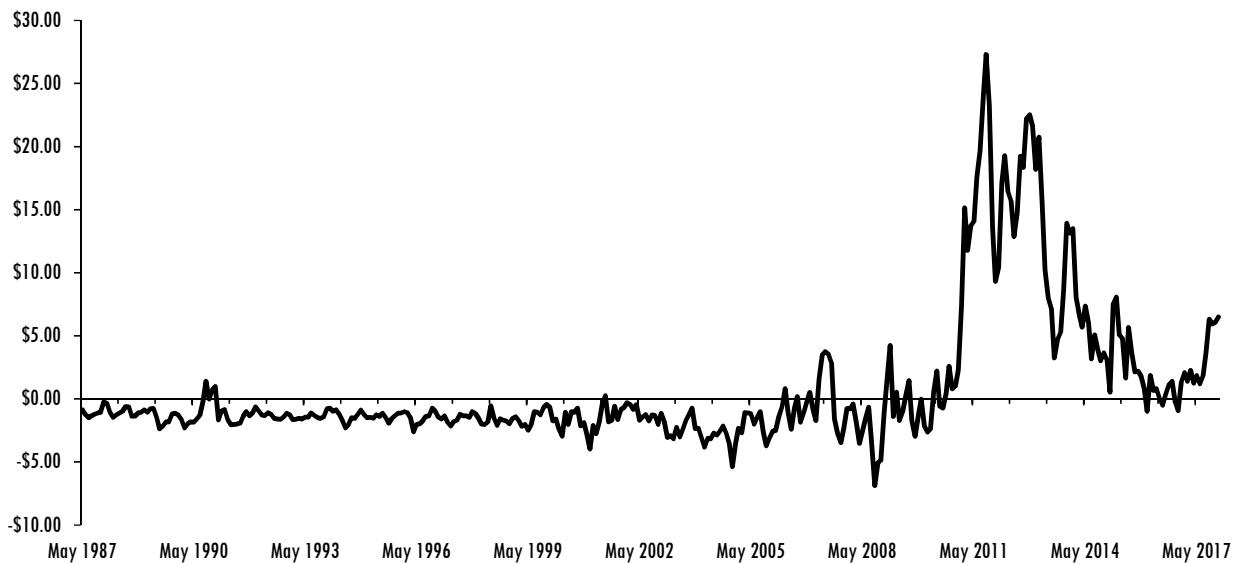
In addition to the LNG supply excess, the collapse of crude oil prices that began in late 2014 also represents a setback for potential Texas LNG exports. It is helpful to understand that, internationally, the price of LNG typically is linked to the energy-equivalent price of crude oil. However, domestic producers receive a price that usually is tied to the price at Henry Hub in Louisiana and is independent of crude oil prices. **Figure 6** shows the ratio of international crude oil prices to U.S. natural gas prices during the last 10 years. The higher this ratio is, the more attractive it becomes for Texas producers to export their natural gas as LNG instead of selling the gas domestically. The large spike in 2011 and 2012 helped spur the development of the six projects mentioned previously. These types of projects typically enter into long-term purchase agreements that essentially lock in prices during a period of many years. Therefore, the U.S.

liquefaction facilities in development should not be affected adversely by the subsequent decrease of the crude-to-gas ratio caused by recent crude oil price decreases. However, several liquefaction expansions previously announced by other companies could be delayed or cancelled because of these recent price movements and the excess LNG supply.

CRUDE OIL EXPORTS

Exports of unprocessed crude oil from the U.S. typically have been statutorily banned for the last four decades. The original ban was made in response to the 1973 Organization of the Petroleum Exporting Countries (OPEC) oil embargo to the U.S. and the corresponding shortage of oil in the U.S. Despite the ensuing normalization of crude oil trade after the embargo ended, the ban has remained; however, market conditions made the ban largely irrelevant until recently. U.S. consumption of crude oil has remained greater than domestic production since the 1980s, making the country a large net importer of oil. In certain circumstances, producers have been granted an exception to the regulations and exported crude oil, almost all of which has gone to Canada. These instances have been rare; exports have averaged only 1.5 percent of domestic production since the ban took effect. The economic justification is that, as long as domestic demand exceeds supply, U.S. producers have no incentive to export crude oil unless the price in international markets exceeds the cost of transport.

FIGURE 7
BRENT–WEST TEXAS INTERMEDIATE CRUDE OIL PRICE SPREAD, MAY 1987 TO DECEMBER 2017



SOURCE: Federal Reserve Economic Data.

