

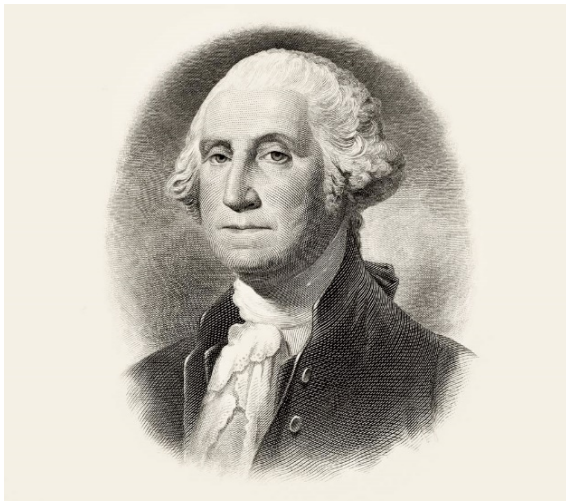
“WITH POWERS SO DISPOSED”

AMERICA AND THE GLOBAL STRATEGIC ENERGY COMPETITION

U.S. SENATOR
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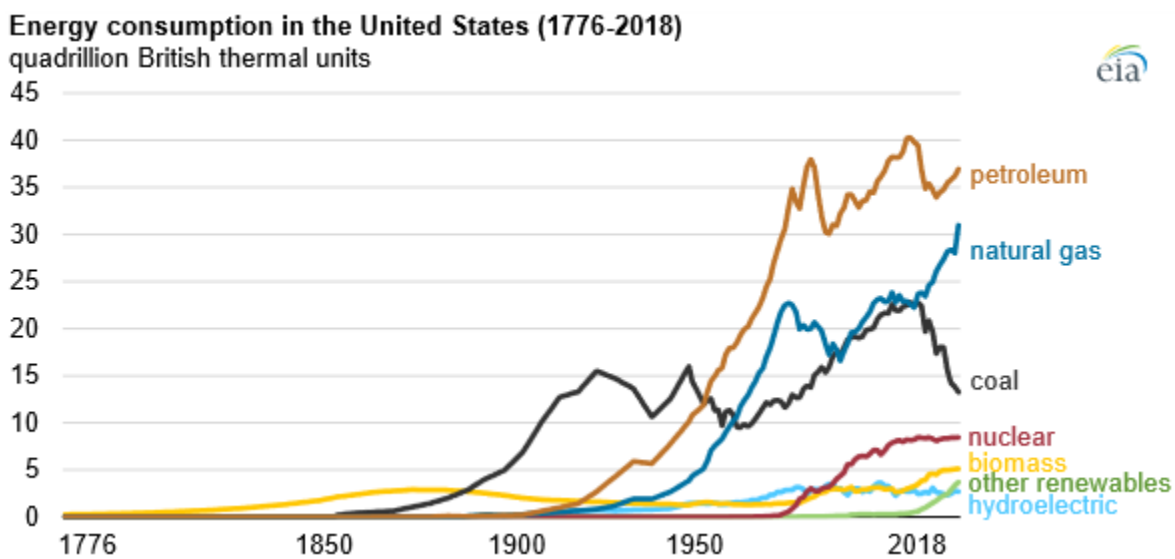
PRESIDENT GEORGE WASHINGTON
FAREWELL ADDRESS
SEPTEMBER 19, 1796

“[O]ur commercial policy should hold an equal and impartial hand . . . diffusing and diversifying by gentle means the streams of commerce, but forcing nothing . . . establishing (WITH POWERS SO DISPOSED, IN ORDER TO GIVE TRADE A STABLE COURSE, TO DEFINE THE RIGHTS OF OUR MERCHANTS, AND TO ENABLE THE GOVERNMENT TO SUPPORT THEM) conventional rules . . . the best that present circumstances and mutual opinion will permit . . . temporary, and liable to be from time to time abandoned or varied, as experience and circumstances shall dictate”

INTRODUCTION

A Central Position

The President's *National Security Strategy* accurately refers to "America's central position in the global energy system as a leading producer, consumer, and innovator."¹ Previous generations strived to achieve the status we now enjoy, using all types of fuel to propel the economic growth of a superpower. Logistical networks and world-class infrastructure enabled this expansion.



