



April 21, 2020

The Honorable Robert E. Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, Northwest
Washington, D.C. 20508

Dear Ambassador Lighthizer:

On behalf of US independent producers of oil and gas, I write to bring to your attention to concerns regarding China's commitments under the Phase One trade agreement with the United States. The Phase One trade agreement between the United States and China has the potential to significantly increase domestic oil and gas producers' access to foreign markets, while alleviating the devastating conditions the industry is facing due to global demand destruction and oversupply.

The American Exploration and Production Council (AXPC) represents the top domestic independent oil and gas producers. Through the investment, innovation, and grit of our members, our country achieved the energy independence and national security we sought for decades. However, both our energy independence and national security are now at severe risk due to the negative demand impacts of COVID-19, the oversupply of crude oil in the global marketplace, and the lack of worldwide crude storage capacity.

Full implementation of the US-China Phase One trade agreement could bring some relief to supply and storage issues, **but only if China meets its trade obligations**. As you know, China agreed to purchase nearly \$60 billion of "US energy" over the next two years. Early data shows China has only purchased a de minimis amount of US crude in the first months of 2020, while it has increased purchases of crude oil from Saudi Arabia and Russia.

China's implementation of the trade agreement is also critical because China has the most storage flexibility with its national petroleum reserves. It has been reported that Chinese government agencies and state-owned energy companies have been looking at bolstering their strategic available stockpiles with "cheap oil." Currently, these Chinese stockpiles are being filled primarily with Russian and Saudi crude.

Rather than increasing imports from countries like Russia and Saudi Arabia, the Chinese government must take the necessary steps to remain in good standing with the US as a trusted trade partner.

Attached you will find a fact sheet outlining the need for action on the part of China. We are at a critical time for our industry, and every measure possible must be taken to alleviate crude oversupply and diminishing storage capacity issues that US independent producers are facing – especially holding China to their US trade obligations.

Please do not hesitate to reach out to me if you have any questions or would like to discuss. Thank you for your leadership on this issue and your service to our country.

Sincerely,

A handwritten signature in blue ink that reads 'Anne Bradbury'.

Anne Bradbury
Chief Executive Office
American Exploration & Production Council

cc:

Mr. Peter Navarro; Director, Office of Trade and Manufacturing Policy

Mr. Larry Kudlow; Director, National Economic Council