

**Statement
of
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**Before the
Committee on Energy and Natural Resources
United States Senate**

Importing Energy, Exporting Jobs. Can it be Reversed?

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Madam Chairwoman and members of the committee. Thank you for the opportunity to appear before you this morning to tell Lithuania's story, which I would summarize in a simple phrase: *Freedom Isn't Free!*

Just eleven years ago—on May 8, 2003—the historic vote of the Senate occurred, unanimously ratifying the accession of Lithuania and six other European democracies to NATO. As a result during these days we are celebrating the 10th anniversary of our membership at the Alliance.

During the past quarter century, Lithuania emerged from the ruined Soviet economy to become a free market nation with a robust economy, stable political system. We've become a trusted international partner, we are cooperating closely with the United States. We've put our own soldiers shoulder-to-shoulder with yours to fight terrorism in places such as Afghanistan. And, we're very proud of that.

So, I am humbled and honored to be here today as the energy minister of the free and independent state of Lithuania!

I am also honored to appear here because this body—the United States Senate—always stood beside us, never once recognizing the illegal and immoral annexation of the Baltic States by the Soviet Union.

And, finally, I am honored to appear before such a distinguished group of American officials, led by the chairwoman of this committee, Senator Mary Landrieu from the great state of Louisiana. Irrespective of political affiliation, you individually and collectively stand proudly for the principles of free and fair trade

and understand implicitly that the unrestricted flow of goods, services, and energy resources benefits both the United States and your trading partners.

Madam Chairwoman and committee members, the Lithuanian message is simple. We have common democratic vision; we share the same values in international relations. But, despite our unwavering commitment to those principles and ideals, a law enacted in your country some 75 years ago denies us access to your abundant and affordably priced energy resources.

Let's change this strange situation. In the spirit of allies let the energy strengthen and deepen our strategic cooperation.

At present, we are completely—100 percent—dependent upon single supplier of natural gas and, as a result, are forced to pay a political price for this vital energy resource. Lithuanian families and businesses pay 30 percent more for natural gas than citizens in other European countries. *This is not just unfair. This is abuse of monopolist position.*

Madam Chairwoman and committee members, I am here today to tell you about the steps Lithuania is taking to achieve energy independence and thereby strengthen our national security. But, let me also be 100 percent transparent. I am also here to plead with you and your colleagues to do everything within your power to help us achieve that objective by expediting the release of some of your abundant natural gas resources into the world market, especially to those nations beholden to a monopolistic supplier.

The United States, with your enormous natural gas resources and highly developed infrastructure, has the kind of liquid market that Europe is trying mightily to achieve.

What is the potential in Europe to receive US LNG? There are currently 22 operating LNG import facilities within the EU with a total combined capacity of 6,7 trillion cubic feet (Tcf) per year and another six terminals with an additional capacity of 1,06 trillion cubic feet per year are under construction (one of those new facilities, as I shall explain, is located in Lithuania's Port of Klaipėda on the Baltic Sea).

However, the actual import of LNG into Europe fell by almost half between 2010 and 2013, from 3 trillion cubic feet per year to 1,6 Tcf per year. The reason for this decline is simple. Because LNG prices are generally pegged to the global price of

oil, current prices are just too high to supplant natural gas produced in Russia and elsewhere on the continent. As a consequence, LNG terminal across Europe are functioning near their minimum technical capacities.

However, America's entry into the global natural gas market can change this situation completely.

Last week Vice President Biden visited Lithuania. During his visit, the Vice President said: "We have learned the hard way that protecting the sovereignty of nations depends on having more than one supplier of energy". Vice President Biden expressed support to our efforts by encouragement for further energy cooperation.

Lack of gas and electricity interconnections with other EU members and extremely high dependency on energy from a single monopolistic supplier, makes us highly vulnerable. Fortunately, the Baltic States are working successfully to overcome this "energy island" situation.

I am pleased to tell you that in just 250 more days, Lithuania will have an instrument—our own LNG import terminal in our seaport Klaipėda—and once this facility is operational, we will have a functional natural gas market at last.

I cannot overstress the strategic importance of the LNG terminal to Lithuania. The newly-built floating storage and regasification vessel has been symbolically named "Independence" and although its primary goal is to satisfy our national needs, the terminal will operate under a so-called "third party access" regime. That means that our neighboring countries could use terminal's capacity to meet their own needs. Thus our terminal—the first large-scale LNG import facility on the Baltic Sea—will be the ice-breaker for the region, helping to ensure an alternative gas supply and create a functioning gas market.

While the United States appears positioned to be a key player in the global LNG marketplace, there is, as you know, a sticking point. The majority of your LNG exports are subject to a "public interest" review conducted by your Department of Energy. At present, only exports destined for nations with which you have a free trade agreement are automatically deemed to be "in the public interest."

However, the U.S. President has the authority to deem all of the pending applications to export LNG to non-FTA nations to be "in the public interest". We hope that his administration will do just that by opening the doors to LNG export

to non-FTA NATO members. But, if they don't act in a timely way, we urge Congress to step in and amend the law.

Accelerating America's entry into the global natural gas market is a win-win-win situation. America wins through job creation, economic growth, more revenues for government. Customers across Europe win by access to more competitive, clean-burning U.S. natural gas. And, strategic cooperation of NATO allies would be strengthened—consequently stability on the European continent wins when monopolistic levers of influence are reduced or eliminated.

The present situation in Ukraine has taught us all one lesson—no nation should be able to use its monopolistic energy supplies to punish any other nation. So, in conclusion, my message to you is simple. Let's work together to let competition in, push the monopolists out, and bring natural gas prices down in Europe as they have come down in America.

Thank you for the opportunity to make this statement. I look forward to your questions.