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AOPL Joins Oil & Natural Gas Coalition Discouraging New Steel Tariffs

WASHINGTON, DC – Today, the Association of Oil Pipe Lines (AOPL) joined a coalition of oil and natural gas companies to discourage imposition of new steel tariffs that could threaten American jobs constructing pipeline projects. Pipeline groups signing the letter below include AOPL, the Interstate Natural Gas Association of America, GPA Midstream Association, Texas Pipeline Association, Natural Gas Supply Association, Center for LNG, Energy Equipment and Infrastructure Alliance and American Exploration & Production Council. The groups urged the administration to at least to allow exemptions when steel products needed for energy production, processing, refining, transportation, and distribution are not sufficiently available in domestic markets.

March 7, 2018

President Donald Trump
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Trump:

National security requires pipelines to deliver the energy America needs, and pipelines require specialty steel products not always available in sufficient quantities and specifications from domestic manufacturers. Pipeline projects create construction jobs, bring affordable energy to millions of American consumers, and support American energy production. These projects may not go forward if a steel tariff makes pipeline steel unavailable on a reasonable timeline and at a competitive price.

Just like in real estate, promising pipeline projects have not gone forward because the costs were too high, or the needed building materials not sufficiently available. We fear that broad tariffs on the specialty steels used by our industry would cause future projects to be delayed or canceled, thus threatening America's energy dominance and risking higher prices for families at the gas pump, natural gas ratepayers, and energy-consuming employers nationwide.

Pipelines put Americans to work. Already, 75 percent of spending on a pipeline project ends up in the hands of American workers and businesses. A typical 300-mile pipeline project would generate approximately $1 billion in U.S. worker payroll and spending. Tariffs that include pipeline steel and lead to the cancellation of a pipeline project will deprive American workers and vendors of that $1 billion. Pipeline projects are also vital to national security. Due to insufficient pipeline capacity, certain areas of our country continue to rely on imported fuels to meet basic energy needs. As you weigh important concerns about broad steel market issues, we urge caution because American energy jobs depend on specialty pipeline steel products.

We understand and respect your concern for domestic steel manufacturers. We, too, hope to see domestic steel and pipe manufacturers always able to supply products on the terms needed for the American pipeline expansion you have so well promoted. Pipeline-grade steel is a high-cost specialty product in a cyclical niche market that some domestic manufacturers have moved away from.

In fact, for certain pipeline steel products, there is zero domestic availability today. Applying steel tariffs to transmission pipelines, oil country tubular goods, and other parts of oil and gas production and transportation cannot be the best way to help.

While we discourage you from imposing steel tariffs, we urge you at least to allow exemptions when steel products needed for energy production, processing, refining, transportation, and distribution are not sufficiently available in domestic markets. Doing no less will threaten American energy workers and consumers.

Sincerely,

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President and CEO
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Mark Sutton
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