Mission & Objectives

Mission:

• The Bureau of Energy Resources (ENR) leads the State Department's efforts to develop and execute international energy policy by directing diplomatic engagement to promote: 1) energy security for the United States and our partners and allies; 2) U.S. economic growth that benefits American business and people; and 3) global political stability and prosperity through energy development.

Strategic Objectives:

• Reduce barriers to energy trade and development;
• Promote U.S. energy exports, including all fossil fuels, renewable energy, energy efficiency, and smart grid technologies;
• Ensure energy security for the United States and its partners and allies;
• Ensure universal access to reliable, affordable energy.
Colorado Energy Production

Crude Oil

Natural Gas

Source: EIA

Source: EIA
Growth in U.S. Oil and Gas Production

U.S. crude oil production
Million barrels per day

U.S. natural gas production
Billion cubic feet per day

Federal Reserve Bank of Dallas

NOTE: Natural gas series is marketed production. SOURCE: Energy Information
Growth in U.S. Oil Exports

Top ten destinations:
1. Mexico
2. Canada
3. China
4. Brazil
5. Japan
6. Netherlands
7. Singapore
8. India
9. United Kingdom
10. Korea

Source: EIA
Global Demand Growth for Oil

Short Term: Global demand growth remains solid for now

Growth is 1.3 mb/d in 2018 and 1.4 mb/d in 2019. China/India take 50% of growth this year.

Source: IEA
Global Sector Demand Growth for Oil

Long Term: Diverging trends for global oil demand

Change in global oil demand by sector, 2017-2040

Headline growth in oil demand to 2040 masks a wide variety of different sectoral & regional trends, with petrochemicals underpinning a shift in consumption towards lighter products

Source: IEA
Global Oil Demand Continues to Grow

Long Term: Supply relies on shale, deepwater & the Middle East

Composition of global oil production

Investment & growth on the supply side is also concentrated in a handful of areas: US shale dominates the near term, but the Middle East & deepwater production play vital roles

Source: IEA
Global Growth in Gas

Natural gas demand is in the fast lane

- Natural gas is a versatile fuel whose demand is growing in part because of its air quality and greenhouse gas emissions benefits relative to other fossil fuels
  - A strong contributor to “Blue Skies” policy in China
  - Abundant & cost competitive gas led to 5% coal-fired US power generation decline in 2018
  - Reducing oil burn for power generation in North Africa and the Middle East

- Natural gas will remain the fastest growing fossil fuel in the future, overtaking coal by 2030 to become the second-largest source of energy

- Liquefied natural gas (LNG) is the driving force behind natural gas trade growth

Source: IEA
Global Liquefied Natural Gas (LNG)

LNG is the driving force behind global natural gas trade growth

World LNG imports for main destinations, 2000-40

Global LNG trade more almost doubles by 2040, accounts for 60% of total natural gas trade

Source: IEA
Growth in U.S. LNG Exports

Top ten destinations:
1. Korea
2. Mexico
3. Japan
4. China
5. India
6. United Kingdom
7. Chile
8. Jordan
9. Brazil
10. Argentina

Source: EIA
U.S. LNG Strengthens National Security

- U.S. LNG export capacity nearly doubling in 2019;
- The United States is forecasted to be the 3rd largest LNG exporter behind Qatar and Australia in 2019;
- This is only three years after LNG production in the lower 48 states began in earnest;
- U.S. LNG is exported globally to over 25 countries;
- By 2024, U.S. LNG exports based on completed LNG export facilities and those under construction will be over 300 million cubic meters per day or 114 billion cubic meters per annum (bcma).
Energy Prosperity

CERAWeek Houston, TX – March 2019

Promoting U.S. Energy Exports

- Engagement at major energy conferences to promote U.S. exports and reciprocal investments
- $5.2 billion in U.S. energy sector exports in FY2018
  - LNG to Europe, exports to projects in the eastern Mediterranean, wood pellets to Japan, and a major power sector deal in North Africa
- Fostered investment climates abroad that allowed governments to attract $3.7 billion in financial resources for international strategic energy infrastructure projects in FY2018
  - Cross-border power line in South Asia, investments in gas transmission in the Eastern Mediterranean, and funding committed to the Southern Gas Corridor to bring gas from Azerbaijan to Europe

