

API Positions on Sections 232 and 301 Trade Actions

What are Section 232 tariffs?

Section 232 of the Trade Expansion Act of 1962 gives the President broad authority to restrict imports in the interest of national security by imposing tariffs. The Administration has used section 232 to impose tariffs on steel and aluminum products under a very broad definition of national security. Importing companies can apply to have their steel products excluded from the tariffs and countries can seek to be exempted. The U.S. has insisted that an importing country must agree to a quota of steel exports to the U.S. to avoid the tariffs. The Administration has made it clear that any shipments of steel over a country's quota cannot be imported until the following year.

API Opposes Use of Section 232 For Steel and Aluminum Products

- No rational connection between importation of steel and aluminum goods and national security has been made.
 - The oil and natural gas industry relies upon specialty products that need to be procured from outside the U.S. to meet oil and natural gas company specifications, including for quality and safety.
 - Tariffs raise the cost of imported steel for oil and natural gas projects.
 - Quotas would stop imports altogether after a quota is met, disrupting supply chains and deliveries for oil and natural gas projects.
 - Import restrictions can lead to project delays and uncertainties, which affects jobs and U.S. energy production and manufacturing.
 - The U.S. economy and energy consumers could pay more for import restrictions.
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What are Section 301 Tariffs?

Section 301 of the Trade Act of 1974 gives the President broad authority to impose tariffs against countries that make unjustified, unreasonable, or discriminatory trade actions. The U.S. has imposed section 301 tariffs on \$50B of imports from China (with the potential to increase to +\$200B) in response to China acting in an "unreasonable or discriminatory" way that burdened or restricted U.S. commerce. China is implementing retaliatory tariffs on U.S. imports.

301 Tariffs Can Negatively Impact the Oil and Natural Gas Industry.

- Tariffs on imports from China directly affect products needed in the U.S. energy industry (e.g. inputs into industry supply chains, which are used to manufacture other products and/or which are installed in U.S. energy infrastructure)
- Retaliatory tariffs by China target U.S. exports of crude oil, refined products and petrochemicals to China
- 301 tariffs on certain steel products could be in addition to existing anti-dumping/countervailing duties as well as Section 232 tariffs.