

Strong US-Mexico energy ties expected to withstand uncertainties

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By [Nick Snow](#)

OGJ Washington Editor

US-Mexico energy relationships are sufficiently strong to withstand uncertainties ranging from the North American Free Trade Agreement's renegotiations to Mexico's upcoming presidential election, speakers agreed at a Dec. 15 conference sponsored by the Institute of the Americas (IOTA). "The relationship is very mature, very robust, and not having problems," noted Jeremy M. Martin, IOTA's vice-president for energy and sustainability.

"These two nations are so interconnected that the growth in their energy trade can't be reversed," said Carlos A. Sole, partner and co-chair of the Latin America practice at Baker Botts LLP in Houston. "Mexico's energy reforms were tested when crude oil prices fell from \$100/bbl to \$30/bbl before their recent recovery, but it still held some successful offshore leasing auctions. US companies also have announced several new cross-border projects."

Mark Nelson, regional vice-president and issues management director at Sempra Energy, noted, "US-Mexico energy relationships weren't going to stand by while NAFTA was being renegotiated." The San Diego-based utility holding company was the first US firm to invest in energy projects in Mexico 20 years ago, Nelson stated. "In times of energy distress, California has benefit from support from Mexico's federal electricity commission," he said.

The Trump administration is continuing most programs with Mexico and working on sharing more data, improving relationships with each country's agencies, and helping Mexico develop carbon capture and storage capabilities, said Elizabeth Urbanas, deputy assistant secretary for Asia and the Americas in the US Department of Energy's International Affairs Office. The relationship is enhanced by a trilateral energy relationship the two countries have with Canada, she said.

"The direction of energy flows has changed drastically in the last 10 years, but to the benefit of all three countries," Urbanas said. "Having us all get together has multiple options to cooperate and strengthen North American energy. We want to make certain that the pipes and wires across the borders remain safe, secure, and resilient."

The countries' energy ministers meet annually and the US-Mexico Business Council, which was established in 2016, has strong private sector participation on five working groups that identify issues and seek to address them, Urbanas said. "We sit down twice a year and have a real talk fest," she said. "A number of companies have business in both countries. We've been working on NAFTA issues since the beginning of 2017. The administration wants to strengthen cross-border relationships. That's been a major factor in the NAFTA renegotiations."

While the person many consider the front-runner in Mexico's July 2018 presidential election—leftist-nationalist Andres Manuel Lopez Obrador—has made opposition to the 2013 energy reforms a cornerstone of his campaign, speakers at the conference said they expect them to survive even if he wins. "The energy reforms were changed in the national constitution and can't be reversed easily," said Sole. "A new administration could hold fewer lease auctions and try to slow the process down, but that's about all."

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