World Gas Conference, DC – June 2018
Transatlantic Energy Security

Source: Financial Times

Energy Sanctions

Russian oil industry soon to feel the squeeze of U.S. sanctions

U.S. pushes more U.N. sanctions targeting North Korea oil, coal smuggling

In Big Win for Trump, U.S. Sanctions Cripple Iranian Oil Exports

By Javier Blas
September 17, 2018, 11:00 PM EDT  Updated on September 18, 2018, 6:24 AM EDT

- Iranian crude exports have dropped about 26% since April
- Bigger-than-expected plunge in sales to tightening oil markets

US imposes sanctions on Venezuela’s state-owned oil group
Disruptions cause higher prices, but unclear whether higher prices trigger disruptions

OPEC Crude Supply Disruptions* (MMB/D)

Brent Oil Price (2017$/Bbl)

* Only includes disruptions from major geopolitical events (excludes Neutral Zone dispute, Venezuela)
Energy Cooperation

America’s Energy Abundance

Pompeo: U.S. energy doesn't come with strings

America Crece

Indo – Pacific Strategy

Partnerships

Transparent and Level Playing Fields

Open Markets

Eastern Med and the Middle East Strategic Alliance (MESA)

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Open Markets

Eastern Med and the Middle East Strategic Alliance (MESA)
Multilateral fora can promote secure, stable, diversified, and modern energy systems.

- **International Energy Agency (IEA):** Advance energy security.
- **G-7/G-20:** Promote all of the above energy technologies, energy diversification, and European energy security.
- **Other Multilateral Engagements:** International Renewable Energy Agency (IRENA), Extractive Industries Transparency Initiative (EITI), International Energy Forum (IEF), Energy Charter, ASEAN, and APEC.
Case Study: Regional Energy Diplomacy

- Proposed LNG Regasification Terminal
- LNG Liquefaction Terminal
- Regional Electricity Line (SIEPAC)
- Geothermal Plant
Case Study: Caribbean Energy Security Initiative

**Caribbean**

Providing grant funding for energy project preparation and due diligence efforts;

Engaging in an open dialogue with CARICOM to advance its regional energy coordination and planning body (C-SERMS);

Seeking to mobilize private investment through a loan guarantee with USAID’s Development Credit Authority.

Fostering the investment climate for the development of wind, solar, biofuels, and natural gas infrastructure in Jamaica and the Dominican Republic

Providing technical assistance to foster transparent procurement and development of a geothermal power plant in St. Kitts and Nevis

Supporting post-hurricane efforts in Dominica and Barbuda to ensure that reconstruction results in secure, resilient, efficient, and cost-effective energy systems
**WHERE WE ENGAGE**

- Streamlining the permitting process of cross-border infrastructure to strengthen **North American** energy security
- Maximizing **North American** energy development by promoting access to trans-border energy resources and energy integration
- Counteracting **Russia**’s dominance of **European** fuel supplies through diversification of energy type, source, and supply routes
- Using energy developments in the **Eastern Mediterranean** to promote regional economic stability and cooperation instead of conflict
- Promoting U.S. finance and business models in **India** and **China** to improve the investment climate
- Formulating multilateral energy sanctions, including on **Iran**, **Russia**, and **North Korea**, to improve regime behavior
- Engaging governments and stakeholders in **Africa** to promote energy governance and access to commercially-viable energy sources, including LNG, to promote stability and economic prosperity
- Supporting energy diversification and electricity market transformation in **Israel**

- Working with **U.S.** companies to identify infrastructure and energy sector opportunities abroad that will yield more U.S. jobs
- Promoting **U.S.** energy exports, expertise and innovation, including liquefied natural gas (LNG), through diplomacy with potential buyers and facilitating LNG shipments
- Promoting electricity integration in **Central America** and encouraging **Caribbean** and other **Latin America** countries to diversify their energy resources, including LNG
- Pressing for the restoration of democracy in **Venezuela** and providing energy expertise in the formulation of sanctions against the Government of Venezuela
- Promoting good governance and **U.S.** finance and business models globally in both hydrocarbons and alternative energy sectors
- Ensuring resource-rich countries use hydrocarbon wealth to fuel economic growth rather than conflict
- Expanding participation in transparent, rules-based global energy markets through strategic energy policy cooperation with emerging partners in the developing world
- Defeating ISIS and other transnational terrorist organizations by preventing the groups from exploiting energy resources

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