The federal government is considering levying a range of tariffs on products imported into the United States, potentially including a 25% blanket tariff on all items imported from our North American neighbors, Canada and Mexico. If such tariffs were to include crude oil and refined products, the consequences could be significant.

Tariffs and taxes on crude oil or refined product imports will raise costs for consumers and manufacturers and threaten U.S. energy security. And while it sounds counterintuitive, we can't just "drill" our way out of it. U.S. light sweet shale oil is not a viable substitute for much of the heavier crude oil we import, primarily from Canada.

- **Higher costs**
  At its most basic level, a tariff on crude oil amounts to a price increase on the primary ingredient used to make gasoline, diesel and jet fuel. Higher crude oil input costs would raise the total cost of fuel manufacturing, which in turn, could raise prices at the pump.
- **Less fuel production**
  Many people think that we can easily replace imported Canadian heavy crude oil with the light sweet oil we produce here in the United States. But making that swap would be like trying to fuel a gasoline-powered car with diesel. It doesn't work because the hardware is different. If our refineries can't get the crude oil they were designed to process, or if that oil becomes too expensive, it's possible heavy-oil units, and eventually entire refineries, could be shut down. Shuttered units and shuttered facilities would lead to less American-made gasoline, diesel and jet fuel. Learn more about why we import Canadian crude oil.
- **Missed trade opportunities**
  Tariffs on imports could spur retaliatory actions from critical North American trading partners and make our U.S. exports less attractive. Most fuel we make here stays here in the United States, but exports, particularly those to our neighbors to the north and south, are key to the strength and fierce competitiveness of the U.S. refining sector. Almost half (43%) of the gasoline, diesel and jet fuel we export goes to Mexico and Canada. Retaliatory tariffs could weaken these critical trade relationships.

The ability to import AND export crude oil and refined products is good for consumers AND safeguards U.S. energy security. Read more.

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About AFPM:

The American Fuel & Petrochemical Manufacturers (AFPM) is the leading trade association representing the makers of the fuels that keep us moving, the petrochemicals that are the essential building blocks for modern life, and the midstream companies that get our feedstocks and products where they need to go. We make the products that make life better, safer and more sustainable — we make progress.

Topics

Crude