



**American
Fuel & Petrochemical
Manufacturers**

1667 K Street, NW
Suite 700
Washington, DC
20006

202.457.0480 office
202.457.0486 fax
afpm.org

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David Langdon
Economist and Senior Policy Advisor
The Office of Policy and Strategic Planning
Department of Commerce
1401 Constitution Ave., N.W.
Room 5863
Washington, DC 20230

Subject: Construction of Pipelines Using Domestic Steel and Iron (Docket: 170309252-7252-01)

Dear Mr. Langdon:

The American Fuel & Petrochemical Manufacturers (AFPM) is pleased to provide comments on the Department of Commerce (Department) comment request on the construction of pipelines using domestic steel and iron. AFPM recognizes that this information will assist in developing a plan for increased domestic sourcing of materials for the construction, retrofitting, repair, and expansion of pipelines inside the United States as directed by the January 24, 2017 Presidential Memorandum, “Construction of American Pipelines” (Presidential Memorandum).

AFPM is a national trade association representing high-tech American manufacturers of virtually the entire U.S. supply of gasoline, diesel, jet fuel, other fuels and home heating oil, as well as the petrochemicals used as building blocks for thousands of vital products in daily life, including plastic, medicines and medical devices, cosmetics, furniture, appliances, TVs and radios, computers, parts used in every mode of transportation, solar power panels, and wind turbines. AFPM members own thousands of miles of pipeline and the products that flow through these pipelines and therefore have a keen interest in this notice and any policies that the Department may develop.

AFPM commends the Administration for working to boost the U.S. economy and job growth by enhancing opportunities for American manufacturing. AFPM also supports the Administration’s recent decisions to approve the Keystone XL and Dakota Access pipelines, which will provide reliable and secure access to North American energy sources and enhance American manufacturing. We are concerned, however, about the federal government mandating the use of domestic steel and interfering with the free market. To the extent the Department nevertheless pursues this policy, AFPM recommends that the Department consider:

- The numerous factors that impact supply source decisions for pipeline owners and operators, and the production considerations of steel and pipe mills and equipment manufacturers;
- The production choices that steel and pipe mills and equipment manufacturers must consider;
- The current limited domestic production capacity for pipeline quality steel, which has unique manufacturing and quality assurance requirements;
- The reliability impacts of existing pipelines if the steel pipe supply cannot be sourced within the required timeframe;
- The exclusion of pipelines that are already in the permitting stages at the time that any domestic sourcing requirement is adopted;

- Reduced energy and fuel supply safety and reliability if steel pipe supply cannot be sourced within the necessary timeframe to maintain existing pipelines;
- Developing an exception to any domestic steel pipe supply requirement that cannot be procured domestically in adequate quantities and at the necessary technical specifications;
- Exceptions to enable reliability of transportation services of existing pipelines;
- A phase-in period that would allow pipeline operators, U.S. located steel mills, and distributors the ability to prepare and bring additional production capacity online;
- An incremental cost cap from otherwise bona fide competitive source alternative so as not to restrict continuing domestic energy infrastructure development; and
- The potential for pipeline projects to become prohibitively expensive due to the possible premium for domestically-sourced product over product available in a free market.

AFPM recognizes the practical and challenging implications to achieve the Administration's objectives. We appreciate the Department's effort to learn about the concerns and challenges from industry and we look forward to working with you on this important initiative. Thank you for your consideration of these comments. If you have any questions, please contact me at (202) 552-8461 or dfriedman@afpm.org.

Respectfully submitted,

A handwritten signature in cursive script that reads "David Friedman".

David Friedman
Vice President, Regulatory Affairs
American Fuel and Petrochemical Manufacturers