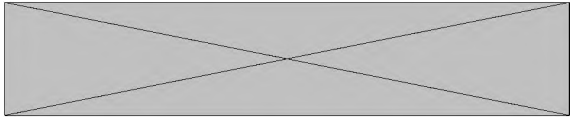


To: leila_getto@ios.doi.gov[leila_getto@ios.doi.gov]
From: Jack Gerard, API
Sent: 2018-05-17T09:26:15-04:00
Importance: Normal
Subject: [EXTERNAL] Tariffs, Quotas Could Impact U.S. Energy Leadership
Received: 2018-05-17T09:26:23-04:00

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May 17, 2018

Dear Leila,

Economic impacts related to steel and aluminum tariffs are coming into clearer view even before the costly policy is fully implemented. An Indiana-based manufacturing company [reports](#) “rising steel and aluminum prices” have already increased costs for the company’s key products by \$300,000, “jeopardizing plans to add 14 jobs to [its] 74-employee staff.” The Motor Equipment & Manufacturers Association [says](#) the policy “creates uncertainty for our members, which puts businesses – and jobs—at risk” and “could mean tying up millions of dollars that a business would rather invest in facilities and people.” And Whirlpool [signaled](#) it is “raising its raw material inflation guidance for the year by about \$50 million to as much as \$300 million.”

America’s [natural gas and oil industry](#) is facing similar issues. Steel and aluminum are central to nearly every part of our operations. From on and offshore development, to pipelines, refineries, and the local manufacturing facilities that support them, steel and aluminum are essential in our work producing, refining and delivering affordable, reliable energy to U.S. homes and businesses. In many cases, the specialty steel we rely on simply isn’t available from U.S. producers. Writing in [Forbes](#), Brigham McCown explains: “Even if our domestic steel industry were to shift production back to meeting the demands of our own energy sector, it would take years for domestic plants to provide the quantity and quality of steel needed...Many are concerned that everyday consumers will not only see higher prices for many products we use, but America’s steel-reliant energy sector will almost immediately feel the negative impacts of higher steel prices...”

To put that in perspective, a steel price increase of 25 percent would raise the cost of a 280-mile pipeline by \$76 million, according to a [recent study](#). That’s daunting enough, but we could be heading for a situation in which the resources we need aren’t available at any price. As [The Wall Street Journal](#) reports, some nations are negotiating with the Trump administration to implement quotas as an alternative to tariffs. South Korea, a critical U.S. ally and third-largest supplier of steel imports, agreed to cut supplies to an amount equal to 70 percent of its average export total over the past three years. Once we reach that total, ships carrying steel to the U.S. will be turned around, and projects waiting on the supplies could be stopped in their tracks.

The U.S. energy renaissance, which has contributed so much to U.S. economic growth and security, could be undermined by policies that disrupt supply chains established with U.S. allies. In order to support the administration’s goals of maintaining U.S. energy leadership and building world class infrastructure, the administration should:

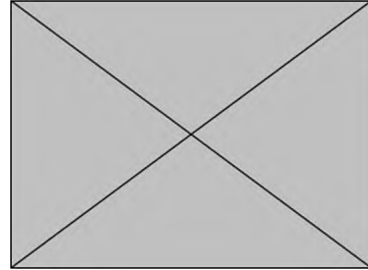
- Grant relief from steel and aluminum tariffs and quotas to natural gas and oil companies and their suppliers that are submitting petitions documenting their needs for imports.
- Grant permanent exemptions from both tariffs and quotas to Canada, Mexico, the European Union and expand similar exemptions to other U.S. allies and trade partners that supply the U.S. natural gas and oil industry.

Sincerely,

Jack N. Gerard
President & CEO
API

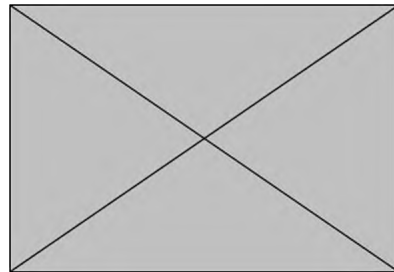
Drilling Down on the Tariff Exclusion Process

One under-reported aspect of the larger tariff-trade story is the tariff product exclusion process, a complex application process facing significant backlogs. [Learn more about the process and what it means for consumers.](#)



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To stay up-to-date on the latest energy-related news, there is no better place to check than the [Energy Tomorrow Blog](#).



About API:

API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 40 million Americans.

To learn more about API and the value of oil and natural gas, please visit API.org.

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