

From: Mike Sommers
Sent: Thu, 24 Apr 2025 17:02:23 +0000
To: Fitzsimmons, Alexander
Subject: [EXTERNAL] API USTR Letter
Attachments: API - USTR Sec 301 Impacts.pdf

Alex –

Hope you are well. Please see the attached letter for Secretary Wright. Please don't hesitate to reach out if you need anything from me or my team.

All the best,
Mike



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April 23, 2025

The Honorable Chris Wright
 Secretary of Energy
 1000 Independence Ave., SW
 Washington, DC 20585

The Honorable Doug Burgum
 Chair, National Energy Dominance Council
 1650 17th St., NW
 Washington, DC 20006

RE: USTR Sec. 301 Action on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance

Dear Secretary Burgum and Secretary Wright:

The American Petroleum Institute ("API") is the national trade association representing all segments of America's oil and natural gas industry, which relies upon a safe, efficient and competitive maritime industry. While API acknowledges the Office of the U.S. Trade Representative (USTR) conclusion that China has targeted the maritime, logistics, and shipbuilding sectors for supremacy, the remedies finalized last week risk disrupting various segments of the U.S. oil and gas industry, especially exports of liquefied natural gas (LNG) and imports and exports of crude oil and refined products, and ultimately undermining President Trump's vision of energy dominance. **We urge the Administration to reconsider these Section 301 remedies and work with the industry to minimize negative impacts.**

API sincerely appreciates the Trump Administration's strong support for the LNG industry, including lifting the misguided permitting pause that sowed uncertainty and froze U.S. LNG project development for more than a year. However, USTR's new requirement that an increasing share of U.S. LNG be exported on U.S.-built, U.S.-flagged, and U.S.-operated vessels beginning in 2029 is not possible to comply with and risks counteracting the significant progress the Trump Administration has made towards reducing uncertainty and unleashing U.S. LNG. It also puts our industry at a disadvantage relative to competing exporting nations.

Today, there are no large-scale LNG vessels that meet those criteria, and a lack of needed shipyard capacity, required infrastructure, skilled labor and seafarers are significant obstacles to building them here in the U.S.¹⁻² Current shipbuilding capacity cannot keep pace with demand for U.S. defense vessels,³ and rising commercial ship demand may overburden the same shipyards that are already backlogged.⁴ According to the Government Accountability Office, only two U.S. shipyards have docks long enough to build LNG carriers, orders they may receive in the near term for other types of vessels may delay future construction of LNG carriers, and these shipyards estimate that it

¹ USTR-2025-0002-00111967-CAT-6406-Public-Document.pdf

² <https://www.wsj.com/articles/trump-wants-to-dominate-shipping-america-doesnt-have-enough-shippers-a35e18e0>

³ <https://www.gao.gov/products/gao-25-106286>

⁴ https://armedservices.house.gov/uploadedfiles/031125_spf_state_of_shipbuilding_orourke_statement.pdf



would take about 4 to 5 years to build just one LNG carrier from the time of initial contact with a buyer.⁵ For all of these reasons, U.S. LNG exporters have not historically built their own vessels and in most cases don't own or operate them, meaning they have little control over their ability to comply with USTR's new requirements but ultimately will face the consequences of not doing so – the suspension of their export license. This penalty also sets a troubling precedent that could be weaponized by future administrations.

Last year, more than 1,400 cargoes of U.S. LNG were delivered to buyers around the world⁶ – a number that is slated to nearly double by the end of the decade as terminals that are currently under construction enter service. Under USTR's requirement for 1% of U.S. LNG exports starting in 2029 to be transported on U.S.-built vessels, as many as five U.S.-built LNG vessels would be required by the end of the decade, which is not feasible. These Section 301 remedies will compromise our ability to lead the global LNG industry, which we are poised to do for years to come and cement our role as an energy superpower.

In addition to the impacts to LNG, U.S. refining companies also face significant challenges from USTR's remedies. Crude oil imports by sea are a critical component of our refining network, enabling U.S. refineries to produce the full spectrum of fuels and petrochemical products that drive our economy and that the U.S. exports to the world. Introducing fees on these imports and exports disrupts a carefully balanced supply chain and risks undermining the global competitiveness of the U.S. refining industry. Given their strategic importance, we urge the Administration to exempt crude oil and refined products imports and exports – consistent with this Administration's approach to exempt these same products from baseline and reciprocal tariffs.

API supports efforts to counter China's dominance in the maritime sector and urges the Administration to reconsider these remedies to ensure that any actions taken minimize impacts to the U.S oil and gas industry.

All the best,

Mike Sommers

⁵ <https://www.gao.gov/assets/gao-16-104.pdf>

⁶ <https://www.energy.gov/sites/default/files/2025-03/Natural%20Gas%20Imports%20and%20Exports%20Monthly%20December%202024.pdf>