

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy
Hearing on “The Impacts and Future of North American Energy Trade”
December 13, 2017

(As prepared for delivery)

Good morning and welcome to all our witnesses. I appreciate you all taking time so close to the holiday season to be with us today. This hearing builds upon the Energy and Commerce Committee’s impressive record of hearings on energy security, job creation and infrastructure.

One of the many things I appreciate about our subcommittee is that we have members who represent both northern and southern border states. As a proud Michigander, I will be focusing my comments and questions more on our relationship with Canada, while I am sure my friends from Texas will be focusing more on Mexico. But one thing I want to make clear, this hearing is about North American integration, specifically, the impacts and future of North American Energy trade. We want to examine how North American energy trade has strengthened all our economies and our trading relationships.

Nationally, 14 million jobs are tied to trade with Mexico and Canada – in Michigan, its nearly 400,000. This trade makes us more competitive internationally and can prove to be the difference between creating or shedding jobs. Eighty-four percent of petroleum and coal products exported from Michigan go to either Mexico or Canada.

The energy markets of Canada, Mexico and the United States are becoming increasingly interdependent, thanks in large part to the free trade status of energy commodities. When we think about energy trade, we are including crude oil, refined petroleum products and other liquids, natural gas and electricity. To sum it up: we have transmission lines that go across the border; we have pipelines that go across or under the border; and we have goods and services that go across the border. Energy trade is much more than just commodities – there is also a huge supply chain supporting everything. The multiplier effect of energy trade is great throughout our economy.

Trilateral engagement is not just about trade, but also about information sharing. Just last month, the Energy Information Administration announced the launch of a website on North American Cooperation on Energy Information or NACEI. This

resource consolidates energy-related data, maps, and references from the US, Canada and Mexico. The current areas of focus include: comparing, validating, and improving respective energy import and export information; sharing publicly available geospatial information related to energy infrastructure; exchanging views and information on projections of cross-border energy flows, and harmonizing terminology, concepts, and definitions of energy products. This will allow each country to work together for the benefit of all three countries.

The centerpiece of our trade relationship is the North American Free Trade Agreement or NAFTA, which entered into force on January 1, 1994. On May 18, 2017, the Trump Administration sent a 90-day notification to Congress of its intent to begin talks with Canada and Mexico to renegotiate NAFTA. Currently, negotiators are holding intersessional meetings in Washington, DC through mid-December in advance of a sixth round of negotiations which are scheduled to be held from January 23-28, 2018 in Montreal, Canada.

My expectation is that today's hearing will help provide some context for the NAFTA renegotiations. I look forward to hearing the testimony of our witnesses and engaging in a conversation about the benefits of a robust North American Energy sector.