

**Testimony**

**Of William D. Marsh**

Vice President, Legal, Western Hemisphere

Baker Hughes Incorporated

On *behalf* of the National Association of Manufacturers

*before* the Committee on Ways and Means

Subcommittee on Trade

*on* The Pending Free Trade Agreement with Colombia

March 17, 2011

WRITTEN TESTIMONY OF  
WILLIAM D. MARSH, BAKER HUGHES INCORPORATED  
BEFORE THE  
COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE ON TRADE  
MARCH 17, 2011

Good morning Chairman Brady, Ranking Member McDermott, members of the Subcommittee: I am William Marsh, Vice President, Legal, Western Hemisphere, of Baker Hughes Incorporated. I am pleased to testify today as a member of the National Association of Manufacturers (NAM). NAM has a great deal of experience and expertise on trade-related matters, and I am submitting the Association's testimony for the record, which is attached. I have been practicing law for 22 years, with 13 years exclusively in the oil and gas industry and substantial experience working with Latin American countries, including Colombia.

Baker Hughes is a top-tier oilfield service company with a century-long track record. We deliver technology solutions that help oil and gas operators maximize their reservoirs through high-performance drilling and evaluation, completions and production, fluids and chemicals, and reservoir analysis. We work side-by-side with our customers to engineer reliable, application-specific products and services.

While we operate globally, Baker Hughes is headquartered in Houston, Texas and is a United States employer and manufacturer. We have a diverse workforce of more than 21,000 highly skilled professionals in science, engineering, manufacturing, and operations support in the United States and we are located in 28 states. In addition to providing services globally, Baker Hughes manufactures products in the United States—like pumps, motors, and valves—and exports them to countries worldwide, including Colombia. Roughly 75 percent of Baker Hughes Colombia's total global imports are from Baker Hughes facilities in the United States. We employ over 450 workers in our Colombia operations, and Baker Hughes offers a multitude of products and services in Colombia, ranging from reservoir development services to intelligent production systems to integrated operations.

The U.S.-Colombia Trade Promotion Agreement will replace a one-way preferential agreement with one that is mutually beneficial and reciprocal. Because of trade preferences, Colombia's exports have been entering the United States duty free (though that has temporarily expired). By contrast, Colombia's average duty on our imports from the United States averages five percent with some tariff peaks at 10 to 20 percent. Eliminating that duty would allow Baker Hughes to more effectively compete in Colombia, increase our exports to serve Colombia's expanded plans for oil and gas projects, and create more highly-skilled jobs here at home.

Colombia is a significant market for the United States—second only to Brazil in South America. United States exports to Colombia exceeded \$12 billion in 2010 and over 90 percent of that total was in manufactured goods. According to United States Department of Commerce, those exports supported nearly 90,000 United States jobs, of which 10,000 are U.S. small- and medium-sized businesses.

More specifically, Colombia is a major prospect for new oil and gas development. According to media reports, the Colombian government plans to increase oil production up to one million barrels per day by the end of 2012, and activity is likely to remain high for the next decade. As a market leader in oilfield services, Baker Hughes intends to be a substantial part of that market. United States trade policy should facilitate our participation in that responsible development.

From a security perspective, there are advantages to developing Western Hemisphere energy sources like those in Colombia. Colombia is considered a U.S. ally with a relatively stable government and economy. Oil and gas from Colombia could displace oil from less secure foreign sources of supply. Helping Colombia maintain a strong economy is also in our national interest. Therefore, adopting this reciprocal treaty is a win for both countries.