

United States Senate

WASHINGTON, DC 20510

April 29, 2019

The President
The White House
1600 Pennsylvania Avenue, NW
Washington D.C. 20500

Dear Mr. President,

We write in support of the International Maritime Organization's (IMO) 2020 standards for cleaner ship fuel. Implementing and enforcing these standards will fuel America's growing energy dominance and could place the U.S. at a distinct advantage to our global competitors.

On January 1, 2020, the IMO will begin implementing its revised global sulfur standards on marine fuels—concluding a process that began over a decade ago. Currently, global standards allow marine fuels to contain a maximum of 3.5 percent sulfur by weight. The IMO 2020 standard will reduce this sulfur limit to 0.5 percent—bringing international standards more in line with existing U.S. fuel requirements¹ and producing massive global benefits to the environment and public health.

The U.S. refining system is complex but has the flexibility to meet consumer needs. With more than a decade to prepare, our Nation's refiners have heavily invested in infrastructure upgrades to meet the expected global demand for these low-sulfur fuels. Any attempt by the United States to reverse course on IMO 2020 could create market uncertainty, cause harm to the U.S. energy industry, and potentially backfire on consumers.

The U.S. is well-positioned to benefit from these new standards, because we are already the world's leading producer of low-sulfur fuels. Additionally, many foreign refiners lack the complexity required to process heavy crude oil into IMO-compliant fuel and could turn to U.S.-produced low-sulfur crude, increasing domestic oil exports. On the other hand, global competitors are likely to see demand and prices drop for their heavy crude.

In its January Short-Term Energy Outlook (STEO), the Energy Information Administration (EIA) found there will initially be a slight increase in diesel retail prices, but concluded consumers will ultimately pay less at the gas pump in 2020 than 2018.

Notably, the International Energy Agency (IEA) recently revised its initial forecast about IMO 2020. In recent testimony before the Senate Energy Committee, IEA Executive Director Fatih Birol stated, "refineries are now today being configured according to the IMO rules around the world, and the U.S. is one of the leaders." Mr. Birol went on to say, "we do not foresee a significant impact on gasoline prices from the IMO 2020 regulations... forecasts of IMO-related spikes in oil product prices are based on comparisons with the 2007-2008 oil market"

¹ The sulfur fuel standards for U.S. ships, as well as all ships operating in the North American and U.S. Caribbean Emission Control Areas are stricter than the international standards. Pre-2010, the standard was 1.5%, while from July 2010 through July 2015 the standard was 1.0%. In 2015, the allowable sulfur standard was reduced to 0.1%.

Thanks in good part to your pro-energy policy agenda, the U.S. now leads the world in oil and gas production and is ready to be the leading fuel provider to our citizens at home and our allies abroad. Timely implementation of the IMO 2020 standards will bring tremendous advantage to our country and serve as another success story in your mission to achieve American energy dominance. These standards will benefit workers, consumers, manufacturers, and the country as a whole.

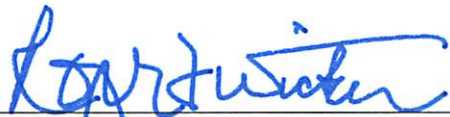
Sincerely,



Bill Cassidy, M.D.
United States Senator



Jim Inhofe
United States Senator



Roger F. Wicker
United States Senator



Rob Portman
United States Senator



John Kennedy
United States Senator



Shelley Moore Capito
United States Senator



John Hoeven
United States Senator



M. Michael Rounds
United States Senator



Kevin Cramer
United States Senator



Tom Cotton
United States Senator



John Boozman
United States Senator



Rick Scott
United States Senator



James Lankford
United States Senator



Todd Young
United States Senator

cc:

The Honorable Michael Pompeo, Secretary of State

The Honorable Rick Perry, Secretary of Energy

The Honorable Larry Kudlow, Director, National Economic Council

The Honorable John Bolton, National Security Advisor