



Chet M. Thompson
President and CEO

American
Fuel & Petrochemical
Manufacturers

1667 K Street, NW
Suite 700
Washington, DC
20006

202.457.0480 office
202.602-6505 direct
202.457.0486 fax
Cthompson@afpm.org

July 6, 2017

President Donald Trump
The White House
Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

It is our understanding that the Administration is considering sanctions to address the troubling political developments in Venezuela. As you weigh the national interests at stake, we write to draw your attention to one critical consideration. Were such sanctions to include a full or partial prohibition of Venezuelan crude imports, they could have a significant negative effect on U.S. refiners, consumers, and our nation's economy.

Sanctions limiting U.S. imports of Venezuelan crude would disadvantage many U.S. refineries, particularly those in the Gulf Coast and East Coast regions, that have optimized to utilize sour crudes produced in Venezuela. Restricting the supply of crude could also impact the price that U.S. consumers and businesses pay for their fuel.

Many expert organizations have recognized the significance of Venezuelan crude to U.S. national security and the economy. Some of these reports have concluded the following:

- The non-partisan Government Accountability Office (GAO) found that diminished access to Venezuelan oil could adversely affect the United States economy with potential costs as high as \$23 billion in lost gross domestic product. GAO established that refinery inefficiencies, corresponding higher transportation costs, and a market psychology premium could significantly “slow the rate of economic growth in the United States.”¹
- The Congressional Research Service (CRS) determined in a 2017 report that “Venezuela remains a major oil supplier to the United States, even though the amounts and share of U.S. oil imports from the country have declined.” CRS outlines that Venezuela provided the United States with 8.8% of total U.S. imports in 2015,² making Venezuela the third-

¹ Government Accountability Office (GAO), “Energy Security: Issues Related to Potential Reductions in Venezuelan Oil Production”, June 2006, Report to the Chairman, Committee on Foreign Relations, U.S. Senate, GAO-06-668, (last accessed, 6/30/17).

² Venezuela accounted for 9.4 percent of U.S. crude oil imports in 2016.



largest foreign supplier of crude oil and products to the United States—a vitally important factor as the United States seek to preserve and strengthen domestic energy security.³

Moreover, because crude oil is traded on an international market, there is no guarantee that sanctions against Venezuelan crude would have the desired effect of punishing the Maduro regime. In the event of unilateral sanctions, Venezuelan crude currently exported to the United States could simply be diverted to other recipient nations, most likely trade competitors in Asia. In that case, the sanctions would be ineffective and would only harm U.S. interests.

In short, Venezuelan crude plays an important role in the ecosystem of the American refining industry, producing both economic and security benefits. While placing sanctions on oil imports from Venezuela would not deny a market for this internationally traded commodity, it would likely hurt consumers and businesses right here in the United States.

Sincerely,

Chet Thompson
President and CEO

Cc: Hon. Rex W. Tillerson
United States Secretary of State

Hon. Wilbur L. Ross, Jr.
United States Secretary of Commerce

Hon. Steven T. Mnuchin
United States Secretary of Commerce

LTG Herbert Raymond "H.R." McMaster, Jr., USA
Assistant to the President for National Security Affairs

Mr. Gary D. Cohn
Director, National Economic Council

³ Sullivan, Mark P., "Venezuela: Issues for Congress, 2013-2016", January 23, 2017, Congressional Research Service (CRS), (last accessed, 6/30/17).