This price differential typically has been represented by the spread between the Brent crude price, which is approximately what producers could receive internationally, and the West Texas Intermediate (WTI) crude price, which is approximately what producers could receive domestically. **Figure 7** shows this differential during the past three decades. As **Figure 7** shows, before 2010, the spread has been essentially zero, providing producers little incentive for the export of U.S. crude oil. However, the beginning of the U.S. shale oil boom in 2010 led to an oversupply of certain types of U.S. crude in some areas of the country and a corresponding spike in the Brent–WTI spread. The spread reached a high of \$27.3 per barrel in late 2011, substantially greater than the cost of shipping to foreign markets. Unsurprisingly, U.S. producers began to push for relief from the crude export restrictions that previously had garnered little attention.

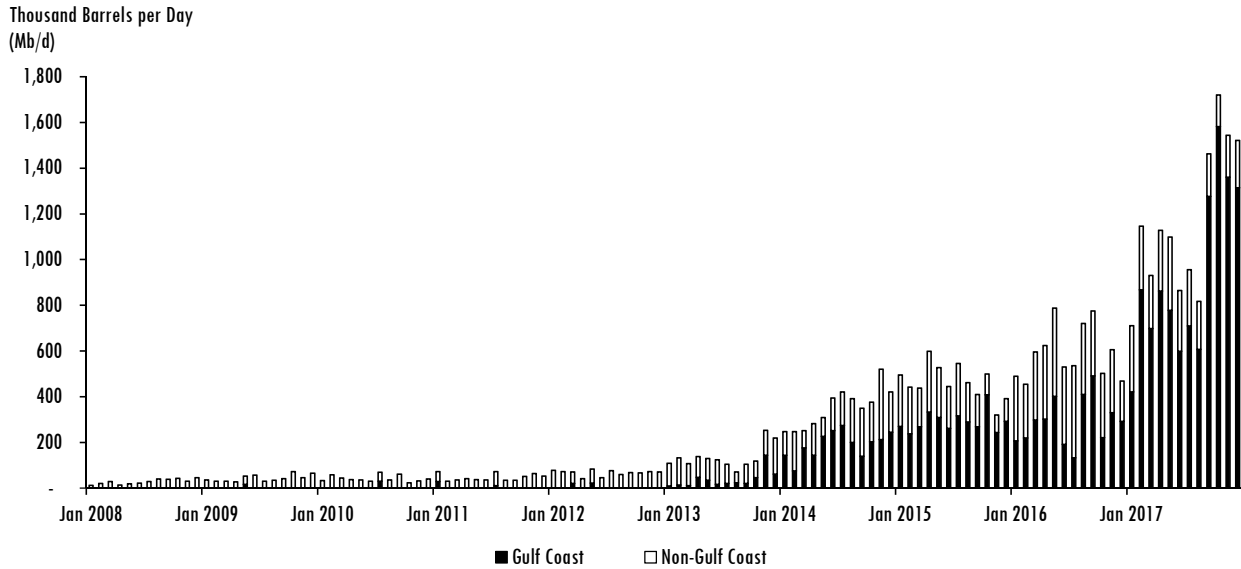
Relief for exporters from the federal ban has come in two parts. First, in summer 2014, the Bureau of Industry (BIS) relaxed certain interpretations of what constituted processing, or refining crude oil. The export ban only applies to crude, or unprocessed, oil; refined petroleum products have never been subject to the ban. The BIS ruled that a certain type of ultra-light crude oil, known as condensate, would qualify as processed, making it not subject to the export ban, if the condensate passed through a stabilization unit at the wellhead. Almost all condensates are extracted from the crude oil stream using a stabilizer. Therefore, the ruling

enabled the export of most produced condensates. Second, in December 2015, the U.S. repealed the crude oil export ban in its entirety. This repeal has made the export of all types of crude oil legal to almost any international market. **Figure 8** shows total U.S. crude oil exports during the last decade.

