# Integrating a North American Energy Community

## How Companies from Canada, the U.S., and Mexico, can develop more regional opportunities.



ISME
International Society for Mexico Energy

# Why this paper

This paper is a call to action to the private sector. To companies and professionals in Mexico, the United States, and Canada, to help develop regional opportunities and to help shape North America's future energy agenda.

Since its founding in 2014, ISME has been the only US-based nonprofit international organization providing a permanent -neutral- educational space where industry, governments, and academia, across Mexico's energy sectors: upstream, midstream, downstream, and electricity, gather to share knowledge.

The implementation of the USMCA undoubtedly confirms the importance of greater integration among the three North American countries to better position the region to compete globally. ISME believes that post COVID-19 economic recovery will be critical, and has focused its mission on the region, to enable dialogue, understanding, and collaboration among the three countries.

Last year ISME launched a Trilateral Webinar Series called "Strengthening the North American Energy Supply Chain", and its key takeaways are the basis of the conclusions of this paper.

We hope that this paper will encourage you and your company to take action in joining us, to strengthen the North American energy sector community and help the region prosper.

Sincerely,

Noé H. Saenz

**Noé H. Sáenz**
**Founder & President, ISME**





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# Our **Partners**

Many thanks to our partners and members who with their contributions and voluntary work, make this organization and this publication possible.

# Energy as a Key Driver for North America's Economic Recovery

The world is starting a new decade which will be marked by a deep economic crisis and increased uncertainty. Managing these circumstances will be a priority for governments and the private sector. The disruption caused by COVID-19 and the measures deployed to respond to the new environment have impacted all regions and societies. In this context, a renovated trade treaty between the United States, Mexico, and Canada, the USMCA, has entered into force, with the redefinition of supply chains and trade patterns at its core.

ISME organized in 2020 a series of public webinars with the objective of identifying a series of ideas and to start conversations between private stakeholders that help strengthen the energy supply chain in the North American block.

Moreover, new consumption trends are emerging while a new environmentally sustainable agenda is shaping. The energy sector cannot escape these scenarios, and it also must transform and adapt to the new rules, where competitiveness and economic growth will depend on how these new challenges are addressed.

Energy and trade policies are the key drivers for economic recovery in the post-COVID North America. Despite the fact that the USMCA negotiations reinforced the already





high level of integration between the three countries, developing a North American energy agenda remains a complex issue to articulate. Achieving a strong and integrated North American energy supply chain should therefore be of critical importance for the three countries in the region.

With this  in mind, the International Society for Mexico Energy (ISME) organized in 2020 a series of public webinars with the objective of starting conversations among private stakeholders  to help strengthen the energy supply chain in the North American block. The webinar series aimed to find a common ground and to generate proposals for solutions and actions going forward. The ideas expressed below are the result of this exercise and map out ISME's 2021 agenda that will continue to explore  synergies among the three countries.

# We need an energy agenda -and an ongoing dialogue - as a **North American energy community**

The webinar series organized by ISME last year highlighted the need for a better understanding among the three countries which can be built, as a first step, through the promotion of dialogue among the private sector and creation of a North American energy community.

**The 3 main areas of opportunity** that were identified during the conversations to promote an energy agenda for this community were:

