

GREG MANUEL: Thank you very much.

Chairman Hastings, co-Chairman Cardin, thank you for this opportunity to discuss U.S. policy and energy security in Europe and Eurasia. I think just from the opening remarks today, I think you'll hear a number of issues discussed in these opening remarks that touch not only on this session, but some concerns and interests that were expressed both earlier, but, also, certainly the subject of future hearings that you have scheduled.

I'm here today, as already acknowledged, with two of my colleagues, Matt Bryza, the deputy assistant secretary for the Bureau of European Affairs, and Steve Mann, who's principal deputy assistant secretary for the Bureau of South and Central Asian Affairs, both of whom represent our front line on European-Eurasian oil and gas issues.

I'm also joined by Al Hegburg, an old acquaintance and colleague, the Department of Energy.

Our interests in the regions, in the European-Eurasian region, encompassing Europe, Russia, the South Caucasus and Central Asia, are far-reaching, anchored by our five-pronged global energy strategy, which is to diversify the supply of conventional fuels and expand production, to diversify our energy portfolio by expanding the use of alternative and renewable energy, to promote increased energy efficiency and conservation measures, to advance environmental stewardship and to protect critical infrastructure and promote market stability.

We have adopted a comprehensive strategy tailored to Europe and Eurasia, with the following objectives. The United States and our Euro-Atlantic allies maintain reliable access to diversified supplies of energy, including oil, natural gas, renewable and alternative fuels, and nuclear power; that hydrocarbon producers and Azerbaijan in Central Asia realize the benefits from multiple export routes to European and global markets; that European energy markets function efficiently; that we decrease the potential for energy to be used as a political or commercial weapon; that Eurasian energy producers manage hydrocarbon wealth wisely to avoid corruption and economic instability; and, the Euro-Atlantic community develops commercially viable technologies to reduce carbon emissions without slowing economic growth.

These objectives, of course, are interrelated. By increasing diversity of sources of supply and transit routes, we can bolster market efficiency through competition and reduce vulnerability to energy supply disruptions.

Relying on market-based policies to manage energy revenue streams transparently can limit the corruption and economic distortions that undermine economic growth and stability. And by increasing diversity of types of energy, we also reduce the danger of politically or commercially motivated energy cutoffs, while reducing our dependence on hydrocarbons, which, in turn, reduces carbon emissions and pollution, benefiting the environment.

To advance our international energy strategy, we are pursuing a broad range of mechanisms, including enhanced trade and transparency, intensified technology development, new regional energy partnerships, bolstered energy dialogues, and novel public-private sector partnerships, which I will speak to a little bit later.

While we explore these issues in greater depth in the discussion ahead, I want to highlight a few key areas of importance activity on each side of the conventional and alternative energy divide.

On conventional energy, we have begun to see dividends resulting from over a decade of intense diplomatic engagement by the United States and Azerbaijan, Georgia and Turkey. Both the Baku-Tbilisi-Ceyhan, VTC and South Caucasus pipelines are providing, for the first time, real, not theoretical, alternative pipeline routes.

As the South Caucasus gas pipeline comes fully on-stream in coming weeks, it will link Azerbaijan's giant Shah Deniz gas field in the Caspian Sea with Turkey's gas grid. Development of the Shah Deniz field has the potential to make Azerbaijan self-sufficient in natural gas and will provide Georgia and Turkey with an invaluable alternative supplier.

Looking forward to 2020, we are working to create a ring of natural gas infrastructure extending from the Caspian Sea, around the Black Sea, and into Europe. This will occur through the expansion of the SCGP and to a larger southern corridor, comprising two emerging projects, the Turkey-Greece-Italy and the Nabucco pipelines.

The southern corridor will complement Gazprom's existing pipeline infrastructure, as well as new supplies of liquid natural gas from Norway and perhaps Russia and other countries.

Finally, we see an inclusion of Kazakhstan, Turkmenistan and Iraq as important future suppliers of gas into the Nabucco pipeline.

Our cooperation with the EU to realize the southern corridor of natural gas infrastructure is accelerating. During the recent USU summit, which was on April 30th, the United States and the European Commission pledged to seek diversification of energy types, sources and supply routes, with a particular focus on the Caspian region.

We're also working to help our European allies unify their energy policies to elicit more equitable and market-based energy deals with Russia and resist divide-and-conquer tactics.

