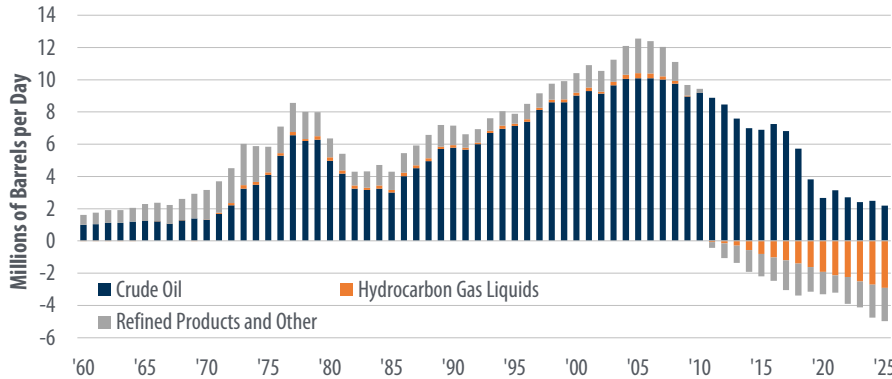


### Why U.S. Gas Prices Move with the World

Even though the United States is often described as “energy independent” and remains a net exporter of petroleum products, that hasn’t shielded American consumers from rising gasoline prices amid the conflict with Iran. The reason is simple: oil – the main input used to make gasoline – is priced in a global market, not a domestic one. Disruptions to supply, particularly through critical chokepoints like the Strait of Hormuz, tighten global availability and push crude prices higher worldwide, and U.S. gasoline prices follow. At the same time, the U.S. still imports certain types of crude oil its refineries are designed to process, while exporting refined products into higher-priced global markets, further tying domestic prices to international conditions. In other words, being a net exporter doesn’t insulate the U.S. from global energy shocks, it reinforces the link, ensuring that geopolitical events abroad are quickly felt at the pump here at home. In today’s “Three on Thursday,” we take a deeper look into this issue. View the two charts below and graphic for deeper insight.

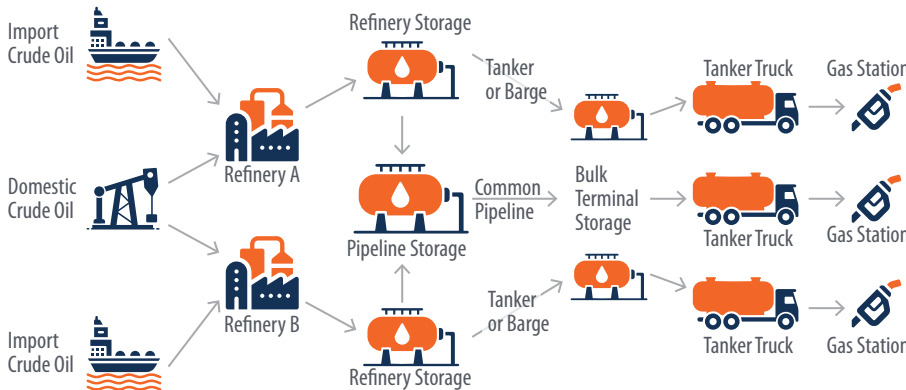
### U.S. Net Petroleum Imports by Type



Source: U.S. Energy Information Administration, First Trust Advisors. Annual data 1960 - 2025.

Just two decades ago, the U.S. was importing on net more than 12 million barrels per day (bpd) of petroleum, but the shale revolution has dramatically reshaped that balance. By 2020, the U.S. became a net exporter of petroleum for the first time since at least 1949, and by 2025 remained a net exporter for the fifth straight year, with roughly 10.7 million bpd of exports versus 7.9 million bpd of imports. While the U.S. is still a net crude oil importer, net imports have plunged from about 10 million bpd in 2007 to just under 2.2 million in 2025. Much of the imported crude is refined domestically into products like gasoline, diesel, and jet fuel, which are then exported, highlighting the U.S.’s growing role as a global refining hub rather than a purely self-sufficient oil producer.

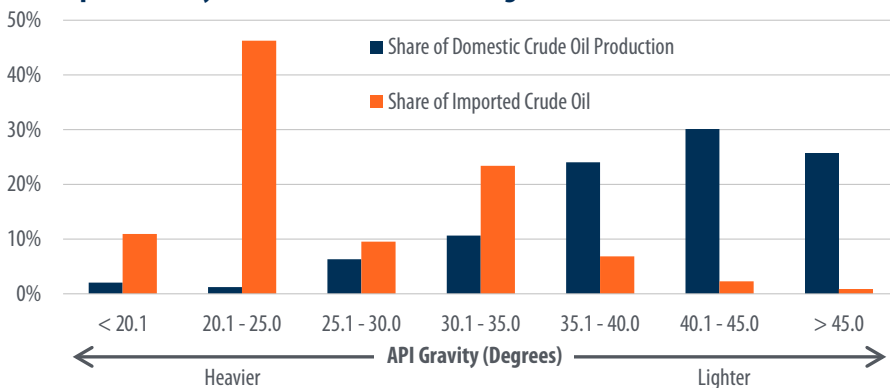
### Flow of Crude Oil and Gasoline to Your Local Gas Station



Source: U.S. Energy Information Administration, First Trust Advisors.

Gasoline’s path to the pump is a multi-step, globally influenced process that begins with crude oil, sourced from both domestic production and imports, being refined in U.S. petroleum refineries, where it is separated and transformed into usable fuels. Refiners optimize their crude mix based on cost and availability, with a strong focus on meeting domestic gasoline demand, producing nearly all fuel consumed in the U.S. From there, gasoline travels primarily through shared pipeline systems to large storage terminals near major consumption centers, before being trucked to smaller blending terminals where additives like ethanol are mixed in to create finished motor gasoline. While the U.S. does import some finished gasoline and blending components (especially to coastal regions when it’s more economical or timely) most fuel is distributed domestically via tanker trucks to approximately 145,000 retail fueling stations.

### U.S. Imports Heavy Crude Oil But Produces Light Crude Oil



Source: U.S. Energy Information Administration, First Trust Advisors. Data based on average of monthly barrels per day for 2023 (most recent data available). API stands for the American Petroleum Institute.

\*Natural Resources Canada, Energy Fact Book 2025-2026.

Long before the U.S. shale boom, as global supplies of light sweet crude oil declined, American refineries invested heavily to process heavier, high-sulfur crude oil to ensure a steady supply of gasoline, diesel, and jet fuel. That legacy still shapes the system today: heavy crude oil remains critical, with Canada supplying the bulk of it – accounting for 62% of total U.S. crude oil imports and 24% of U.S. refinery throughput in 2024 (latest data available)\*. Meanwhile, the surge in domestic production from the Permian and Bakken has produced mostly light sweet crude oil – higher quality, but not what many U.S. refineries are optimized to run. Retooling refineries to rely solely on domestic crude oil would cost billions, take years if not decades, and run into infrastructure bottlenecks, including pipeline networks built for heavier grades. As a result, much of the light crude oil boom is exported, while U.S. refiners continue to depend on imported heavy barrels.