



CAPITAL WIRELINES

US Int'l Trade Commission to study oilfield, drilling markets

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OILFIELD SERVICES STUDY (Washington/Geneva)—The US International Trade Commission (ITC) has announced a government-funded study of international markets for oilfield services, including drilling services. This examination was prompted by the Energy Services Coalition (ESC), a 60-member coalition co-chaired by IADC Senior Vice President-Government Affairs Brian T Petty seeking liberalization in energy services trade through the World Trade Organization (WTO) based in Geneva.

The formal request for the study was made by the United States Trade Representative (USTR), which is engaged in promoting the ESC agenda in ongoing negotiations at the WTO. The USTR will use this information in multilateral trade negotiations under the WTO General Agreement on Trade in Services (GATS) to reduce foreign trade barriers to competition. The United States has identified energy services, and particularly oilfield services, as a critical service sector that would greatly benefit from trade liberalization. This investigation is a unique opportunity for the oilfield service industry to educate the ITC and the USTR about obstacles the industry faces in competing globally.

Individual energy and oilfield services companies have been understandably reluctant to publicly identify problems they have specifically experienced in countries where they operate, for fear of losing business there. So the USTR at the suggestion of ESC is using the resources of the ITC to conduct a broad study on a confidential basis to determine where problems exist, and which countries should be pressed to make their procurement processes transparent, their customs regimes consistent and non-arbitrary, and have their regulatory agencies treat foreign and domestic oilfield services companies equally.

The ITC set forth its goals thusly: “[to]

- (1) describe the various activities involved in the provision of oil and gas field services;
- (2) discuss the nature of trade in oil and gas field services; and
- (3) examine the extent of impediments to trade in oil and gas field services and the potential benefits of trade liberalization.

Since oil and gas field services are conducted in a vast number of countries, the ITC will focus on issues that could be relevant multilaterally. For the purpose of this study, oil and gas field services are broadly defined to include evaluation and exploration activities; drilling activities; and well development and completion activities.”

ITC staff will be contacting individual IADC members, and will travel to the US and perhaps foreign oilpatches to meet with companies on a confidential basis to gather information useful to strengthen USTR's arguments for energy services trade liberalization. Participation in the study is entirely voluntary. Mr Petty is coordinating closely with ITC staff to achieve a useful and reliable product. This study follows earlier studies by the ITC on the electric power and natural gas industries, both of which greatly assisted the US trade negotiating position. The ITC expects to issue its report to the USTR by 18 March, 2003. ■