



May 30, 2018

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As Extension Deadline Nears on Steel and Aluminum Tariffs, TIPRO Warns of Consequences

Austin, Texas -- As communicated in late April, U.S. President Donald Trump postponed the imposition of steel and aluminum tariffs on Canada, the European Union and Mexico until June 1, and reached agreements for permanent exemptions for Argentina, Australia and Brazil. TIPRO has expressed concerns and recommendations regarding the proposed tariffs and the related impact on Texas oil and natural gas operators on several occasions. The following comments were submitted today on behalf of TIPRO and its nearly 3,000 members:

TIPRO represents nearly 3,000 members, including independent oil and gas producers and royalty owners, who would be negatively impacted by implementing steel and aluminum tariffs with Mexico and Canada under the authority of Section 232 of the Trade Expansion Act of 1962. If enacted, the unintended consequences of such a regulatory action on the U.S. oil and natural gas industry, and the nation's economy as a whole, would be significant.

As the leading producer of oil and natural gas in the country, Texas operators would see a significant increase in the cost for material used in exploration and production activities, including Oil Country Tubular Goods (OCTG) and Line Pipe (LP), which will result in layoffs and a slowdown in the industry's recovery following years of low commodity prices. If quotas were to be negotiated, the consequences could be worse if these key products are made unavailable. For example, the quota basis in the South Korean bilateral agreement uses a 2015-2017 time period – a period when American oil and natural gas development suffered severe setbacks. The resulting limits on South Korean OCTG are about 32 percent of 2014 imports. Such a framework poses an enormous challenge and a similar approach with Mexico and Canada could be devastating. TIPRO members, who are responsible for producing more than 85 percent of the oil and natural gas within Texas, and thousands of additional operators and service oriented companies in the state, would bear an inordinate financial burden if these tariffs are allowed to take effect.

Between 2014 and 2016, the U.S. oil and natural gas industry lost over 220,000 jobs due to depressed crude oil prices. Thanks to President Donald Trump's *American Energy Dominance Agenda* and improving market conditions, our industry has added back tens of thousands of jobs, showing a net positive increase in employment at the state and national level last year, the first time since 2014. Eliminating overly burdensome regulations and supporting pro-American energy policies has allowed the oil and natural gas industry to increase production, exports, tax revenue and employment, while decreasing our country's dependence on foreign oil. Implementing these tariffs at a time when the industry is still in recovery mode will reverse much of the progress that has been made over the past 17 months. The enormity of cost increases for domestic oil and natural gas operators and its ripple effect to our state, local and national economy should not be taken lightly.

Additional concerns resulting from new imported steel and aluminum tariffs include an excessively complicated and invasive product exclusion process for imported steel and the creation of alternative trade agreements potentially leading to import quotas that could cripple expansion of U.S. oil and natural gas production because of supply restrictions.

TIPRO requests that any negotiated trade agreements recognize the limits of current domestic steel production. The U.S. Department of Commerce should immediately consider granting categorical exclusions for products that are not readily available in the U.S. or whose supply is not sufficient enough to meet current and future demand. The United States needs a clear country exemption structure and product exclusion process that is straightforward and includes blanket exclusions for everyone once a product qualifies. TIPRO also requests that no import quotas for oil and natural gas steel goods be considered and that relief is granted for purchases made before tariffs were announced.

With regard to the North American Free Trade Agreement (NAFTA), this has been a success story for energy integration in Mexico, the United States and Canada that has led to the creation of many new opportunities to improve trade relations across North America. TIPRO supports a modernized NAFTA that builds on the success of the program, including the preservation of investor-state dispute settlements (ISDS), a key provision that serves to protect multinational companies that invest abroad. Expanding trade in North America supports increased production of domestic oil and natural gas and expands both economic and geopolitical benefits for our country.

We appreciate the leadership and positive progress that has been made on NAFTA and believe any decisions with regard to steel and aluminum tariffs with Canada and Mexico should be delayed until these negotiations are successfully completed.

To download a copy of TIPRO's comments, please [click here](#).

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About TIPRO

The Texas Independent Producers & Royalty Owners Association (TIPRO) is a trade association representing the interests of nearly 3,000 independent oil and natural gas producers and royalty owners throughout Texas. As one of the nation's largest statewide associations representing both independent producers and royalty owners, members include small businesses, the largest, publicly-traded independent producers, and mineral owners, estates, and trusts. Members of TIPRO are responsible for producing more than 85 percent of the natural gas and 70 percent of the oil within Texas, and own mineral interests in millions of acres across the state.