We continue to oppose oil and gas pipelines that run to, from or through Iran. By standing together, EU member states can transform into negotiating a reality out of the theory that Russia is as dependent on revenue streams from Europe as Europe is dependent on Russian natural gas flows.

We're also working with our European partners to diversify sources of gas supply in northern Europe. As Russia and Germany strive to develop the massive "Nord Stream" pipeline to transport Russian and Central Asian natural gas under the Baltic Sea to Germany, Nordic and Baltic countries are striving to increase regional competition.

Norway is entering a new phase of large-scale natural gas production. It already serves as a key alternative supplier of natural gas to northern Europe. Oslo, Copenhagen and Warsaw may be moving closer to agreement on a project to link Norway's gas fields with Denmark's gas pipelines into the Baltic Sea, with an extension to Poland.

We are supporting this initiative, as well as efforts by Poland, Estonia, Latvia and Lithuania to develop commercially viable ventures involving regional liquid natural gas terminals, natural gas storage and thermal power generation that could reduce their dependence on Russian gas as the "Nord Stream" pipeline develops.

On alternative energy and efficiency, over the last two years, the U.S. and EU have greatly intensified cooperation aimed at accelerating the development and deployment of alternative energy and efficiency technologies.

Beginning with the 2006 U.S.-EU summit declaration, the U.S. and EU, for the first time, outlined a systematized approach to cooperation on biofuels, carbon capture and sequestration, energy efficiency, methane capture, and support of legislation to stimulate the growth of alternative energy across the Atlantic.

On biofuels, we are taking concrete steps to cooperate on research and development of cellulosic or second generation bioethanol and looking at biodiesel, as well. We're discussing regulatory and policy tools to promote biofuels development, exchanging analysis of potential economic and environmental impacts of biofuels, and comparing respective resources estimates of potential biofuels source biomass.

On efficiency, we have renewed the U.S.-EU Energy Star agreement, covering office equipment, and are exploring extensions of this agreement to other products, such as consumer electronics.

We are examining the development of international lighting efficiency standards and joint efforts to improve efficiencies of buildings and housing. We are cooperating to promote efficiency in key third countries, most specifically, by securing EU cooperation in the development of a trilateral U.S.-EU-Ukraine energy efficiency action plan. Enhancing efficiency of electricity and gas markets in Ukraine will have an immediate benefit, providing more potential Ukrainian energy exports to the EU.

We have recently joined jointly-held workshops on carbon capture and storage and are preparing a report on possible areas of trans-Atlantic cooperation on environmental, economic and regulatory coordination in the development of this promising new technology.

In addition, we have dramatically increased our direct engagement with the private sector to draw upon firms' dynamism, creativity and adaptability in meeting these technology challenges. The State Department and Germany's foreign ministry in March convened the U.S.-EU energy technology CEO forum, which drew together 20 senior trans-Atlantic private sector leaders to generate key recommendations on speeding trans-Atlantic cooperation in the development and deployment of advanced clean energy technologies.

The recommendations, covering biofuels, energy production, energy efficiency and energy research, provided a set of seven distinct initiatives that are being pursued by the U.S., EU and German governments.

In conclusion, there is no silver bullet or quick fix to increase energy security in Europe and Eurasia. The EU and the U.S. both recognize the vital importance of diversification of supplies of hydrocarbons upon which both the U.S. and Europe will depend on for many decades.

It will take a multifaceted, long-term effort between the U.S. and the EU with producer and consumer countries to increase supply diversification, develop alternative energy sources, and encourage Russia to bring more of its oil and gas resources to world markets within a free and competitive market framework.

To meet the long-term energy and climate challenges that Europe and the U.S. both face, we are working with Europe to help produce energy demand and diversify energy sources. We are dramatically accelerating the deepening cooperation with the EU to develop and deploy advanced clean energy technologies, such as biofuels, renewables, clean coal and nuclear power, that will be critical to meeting our joint energy security needs in the future.

We are collectively joining forces with our private sectors and forging new partnerships to best leverage our comparative advantages. Our collective energy challenges have undoubtedly invigorated and focused many of our key European and Eurasian relationships.

Energy has grown to be a veritable critical center of gravity, exposing our joint interests and vulnerabilities in the region. While our intensified efforts have already begun to yield promising results, we continue to look for opportunities to bolster our work in the region.

We are honored to be here before you today. Thank you, again, Mr. Chairman and members of the committee, for giving us this opportunity here this afternoon.

Thank you.