



August 30, 2017

Greetings from the President's desk.

This note brings you up-to-date on the discussions at a Washington event facilitated by the Energy Council in partnership with the United States Energy Association (USEA) on behalf of two of our Members.

The Energy Council always responds to requests for assistance from its Member organizations. The most recent example is a request from the Petroleum Services Association of Canada (PSAC) in Calgary. PSAC remains concerned about the impact of possible U.S. policy initiatives that could affect the energy services sector. A meeting of the industry associations representing companies providing services to the energy industry in the United States and Canada was suggested by PSAC as an initial step to address these concerns.

The meeting's concept was to develop information and materials which will inform U.S. and Canadian policy-makers of the mutually-beneficial relationships and the economic and employment benefits associated with provision of energy services to the oil and gas industry.

Four goals were set for the initial meeting:

- To share and further develop information and insights on the integrated, cross-border nature of the energy services sectors and on their mutually-beneficial interdependence;
- To discuss the potential impacts on the energy services sectors on both sides of the border in the event that emerging policies are implemented;
- To explore ways to convey messages effectively to policy-makers about the potential impacts on the energy services sector; and,
- To strengthen U.S. – Canada association-to-association connections.

The ***Meeting of United States and Canadian Energy Services Associations*** was hosted by the USEA on August 10, 2017 in Washington, D.C. The dozen participants included: a policy expert from the U.S.; senior representatives of service industry associations from the U.S. and Canada, including from the U.S. (PESA, AESC, IADC) and Canada (PSAC, CAODC); representatives of major energy oil and gas industry associations (API, CAPP) whose members contract with service companies to provide drilling, production, pipelining, geophysical, and environmental management services; and, representatives of two think tanks (Wilson Centre, the Eurasia Group).

#### **Main Points from the Presentations and Discussion**

- The associations representing companies providing energy services are pleased with the mutually-beneficial, open and competitive operating practices and the two-way flow of personnel between the U.S. and Canada, and want to see this relationship continue.
- The contribution of the energy services sector to the North American economy is typically measured in terms of investment, employment in primary and secondary jobs, and operational expenditures. Showing the contributions of the energy services sector on a state-by-state basis is essential in order to communicate the impacts to political representatives. The briefings by the representatives of the energy services sector and the energy industry resulted in a much better understanding of the breadth and depth of the contributions of the integrated energy services sector.
- Other very important benefits provided by the energy services sector are new technologies and improved operating practices such as solutions to reservoir-specific challenges, and innovations that help reduce costs and reduce or eliminate adverse environmental impacts. The associations welcome healthy competition amongst energy services companies which also help advance innovation and efficiencies.

- Policy initiatives were discussed that could negatively impact the energy services sector - NAFTA renegotiations, the rumoured but now down-played Border Adjustment Tax, and *Buy America* policies which could emerge during the NAFTA negotiations.
- Discussion focused on the renegotiation of NAFTA, which started on August 16. The general view was that NAFTA has been beneficial for the energy sector and that a trilateral agreement should continue. It was also agreed that revisions to modernize the Agreement are needed due to developments in the energy sector, for example, the dramatic change from a focus on energy security in 1994 to the "supply bubble" today, and the extensive energy reforms being implemented by Mexico.
- Consensus that Mexico should be brought into the dialogue about energy services in North America, perhaps building on the U.S. - Mexico Energy Business Council.

### **Workshop Outcomes and Products**

The meeting's four goals were significantly advanced during this initial meeting.

The associations representing the companies in the energy services sector and the associations representing oil and gas producers shared information and insights on ways to communicate the benefits and the cross-border integrated nature of the energy services sector. The associations are now much better acquainted.

Two documents will be prepared to disseminate the outcomes. A highlights report and a fact sheet for policy makers will be produced to identify the facts and figures describing the energy services sector. The highlights report and fact sheet will be made available through the Ottawa Office.

The discussions and the products from the workshop will contribute to an improved state of readiness enabling a joint response to proposals emerging from the NAFTA renegotiations.

In closing, I thoroughly enjoyed chairing the meeting and greatly appreciate everyone's participation and insightful contributions on this important cross-border matter.

Enjoy the last weeks of summer!

With best regards,

Graham Campbell  
President,  
Energy Council of Canada