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June 12, 2017

The Honorable Robert E. Lighthizer
United States Trade Representative
Office of the United States Trade Representative

RE: Modernization of the North American Free Trade Agreement

Dear Ambassador Lighthizer,

The Petroleum Equipment and Services Association (PESA) – the national trade association for the oilfield service, supply and manufacturing sector – appreciates your leadership in progressing the modernization of the North American Free Trade Agreement (NAFTA). Per the United States Trade Representative's (USTR's) notice in the Federal Register (82 FR 23699) concerning renegotiations of NAFTA, PESA appreciates the opportunity to submit its views on NAFTA as it relates to the oil and natural gas industry, and in particular, the oilfield services and supply sector.

PESA represents approximately 200 companies that provide the services, technology, equipment and expertise necessary to safely and efficiently explore and produce oil and natural gas. Our members are committed to advancing safety, environmental stewardship, and ensuring that society's continued economic progress is fueled through the sustainable development of our natural resources. PESA members' facilities and operations are located across the globe, including in the United States (U.S.), Mexico, and Canada.

Trade and investment have had a positive and substantial impact on the energy sector. Increased integration between energy supplies and demands has benefitted the U.S., Mexico and Canada enormously, providing significant job creation as well as economic and energy security.

Since NAFTA took effect more than two decades ago, U.S., Canadian and Mexican oil and natural gas markets have expanded and steadily increased in their integration. This expansion took its lead from the U.S. petroleum renaissance that saw domestic oil production rise from 5 million barrels per day (MBD) in 2008 to more than 9.5 MBD in 2015. The North American market's integration is critical to the U.S., which is well placed to increase domestic oil and gas production and to advance the exports of oilfield services and equipment.

PESA's membership maintains a strong desire to see the architecture of the current NAFTA remain in place. As negotiations begin on NAFTA's modernization, it is essential that U.S. policymakers recognize the importance of sustaining and promoting a strong and integrated North American oil and natural gas market. This will require that NAFTA maintains many key provisions that have been instrumental in forging today's vibrant market. These provisions include bi-lateral (cross-border) market access for the oil and gas service sector, investment protections, dispute resolution, and intellectual property protection.

Continuation of these policies will ensure the North American oil and natural gas market remains positioned for substantial and sustained growth, contributing to job creation, economic expansion, and enhanced energy security.

PESA appreciates the opportunity to share its views on NAFTA and looks forward to working with USTR on modernization of this trade agreement which has strengthened and enhanced trade relations with our North American partners.

Sincerely,



Leslie Beyer

President

Petroleum Equipment & Services Association