- **REGIONAL COMPETITIVENESS**
- **ENERGY TRANSITION**
- **REGIONAL COLLABORATION**



# REGIONAL COMPETITIVENESS:

## Raising awareness of the benefits of regional energy competitiveness should be a priority.

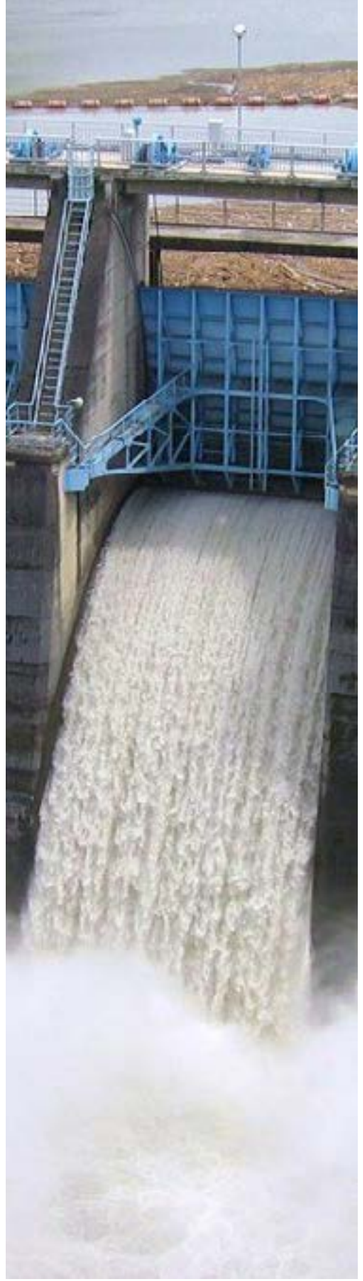


Continued regional growth is possible if dialogue at all levels among the three countries is aligned and developed jointly. During our conversations we identified a consensus about the need for educating the general public opinion regarding energy, its different sources and understanding of the benefits of a more open and integrated sector. Regional integration is not a smooth process, and surely faces legal, political and social challenges, but we must emphasize the benefits that we could share. Raising awareness and building a community that supports this agenda should be a priority.

In addition, deeper cooperation between governments should be an objective of the private sector. This needs to be done cautiously and led by example, providing a space for governments to articulate their strategies and where valuable inputs from the private sector can be shared, including:



- **Issues that have not been addressed but should be considered in the future.**
- **Ideas on how future cooperation among three countries should be.**
- **Opportunities and challenges we face as a region and the benefits of addressing them together.**
- **Legal challenges to the community-building process.**
- **Ideas on how to remain competitive vis-à-vis the rest of the world.**
- **Proposals to bring certainty to investments in a changing business environment.**
- **Reasons to create a common energy security policy that allows us to be prepared for current and future threats as a North American community.**
- **Proposals to embrace sustainability without risking competitiveness.**
- **How education could bring opportunities to embrace and invest in new technologies.**



The USMCA will not by itself solve all the existing problems that the region faces, but it is a tool where investment and trade have an established framework for dialogue and cooperation. It is important therefore to present these ideas under the USMCA platform, because it is the legally binding agreement that all three North American countries must uphold. Finally, another advantage of articulating an agenda around this trilateral agreement is that, as companies seek certainty and predictability, the three countries can build upon it in terms of sustainability, competitiveness and economic growth.

# ENERGY TRANSITION:

## Changing the mindset towards the energy transition and embracing innovation will provide important advantages to the region.

The world is undergoing an energy transition and companies are becoming more socially responsible embracing an environmental, sustainable and governance agenda. In addition, technology is changing rapidly and there is an increasing need to focus on continuous innovation to provide important advantages.

The main challenge to move to a greener economy as a block is the will to cooperate among the three countries. Promoting better understanding and access to information at all levels will help to promote informed decision making. For this reason, ISME will include in its educational events, some of the following key topics identified during the webinars as starting points for further conversation and study:

- **Energy transition**
- **Hydrogen**
- **Cross Border Electric Transmission**
- **Investing in clean technologies**
- **Physical and cyber security enhancement**
- **Digitalization**
- **Strengthening of critical infrastructure**
- **Workforce diversity and mobility**





# REGIONAL COLLABORATION:

## Facilitating collaboration between companies and professionals as a first step to promote dialogue and better understanding to develop a regional agenda.

The region has the opportunity to strengthen its energy supply chain by becoming the option for companies that are assessing procuring their supplies in the Western Hemisphere. However, how the region, as a block, prepares to be more competitive with the rest of the world is not on the public agenda. This is where stakeholders representing the private sector should take the lead in proposing that agenda, promoting ongoing dialogue and setting the example on collaboration.

Jobs, innovative technologies and competitive products and services are created on the most part by the private sector. Governments can best enable them by defining and implementing regulations and policies that incentivize investment in research, development and implementation of projects and initiatives that transform those opportunities into to reality.

# ISME is committed to boosting these areas of opportunities through the creation of a **North American Energy Community**

Many times, during the webinars conducted in 2020, it was highlighted that the most effective regulations and policies are those based on a balanced approach considering all the stakeholders and communities involved. At ISME, we think that for any solution to be effective it has to be a win-win proposition and the only way to achieve it is through dialogue, better understanding and cooperation. That is the main reason why we will promote a new **North American Energy Community**.

The relationship between the three countries will necessarily evolve and change as a result of the global post-pandemic economy. Private stakeholders play a key role in setting an agenda, proposing ideas for policy development and infusing a spirit of integration in the region.

ISME as a permanent, neutral educational platform is excited to collaborate on these efforts and to facilitate open dialogues that generate a better understanding among the three North American countries, stakeholders, and other relevant actors in the region. We firmly believe that the private sector must take the lead and support that the three partner countries fulfill its potential as a region.