The Competitive Environment

Some countries may generate or utilize more units of a particular type of energy than we do, but no nation delivers as much energy to as many people, as efficiently, safely, and cleanly – with as much productive effect – as the United States. Despite our dominant place, other countries – allies, trading partners, great powers, rivals – are working hard to secure their own positions of strength within that global energy system. Markets are dynamic and rankings are not static. Americans must compete every day for our prosperity.

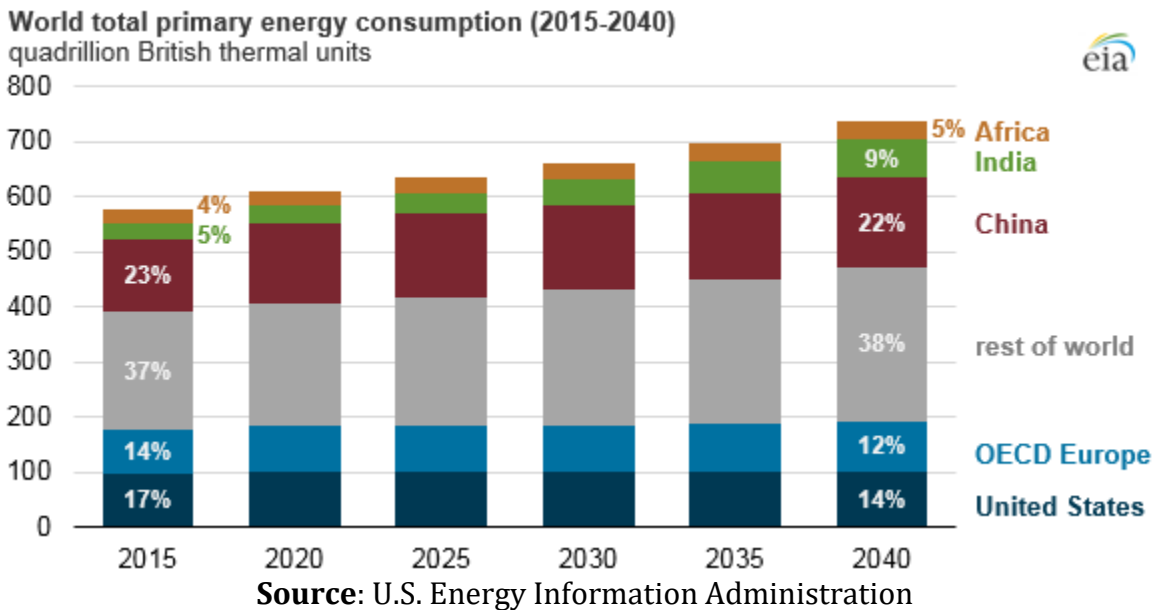
¹ *National Security Strategy of the United States of America* (The White House, December 2017), p. 22: <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

ASSESSMENT

A Signal to the World

Over the past decade, the United States energy sector has sent a “signal to the world.”² Executive and legislative action renovated the architecture of American energy – streamlining the regulatory review of natural gas exports, lifting the de facto ban on crude oil exports, opening up new areas in Alaska and the Outer Continental Shelf for development, investing in innovative advanced nuclear reactors, and much else. We produce (96 quadrillion Btu), consume (101 quadrillion Btu), and trade (46 quadrillion Btu) more energy than ever before.³

This revolution has occurred as regions outside of North America dominate worldwide energy consumption growth, a trend which suggests a global approach to the nation’s energy future may be required.

