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President Donald J. Trump
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President,

The American Fuel & Petrochemical Manufacturers ("AFPM") proudly represents nearly all U.S. refining and petrochemical manufacturing. Our members produce the gasoline, diesel, and jet fuel that power the U.S. transportation sector, as well as the petrochemicals that serve as the basic building blocks that enable people to live safe and modern lives. AFPM's members support 3.5 million U.S. jobs. On behalf our members, we write to bring to your attention a growing concern regarding the treatment of U.S. energy companies in Mexico.

Late last year, you successfully negotiated the U.S./Mexico/Canada free trade agreement ("USMCA"), strengthening U.S. competitiveness with our North American neighbors. For the energy sector, North American free trade is critical. Not only do Canada and Mexico account for more than half of our crude oil imports, they also are two of the most critical markets for U.S. exports of refined products such as gasoline and diesel. In fact, Mexico is our largest export market. In 2019, the U.S. exported 1.2 million barrels per day of refined products to Mexico, more than triple the volume just a decade ago and now representing more than 20 percent of U.S. refined product exports.

A major factor in increased U.S. exports was the liberalization of the Mexican energy sector in 2013. For the first time in modern history, Mexico permitted U.S. companies to invest in modernizing energy infrastructure, and our companies responded. American companies have invested billions of dollars in Mexico since 2013, primarily in storage, pipelines, and marketing infrastructure. This investment allows U.S. refiners, which are the most technologically advanced in the world, to supply the demands of the Mexican market efficiently. This has not meant relocating U.S. refining and related jobs to Mexico. Rather, this arrangement has enhanced market access for the U.S. export of refined products that is essential to allowing U.S. refineries to maximize production and operate and optimal efficiency. This has been unequivocally positive for U.S. companies and workers, good for Mexican consumers that now have steady access to a competitive market and affordable fuel, and good for the U.S. economy.

Unfortunately, recent actions taken by the Mexican government threaten the important progress that has been made. Media reports have indicated that the Mexican government has taken multiple steps aimed at restricting ongoing and future U.S. investments in the Mexican energy market. These include delaying permits for developing infrastructure, canceling import permits, creating voids and waivers in regulations favoring state-owned companies such as PEMEX. These actions threaten not only the direct investment U.S. companies have made, but also future revenue and U.S. jobs to make those investments viable in the long-term. It also raises serious questions about whether such actions are permissible under Mexican law and Mexico's obligations under the new USCMA.

AFPM would welcome the opportunity to brief appropriate Administration officials about this situation.

Sincerely,

Chet Thompson
President and CEO
American Fuel & Petrochemical Manufacturers

cc: The Honorable Robert Lighthizer, U.S. Trade Representative
The Honorable Michael Pompeo, Secretary, U.S. Department of State