



August 30, 2018

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TIPRO Statement on President Trump's Proclamation Providing Targeted Relief on Steel, Aluminum Quotas

Austin, Texas – The following is a statement from Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association (TIPRO), regarding proclamations signed by President Donald Trump providing relief from the quotas on steel from South Korea, Brazil and Argentina and on aluminum from Argentina. The proclamation allows companies to apply for product exclusions based on insufficient quantity or quality available from U.S. steel or aluminum producers. In such cases, an exclusion from the quota may be granted and no tariff would be owed.

“Collectively these countries provide 25 percent of U.S. steel imports, a vital material utilized throughout the Texas oil and natural gas value chain. We appreciate President Trump’s recognition of the limitations of domestic steel producers to fulfill current and future demand and some specialty material that is completely unavailable in the U.S.

Quotas pose an enormous challenge that could cripple expansion of U.S. oil and natural gas production because of supply restrictions. As an 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 Oil Country Tubular Goods (OCTG) are about 32 percent of 2014 imports. Brazilian semi-finished steel exports to the U.S. are subject to quotas based on the average for the three years from 2015 to 2017, while finished steel products will be limited to a quota of 70 percent of the average for those years. Quotas also have a disproportionate impact on small businesses, who are unable to purchase this material in bulk to meet their supply needs. Tariffs ultimately result in an increase in cost of 25-30 percent, with quotas increasing cost by as much as 43 percent due to limited supply. A similar approach with Mexico and Canada as negotiations continue to replace the North American Free Trade Agreement (NAFTA) would be devastating for the domestic oil and natural gas industry.

Our concerns with the excessively complicated and invasive product exclusion process for imported steel currently in place remain. TIPRO maintains that 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 U.S. 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.

As the leading Texas oil and gas trade association representing independent producers and royalty owners, TIPRO remains committed to working with the Trump Administration to support his energy dominance agenda and efforts to strengthen the U.S. economy.”

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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. TIPRO membership provides networking and educational forums, marketing opportunities, industry intelligence, and extensive legislative and regulatory resources.