## Join us and be part of the Community

# **Trilateral Trade** Task Force Committee

Many thanks to our **Trilateral Trade Task Force** for organizing our 2020 Trilateral Webinar Series.

**Sandy Basler**
*Trilateral Trade Task Force Chairwoman*
*ISME VP Admin / Board of Director*

**Deborah Archibald**
*Director of the Extractive Resource Government Program (ERGP)*
*University of Calgary*

**Ulyses Balderas**
*Associate Professor/Center for International Studies*
*University of St. Thomas*

**Jael Durán**
*Managing Director*
*Canadian Chamber of Commerce Mexico City*

**Miguel Gonzalez**
*International Trade Commissioner*
*Government of Canada, Mexico*

**Luis Hernandez**
*Director Especialidad en Administración Energética Campus Santa Fé*
*EGADE Business School, Tec de Monterrey*

**Troy Mattie**
*Supply Chain Expert North America*
*Total Energy Services, Canada*

**Karla Mendoza Alcantara**
*Founding Partner & Public Affairs Director, Agil(e)*

**Benjamin Torres-Barcon**
*Partner*
*Baker McKenzie*

**Fernando Villar**
*Former Consul of Mexico in Alberta & Saskatchewan*
*Bettinger Asesores*

We very much appreciate the work of **Karla Mendoza Alcantara** for leading the analysis and authorship of this paper based on the content presented and discussed in our trilateral webinars. And our special thanks to **Andrea Calo** for her editorial review of this document.



# **Webinar** Series Speakers

**Trilateral Trade Views – Perspectives from Former Ambassadors**
**Pierre Alarie,** *Former Ambassador Canada*
**Geronimo Gutierrez,** *Former Ambassador Mexico*
**Benjamin Torres-Barron,** *Baker McKenzie, Moderator*

**USMCA Negotiators – Hidden Aspects of the Negotiations**
**Juan Carlos Baker,** *Ansley Consultores*
**Martin Thornell,** *Global Affairs Canada*
**James Fowler,** *ICIS Mexico Review, Moderator*

**North American Block – Energy Supply Chain Consolidations – Applied Research**
**Dr. Patricio Torres-Palacio –** *Bridgewater State University*
**Juan Carlos Villa,** *Texas Transport Institute, Texas A&M Mexico City*
**Andrea Calo,** *Customized Energy Solutions, Moderator*

**North American Block – Energy Supply Chain Consolidation – Key Business and Financial Perspectives**
**Damarys Zampini,** *Sustrategy*
**Marco Ayala,** *Emerson*
**Eduardo Andrade,** *Burns & McDonnell*
**Marcelo Campos,** *Roxtec, Moderator*

**Renewables & Green Energy – A Change in Paradigm**
**Robert Hornung,** *President & CEO, Canadian Renewable Energy Association*
**Jose Maria Lujambio,** *Partner, Cacheaux, Cavazos & Newton*
**Craig Sundstrom,** *RWE Renewables*
**Barbara Clemenhagen,** *Customized Energy Solutions, Moderator*

**Investor State / Dispute Settlement under USMCA (Investment Protection)**
**Francisco Franco,** *Baker McKenzie*
**Adrian Magallanes,** *Von Wobeser y Sierra, S.C.*
**Jose P. Barnola,** *Baker McKenzie, Moderator*

**Energy Capital Trends in Mexico, U.S. and Canada**
**Christine Spiro,** *Our Energy Manager*
**Ed Brost,** *Carbovate Development Corp.*
**Francisco Jose Con Garza,** *Cemex*
**Noé H. Sáenz,** *Burns & McDonnell, Moderator*

**Women in Energy – Challenges and Equality – North American Comparative**
**Mariene Gutierrez,** *EGADE Faculty – Energy Sector*
**Najla Jamoussi,** *Cheniere*
**Lorena Patterson,** *TC Energy*
**Nancy Southern,** *ATCO, Moderator*

**Labor Mobility in the Block**
**Alfredo Kupfer Dominguez,** *Sanchez DeVanny*
**Carlos Solorzano,** *SMPS Legal*
**Flor Dimassi,** *GlobalSpeak Translations, Moderator*

**Requirement to do Business in the North American Block**
**Andres Bazo,** *Rasco Klock Perez & Nieto, P.L.*
**Carlos Solorzano,** *SMPS Legal*
**Guillermo Villaseñor,**
**Sanchez DeVanny,** *Moderator*