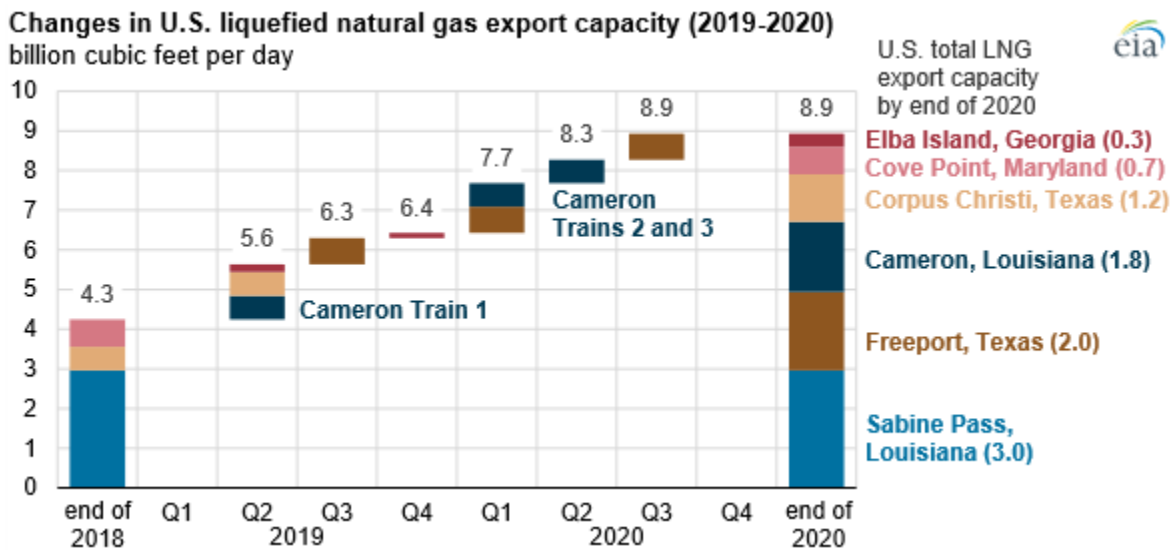


² U.S. Senator Lisa Murkowski, *A Signal to the World: Renovating the Architecture of U.S. Energy Exports* (January 7, 2014). See also the following reports prepared by the Republican staff of the U.S. Senate Energy and Natural Resources Committee: *Cross Currents: Iranian Oil and the U.S. Export Ban* (June 23, 2015); *Rendering Vital Assistance: Allowing Oil Shipments to U.S. Allies* (June 9, 2015); *A Ban for One: The Outdated Prohibition on U.S. Oil Exports in Global Context* (June 26, 2014); *Crude Pro Quo: The Use of Oil Exchanges to Increase Efficiency* (May 22, 2014); *License to Trade: Commerce Department Authority to Allow Condensate Exports* (April 2, 2014); and *Past is Precedent: Executive Power to Authorize Crude Oil Exports* (March 3, 2014).

³ U.S. Energy Information Administration, Table 1.1 Primary Energy Overview, *Monthly Energy Review* (June 2019). “Trade” includes the gross sum of imports and exports.

Long-Term Relationships

The signal our nation sends to the world must be followed by tangible results. Memoranda of understanding can be important, but tangible deals with secured financing, offtake agreements, and delivered cargoes are what guarantee jobs for Americans. Trade in raw commodities provides considerable economic benefit, and building terminals, processing plants, ports, and other infrastructure – domestically and internationally – offers innumerable cumulative gains.



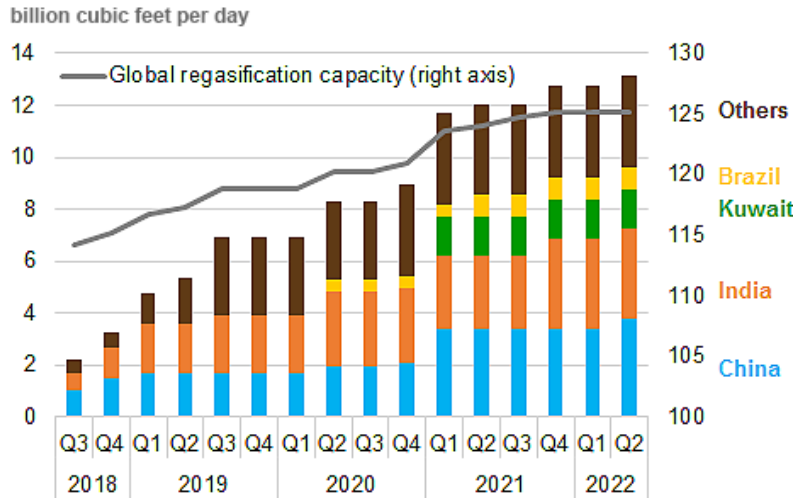
Source: U.S. Energy Information Administration

Case Studies: Natural Gas and Civil Nuclear

Energy-based prosperity requires long-term investments and relationships, which ultimately form the basis for any enhancement to our national security. For example:

- (1) Natural gas liquefaction and regasification facilities require decadal contracts, billions of dollars, and years of permitting and construction. Potential customers with which strategic relationships are critical abound in the Indo-Pacific region.