Before the repeal of the export ban at the end of 2015, almost all of the U.S. exports have been to Canada, and most have been condensate. Crude oil produced in Canada is extremely heavy and often cannot flow through pipelines without being diluted by a lighter-weighting oil. The result is that Canada has instituted a strong need for U.S. condensates. After the BIS ruling in 2014, several small shipments of U.S. condensate also have shipped to refineries in Europe and Asia. During calendar year 2016, the first year without the export ban, U.S. crude oil exports increased to 591.0 thousand barrels per day (Mb/d), which represented 6.7 percent of total U.S. crude oil production. In 2017, crude oil exports increased by 96.1 percent, to average 1,158.0 Mb/d, or 12.4 percent of total U.S. crude oil production. Of total U.S. exports in 2017, 923 Mb/d, or 79.7 percent of the total, came from either Louisiana or Texas. **Figure 9** shows the largest buyers of U.S. crude oil in 2017. Canada and China were the largest purchasers of U.S. crude oil, accounting for half of all export purchases in 2017.

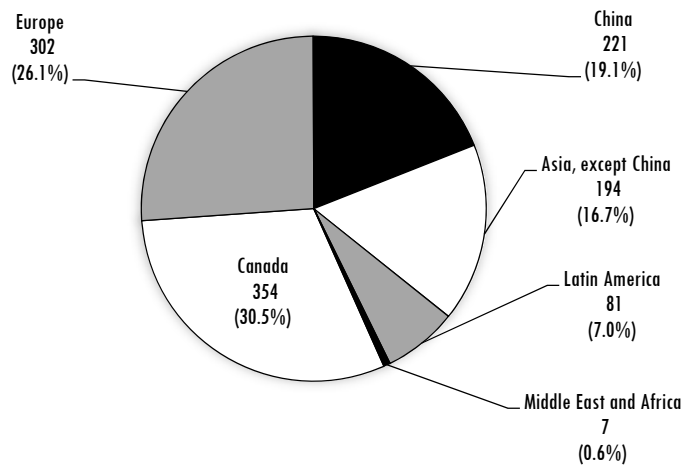
Unfortunately for U.S. producers, the timing of the crude oil export ban at the end of 2015 has coincided with a collapse

FIGURE 8
U.S. CRUDE OIL EXPORTS, JANUARY 2008 TO DECEMBER 2017



SOURCE: U.S. Energy Information Administration .

FIGURE 9
U.S. CRUDE OIL EXPORT DESTINATIONS, CALENDAR YEAR 2017



SOURCE: U.S. Energy Information Administration.

of the Brent–WTI spread to less than \$5 per barrel, greatly decreasing the incentive to ship crude oil abroad. However, a quirk of the U.S. refinery complex has helped offset this disincentive and spurred rapid growth of crude oil exports during the last two years. Crude oil quality can vary significantly based on the underground formation from which the crude is extracted. Different crudes are graded on

factors such as weight relative to water, known as the American Petroleum Institute gravity measure, and the amount of sulfur contained in the oil, known as sweetness. U.S. crude oil refineries, most of which were constructed before 1980, were set up to largely refine heavy sour crude grades imported from countries such as Mexico and Canada and from the Middle East. Much of the new crude oil

produced in areas such as the Permian Basin and Eagle Ford is relatively much lighter and sweeter; therefore, U.S. refineries are limited regarding how much of this new crude they can process. If not for refineries in Europe, Asia, and Latin America that can process the light sweet crude grades, U.S. producers would have no domestic demand for a portion of their crude oil and therefore are incentivized to export, regardless of the Brent–WTI price spread.

Finally, lack of infrastructure presents a headwind that will constrain U.S. export growth for the short term. Because of depth and width constraints, no U.S. onshore ports can load the largest crude oil tankers known as very large crude carriers (VLCC). VLCCs are tankers with capacity of approximately 2.0 million barrels. Economies of scale lower the per-barrel shipping cost as the capacity of a tanker increases, so exporters and importers would prefer shipping on a VLCC rather than smaller tanker classes such as the Aframax (750.0 thousand barrel capacity) or Suezmax (1.0 million barrel capacity). A temporary solution involves a process known as reverse lightering, wherein a VLCC is loaded partially at an onshore port, driven to deep water offshore, and loaded fully with ship-to-ship transfers from smaller vessels. Although reverse lightering can fully load a VLCC, the process is not ideal because ship-to-ship transfers are more expensive than fully loading the ship at port. Long-term solutions to this infrastructure constraint include: (1) dredging waterways such as the Houston Ship Channel or the Corpus Christi Ship Channel to increase their depth; (2) modifying the lone U.S. offshore deep-water crude oil import terminal, located 18.0 miles off the coast of Port Fourchon, Louisiana, to send out exports; or (3) building new offshore deep-water crude oil export terminals. The pace at which one or more of these options are undertaken will have a great effect on the export of crude oil from Texas producers.