API's Vision for American Energy Leadership: Recommendations for the United States Trade Representative

The Office of the U.S. Trade Representative (USTR) plays a central role in advancing trade policies that strengthen American energy leadership and economic growth. USTR's focus on trade and investment in energy markets promotes business expansion, lowers costs for consumers by making oil, natural gas, and other petroleum products more affordable, and enhances the global competitiveness of the U.S. energy industry.

Strong investment protections, including Investor-State Dispute Settlement (ISDS) mechanisms, safeguard U.S. oil and natural gas companies' investments outside the U.S., which are driven by the location of oil and natural gas, and ensure fair treatment by U.S. trade partners. These protections are vital for providing stability and confidence to U.S. energy investors while creating pathways for innovation and cross-border collaboration in meeting global energy demands. Through these efforts, USTR supports both national economic objectives and strategic partnerships to ensure U.S. energy and trade interests remain strong on the global stage.

API has submitted comments on several regulations, which we encourage the transition team to review for further insights and recommendations.

Included below are the following priorities:

- Tariffs
- Section 301 Product Exclusions
- USMCA Energy Dispute Resolution Panel
- USMCA Joint Review
- Energy exports to the European Union (EU)

Key Issues:

- **Tariffs**
  API Ask: Exempt crude oil, natural gas, and critical supply chain inputs from all across-the-board or additional tariffs.

  Context: The U.S. has a global advantage in oil and gas production and refining/manufacturing and is poised to expand this leadership. Tariffs on crude oil, natural gas, or refined products would directly undermine energy affordability and availability for consumers while eroding the U.S. oil and natural gas industry's competitiveness both domestically and globally. Oil and natural gas markets are global, with interlinkages and trade back and forth across international borders along the value chain. Furthermore, critical supply chain inputs (vital to extraction, processing, and refining) cannot be sourced domestically in adequate quantities or to the required specifications, heightening these risks.

- **Section 301 Product Exclusions and Investigations**
  API Ask: Extend Section 301 existing petitions for product exclusions and expedite any future petitions for products essential for the oil and natural gas industry. For any new Section 301 investigations, exempt products that cannot be sourced domestically to the procurement specifications required for the production and transportation of oil, natural gas, and refined products.

  Context: Consideration of Section 301 tariffs should prioritize U.S. energy security and consumer affordability and exempt products that cannot be sourced domestically in sufficient quantities or to the procurement specifications required. Existing Section 301 tariffs on products such as specific types of pumps, pump parts, motors, rotors and stators, valves, fluids, drill collars, and various raw, semi-finished and finished steel products potentially undermines consumer affordability and energy leadership. New tariffs on critical input products would make it more challenging for the U.S. oil and gas industry to compete in the global marketplace and risks retaliatory actions against U.S. energy exports, including crude oil and LNG.
- **USMCA Energy Dispute Resolution Panel**

  API Ask: Establish an independent dispute settlement panel under the USMCA framework to convince Mexico to stop favoring its state-owned enterprises over U.S. companies and U.S. produced energy.

  Context: In July 2022, USTR requested consultations with Mexico under the Dispute Settlement Chapter of USMCA. USTR should finish these consultations and establish the dispute panel and use all available mechanisms and leverage to convince Mexico to change course. Specifically, Mexico's Electric Power Industry law -- combined with continued delays, denials, and revocation of U.S. companies' ability to operate in Mexico's energy sector -- discourages American foreign direct investment.

- **USMCA Joint Review**
  API Ask: Maintain existing oil and gas provisions within the USMCA and apply no new tariffs to the oil and gas sector.

  Context: Investment protections and the Investor-State Dispute Settlement (ISDS) mechanism should remain unchanged under USMCA to ensure protection for U.S.

investment in Mexico and Canada's hydrocarbon-rich markets. Investment protections and ISDS are vital, particularly as U.S. companies face rising hostility to U.S. investment, including discrimination and risks of government actions such as asset seizures without recuperation in Mexico. New tariffs on crude oil, natural gas, refined products, or critical input materials that cannot be sourced domestically would harm affordability, competitiveness, and the industry's ability to operate effectively.

- **Energy exports to the European Union (EU)**
  Ask: Ensure U.S. energy exports maintain access to the EU markets.

  Context: U.S. energy exports to the EU have provided enormous benefits both at home and abroad. Exports support tens of thousands of American jobs and billions of dollars in domestic investment. Following Russia's invasion of Ukraine and weaponization of its energy supply, U.S. LNG was able to replace 85% of natural gas that Europe lost—preventing worst-case economic outcomes for the continent. Despite these benefits, the EU recently finalized methane regulations that, when applied to imports, risk putting U.S. energy exports—including LNG exports—at a disadvantage. The incoming administration should work with allies to ensure continued access to the European market for U.S. energy with no disruption to current or future energy trade flows.