

April 30, 2020

The Honorable Donald J. Trump  
President of the United States  
The White House  
1600 Pennsylvania Avenue, Northwest  
Washington, D.C. 20500

Dear Mr. President:

As CEO of Canary, LLC, one of the nation's largest independent oil field services companies, I would first like to thank you for your leadership through this unprecedented challenge our country is facing. Your administration has led an exemplary effort in its response to the pandemic, and I am sure you will guide us toward a full economic recovery. I am particularly grateful that you intervened to broker an agreement between Saudi Arabia and Russia to reduce oil supplies.

I am writing to you today to urge your administration to continue supporting the oil and gas industry by forgoing tariffs on steel and other manufacturing products we need during this crisis. As you know, America's energy sector continues to hard hit by the necessary social distancing measures taking place across the country. The impact of such tariffs on the products we rely on has always been significant, but it is now increasingly worrying as our margins shrink exponentially.

Our company is spending roughly \$80,000 a month in direct and indirect payments on tariffs, and the total will likely top \$1 million in 2020. Only about 20 percent of that amount is paid directly—\$206,263 in tariffs in 2019 and \$44,383 in duties. However, the indirect costs are far higher due to the increased prices we have to pay our domestic suppliers in Houston that must also rely on Chinese importers and providers of raw materials.

In the pressure control portion of the oil field sector alone, a collective \$2.5 million tariff is paid monthly by Canary and our direct competitors. When we also consider wholesalers and their clients (our indirect competition), the cost of tariffs on the sector is \$120 million – or \$10 million per month.

And that only includes the wellheads and related equipment corner of the market in which Canary specializes. It does not take into account the major service providers like Schlumberger, Halliburton, and Baker Hughes. When you include the entire domestic oil field services industry, the likely annual cost of these tariffs is in the billions of dollars. It is also important to realize that the oil field services industry includes countless small- and medium-sized businesses, from independent drillers to mom-and-pop vendors and suppliers. These entrepreneurs cannot afford the additional burden of tariffs right now.

Mr. President, please consider suspending tariffs on the products we rely on during this challenging time. I know your trade team has worked hard to strike the right balance in the past, but the coronavirus has altered the business landscape substantially. Our trade policies should reflect that new reality. It will take an extraordinary effort to rebuild the oil field services industry this year, and we are going to need every cost savings possible to regain our previous levels of success.

Best Regards,



Dan K. Eberhart, CEO  
Canary, LLC