



Insight

North American Energy Island: Maybe Next Time

CATRINA RORKE | APRIL 3, 2012

Yesterday, President Obama met with Mexico's President Felipe Calderon and Canada's Prime Minister Stephen Harper to find ways to boost North American trade and shore up the fragile economic recovery. We are natural trade partners; international trade among our North American allies tops \$1 trillion a year, and Canada and Mexico represent 32% of our total export market. Collaboration to boost trade would be a major job creator for American businesses and families.

Certainly, energy is one of the most vital pieces of our trade puzzle and can cement the strength of our economic relationships. All three major North American nations are among the top 10 in oil production and top 15 in oil consumption world-wide. The geology of the continent provided huge sums of fossil fuels, and tremendous potential for renewable power. Our leaders are working toward an interconnected North American grid to improve reliability, expand services, and broaden our collaboration on creating energy jobs and combating environmental damage related to resource use.

But they missed the boat on one idea that's a sure ticket to jobs, wealth generation, innovation, and energy security. What if the US, Canada, and Mexico collaborated to create a virtual North American energy island? Together, we could expand access to our resources, build up capacity with innovative world-class technologies, improve efficient energy use, and streamline trade policy. We could develop on our continent sufficient capacity to meet demand, and develop a regional strategy toward creating long-term growth in a truly "all-of-the-above" energy sector.

There are a lot of reasons this could work. Canada and the US are simultaneously expanding their production of oil and natural gas with innovations in extraction techniques that make nonconventional reserves accessible. At the same time, Mexico is expanding the use of natural gas in electricity generation and serving as the largest consumer of petroleum products refined in the US. All North American nations are exploring the use of sophisticated oil development technologies and methods to get more mileage out of old oil fields. Wind, solar, and tidal patterns over the continent provide the potential for a complimentary patchwork of renewable investments that can harness large quantities of energy from our environment. Our energy trade is so fundamentally interrelated that it seems only logical to build up our resources and insulate our economies from global energy vulnerabilities.

So what's standing in the way? There isn't a lot of reason to trust the US under Obama Administration leadership. When the president killed the permit for the \$7 billion Keystone XL pipeline, he pulled the plug on long-laid plans to get more than 800,000 barrels of Canadian crude oil from the Alberta tar sands to sophisticated Gulf Coast refineries. This oil is now searching for markets in Asia, blunting our energy trade relationship. More than that, Obama's permitting and regulatory policies are limiting resource development to private and state lands and making domestic energy development more expensive, curtailing the growth in production that lets us think seriously about energy security. As the largest energy consumer, the US needs to pull its weight to entice Mexico and Canada to join us on a North American energy independence venture.

It's no surprise that Obama, Calderon, and Harper devoted much of their press conference to speaking in abstraction about streamlining regulation at home. Our energy trade has moved from an area of great potential to an area of considerable consternation under the feeble leadership of President Obama. Serious domestic energy policy can open the door to major North American collaboration on energy independence, a goal that our own natural resources seem to be steering us toward. Let's develop American energy, lead the continent in job creation, and encourage our neighbors to join us in this venture.