Last Friday, President Trump proposed purchasing oil to fill the Strategic Petroleum Reserve (SPR), the federal government’s emergency store of petroleum, in response to the coronavirus pandemic. The president’s request to buy more domestically produced or owned oil for the SPR is intended to address the issues of oversupply and low demand, but this plan will have only a limited impact, contends AAF’s Director of Energy Policy Ewelina Czapla.

An excerpt:

The SPR is intended to respond to supply shortages rather than supply gluts. As a net exporter of oil, the United States is less susceptible to shifting supply abroad than ever before. Therefore, while this purchase may prove slightly beneficial for government finances, the SPR’s purchase has minimal impact on global prices, domestic economics, and runs against the reserve’s intended purpose.

Read the analysis.