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**Testimony before the House Committee on Foreign Affairs
The Geopolitical Potential of the U.S. Energy Boom**

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Chairman Royce, Ranking Member Engel, and distinguished members of the Committee, thank you for the opportunity to testify today on the geopolitical potential of the U.S. energy boom. In my remarks I will discuss several themes explored in much greater detail in my written testimony, which I have submitted for the record.

Remarkable recent increases in U.S. energy production have substantial economic and geopolitical benefits. Aside from strengthening our economy, which is instrumental to our nation's security, the domestic energy boom means that a larger portion of global oil and natural gas supply comes from reliable sources. The broad innovation and economic gains associated with the energy boom reduce U.S. indebtedness, including to countries sometimes hostile to U.S. interests, and allow the United States new capacity and flexibility to advance foreign policy interests.

To fully realize the geopolitical potential of the U.S. energy boom, however, national leaders must revise paradigms and policies that restrict energy exports. We would not be wise to hoard energy at home and disengage from strategic relationships with major global energy producers. That approach will not make us safer. We would have more scope to promote stable global markets, U.S. prosperity and our foreign policy interests with greater energy production and a more nimble and permissive export regime for liquefied natural gas (LNG) and crude oil. For this reason, national leaders should accelerate the permitting of LNG export facilities and allow the export of crude.

Crude Exports

U.S. crude exports are subject to near-total restriction. Lifting these restrictions would ease supply bottlenecks and market dislocations, and signal drillers to continue production growth. This would generate more revenue and expand the share of global crude from a stable producer. Crude exports would raise some oil prices in some parts of the United States to come in-line with global benchmark pricing. However, it is unlikely that this would increase retail gasoline prices for consumers. They could even drop marginally.

If the United States maintains current crude export restrictions it will prevent U.S. oil production expansion. This means foregoing an opportunity to shrink OPEC's market share and its cartel pricing power. Foregoing crude exports would also mean reduced policy leverage over Iran. If international nuclear talks with Iran fail, U.S. policy leaders may want to implement tough new sanctions to remove all Iran's oil exports from the market. Congressional proposals to this effect are credible if sufficient, affordable alternative oil supplies are available so that the international community will participate in

sanctions. The United States should help ensure that these alternatives are available by encouraging its crude production and exports, instead of relying on OPEC to do so.

LNG Exports

Future planned U.S. LNG exports represent an economic and strategic benefit for the United States. They would bring greater supplier diversity, more competitive pricing arrangements and less politicized contract terms for allies and partners abroad. The United States is a stable producer and would ship LNG along trade routes that involve few maritime choke points or hot spots. U.S. LNG would represent an important economic plank of the U.S. rebalance to Asia, and would meaningfully contribute to the energy security of America's alliance partners in Northeast Asia. Additionally, LNG exports will directly and indirectly help to diversify European gas markets away from their 30 percent reliance on Russia. This, other technical assistance and diplomatic engagement to help Europe access shale gas and reform regional markets will have a meaningful impact in eroding Russian pricing power and coercion in Europe.

Refraining from selling LNG or crude abroad in order to support domestic manufacturing or refining industries, or to halt energy production growth, would undermine U.S. foreign relations and the scope of our leadership abroad. It would also cause the United States to lose out economically to other countries that promote greater production and export.

As the United States thinks about the energy and foreign policy agenda that can best promote prosperity and our national interest, it must prioritize responsible production of energy and its unencumbered export.

Thank you for the opportunity to testify. I look forward to answering your questions.

Biography

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Elizabeth Rosenberg is a Senior Fellow and Director of the Energy, Environment and Security Program at the Center for a New American Security.

From May 2009 through September 2013, Ms. Rosenberg served as a Senior Advisor at the U.S. Department of the Treasury, to the Assistant Secretary for Terrorist Financing and Financial Crimes, and then to the Under Secretary for Terrorism and Financial Intelligence. In these senior roles she helped to develop and implement financial and energy sanctions. Key initiatives she helped to oversee include the tightening of global sanctions on Iran, the launching of new, comprehensive sanctions against Libya and Syria and modification of Burma sanctions in step with normalization of diplomatic relations. She also helped to formulate anti-money laundering and counter-terrorist financing policy and oversee financial regulatory enforcement activities.

From 2005 to 2009 Ms. Rosenberg was an energy policy correspondent at Argus Media in Washington D.C., analyzing U.S and Middle Eastern energy policy, regulation and trading. She spoke and published extensively on OPEC, strategic reserves, energy sanctions and national security policy, oil and natural gas investment and production, and renewable fuels.

Ms. Rosenberg studied energy subsidy reform and Arabic during a 2004-2005 fellowship in Cairo, Egypt. She was an editor of the Arab Studies Journal from 2002-2005 and researched and wrote on Middle Eastern politics at the Council on Foreign Relations in 2003. She received an MA in Near Eastern Studies from New York University in 2004 and a BA in Politics and Religion from Oberlin College in 2000.