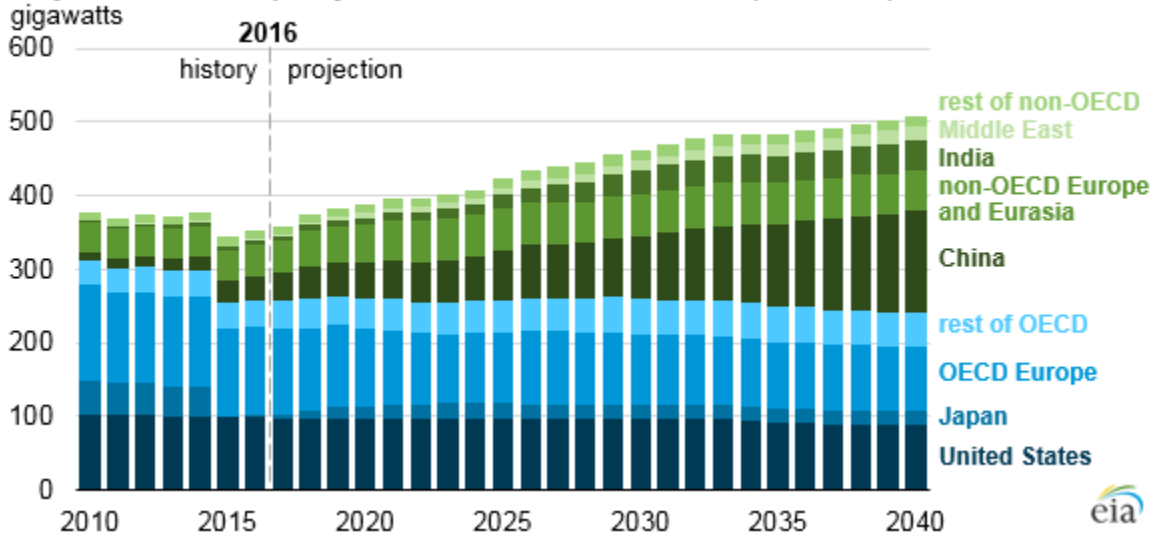
Global LNG import capacity additions (cumulative), 2018-22



Source: U.S. Energy Information Administration

- (2) Civil nuclear projects are impossible without diplomatic (“123”) agreements and often require substantial government-backed financing. The relationships that develop from such projects provide decades of further partnership.

Projected nuclear capacity in the IEO2017 Reference case (2010-2040)



Source: U.S. Energy Information Administration

THE STRATEGIC ENERGY INITIATIVE

In his Farewell Address, President George Washington extolled the virtues of free trade and noted the natural industriousness of the nation. He cautioned that such trade should follow a “stable course” within a flexible set of rules. This adaptive architecture would change “as experience and circumstances” warrant. It is time for the United States government to refine its instruments of national power, “with powers so disposed,” to strengthen the ability of the American people to compete fairly in the global energy system.⁴

The *Strategic Energy Initiative* will sharpen and direct our tools of energy-related economic statecraft to enhance the geopolitical posture of the United States. These tools include federal departments and agencies, such as the Department of Energy, and trade and finance-related institutions such as the Trade Development Agency, the Export-Import Bank, and the Development Finance Corporation (as it evolves from the Overseas Private Investment Corporation). Congress is uniquely positioned to provide strategic direction through its constitutional responsibilities of oversight and legislation. By focusing on long-term relationships, tightly within the nexus of raw commodities and infrastructure domestically and internationally, the nation will enhance its security, improve its balance of trade, and secure America’s position at the center of the global energy system.

CONCLUSION

The strategic environment is a competitive environment. Expanding the global reach of American energy requires a robust *strategy* that harnesses our Nation’s vast *means* in effective *ways* to achieve secure and prosperous *ends*. The Strategic Energy Initiative seeks to accomplish just that.

ACKNOWLEDGMENTS

The cover image is a portion of a photograph taken by Carol M. Highsmith, “Dusk view of the Valero Energy Corporation's refinery in Port Arthur, Texas.” Dated February 27, 2014, it is provided by the Library of Congress: <https://www.loc.gov/item/2014633835/>. The official engraved portrait of President George Washington is provided by the United States Mint.

⁴ Farewell Address (1796), United States Senate Historical Office (Senate Document No. 106-21).