FOREIGN AFFAIRS
Published by the Council on Foreign Relations

June 15, 2013
SNAPSHOT

Energy and American Power

Farewell to Declinism

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Energy is a profoundly important aspect of U.S. national security and foreign policy: the availability of reliable, affordable energy is essential to economic strength at home, which is the foundation of U.S. leadership in the world. Scarce resources have driven both commerce and conflict since time immemorial -- and still do today. Energy supplies present strategic leverage and disposable income for countries that have them. The challenge of accessing affordable energy is shared by people and businesses in every country -- young democracies, emerging powers, and developing nations -- allies and adversaries alike. Disruptions in supply in one location can have global economic impacts.

Energy shapes national interests and international relations. It influences politics, development, governance, and the security and stability of the environment. For all these reasons and more, increasing global access to secure, affordable, and clean energy is a national interest of the United States and a top priority for those of us entrusted with U.S. national security. Two recent developments have changed Washington's approach toward energy: first, the substantial increase of affordable energy resources within the United States affects the country's economic growth, energy security, and geopolitical position. Second, climate change, driven by the world's use of energy, presents not just a transcendent challenge for the world but a present-day national security threat to the United States. Both forces should push the United States and other countries toward cleaner, more sustainable energy solutions.

The current optimism about the U.S. energy picture is a relatively new development. Even as recently as 2008, when President Barack Obama took office, energy experts predicted that the United States would need to double its imports of liquefied natural gas (LNG) over the next five years. However, thanks to U.S. innovation and technology, nearly all of those estimates have been turned on their head. U.S. oil consumption peaked in 2005 and has been declining since and alternative energy sources are being developed. Domestic oil and natural gas production has increased every year Obama has been in office -- now at seven million barrels of oil per day, the highest level in over two decades. The International Energy Agency projects that the United States could be the world's largest oil producer by the end of the decade. And the United States is already the top natural gas producer in the world.

Meanwhile, natural gas imports are down almost 60 percent since 2005, and the U.S. now exports more natural gas than ever to Mexico and Canada. In addition, for the first time in over 60 years, the United States is exporting more refined petroleum products than it is importing. And U.S. energy-related greenhouse gas emissions have also fallen to 1994 levels due in large part to Obama's success over the past four years in doubling electricity from renewables, switching from coal to natural gas in power generation, and improving energy efficiency.

The new U.S. energy posture and outlook will directly strengthen the nation's economy. As Obama has said, a country's political and military primacy depends on its economic vitality. Strength at home is critical to strength in the world, and the U.S. energy boom has proven to be an important driver for the country's economic recovery -- boosting jobs, economic activity, and government revenues. In North Dakota, for example, unemployment has dropped to near three percent, the lowest in the country, and the state has a $3.8 billion budget surplus, largely due to

increased unconventional gas and oil production. IHS Cambridge Energy Research Associates estimates that the shale gas industry directly or indirectly employed 600,000 Americans in 2010, a number that could double by 2020.

Natural gas production has also sparked a domestic manufacturing revival. Manufacturers in energy-intensive sectors, including chemical, steel, plastics, and glass companies, have announced up to $95 billion investments across the United States to take advantage of low-cost natural gas. Furthermore, as a result of U.S. investments in clean energy, tens of thousands of Americans have jobs and the United States is now home to some of the largest wind and solar farms in the world. Domestic economic developments like these improve the country's world standing and send a powerful message that the United States has the resources, as well as the resolve, to remain a preeminent power for years to come.

The United States' new energy posture allows Washington to engage in international affairs from a position of strength. Increasing U.S. energy supplies acts as a cushion that helps reduce the country's vulnerability to global supply disruptions and price shocks. It also affords Washington a stronger hand in pursuing and implementing its international security goals. For example, the United States is engaged in a dual-track strategy that marshals pressure on Iran in pursuit of constructive engagement that addresses global concerns about Iran's nuclear program. As part of the pressure track, the United States has engaged in tireless diplomacy to persuade relevant nations to end or significantly reduce their consumption of Iranian oil while emphasizing to suppliers the importance of keeping the world oil market stable and well supplied. The substantial increase in oil production in the United States and elsewhere means that international sanctions and U.S. and allied efforts could remove one million barrels per day of Iranian oil from the market while minimizing the burden on the rest of the world. The same approach is being used in Syria today and was used in Libya in 2011.

Still, reduced energy imports do not mean the United States can or should disengage from the Middle East or the world. The United States continues to have an interest in stable supplies of energy and the free flow of commerce everywhere. The United States has enduring national security interests in the Middle East, including unshakeable commitments to Israel's security; global nonproliferation objectives, such as preventing Iran from acquiring a nuclear weapon; the ongoing fight against terrorism; a peaceful resolution of the Israel-Palestine conflict; and successful democratic transitions in North African countries, Yemen, and Syria.

Although it is typically discussed in terms of its energy, environmental or economic implications, the changes to the climate are also a national security challenge because of the increasingly severe environmental impacts it is having on countries and people around the world. Last year, the lower 48 U.S. states endured the warmest year on record. At one point, two-thirds of the contiguous United States was in a state of drought, and almost ten million acres were charred from wildfires in the west. Although no single weather event can be directly attributed to climate change, we know that climate change is fueling more frequent extreme weather events. Last year alone, Americans endured 11 weather-related disasters that cost $1 billion or more in damages. The same is true globally: the past 12 years are among the 14 warmest years on record.

The Obama administration's National Security Strategy recognizes the "real, urgent, and severe" threat posed by climate change in no uncertain terms, stating, "change wrought by a warming planet will lead to new conflicts over refugees and resources; new suffering from drought and famine; catastrophic natural disasters; and the degradation of land across the globe." The Department of Defense's 2010 Quadrennial Defense Review warned not only that climate change "may act as an accelerant of instability or conflict, placing a burden to respond on civilian institutions and militaries around the world" but also of the potential impacts of climate change on the operating environment, and on U.S. military installations at home and around the world. A National Intelligence Assessment in 2008, multiple Worldwide Threat Assessments produced by the Director of National Intelligence, and numerous expert analyses have reached similar conclusions. This underscores the need to, for the sake of U.S. national security, reduce the greenhouse gas emissions that drive climate change and prepare for its impacts.

First and foremost, the United States is leading at home, which is where energy and climate policy begins. The Obama administration has made unprecedented investments in clean energy, research and development, and renewable fuels. Government investments have doubled the amount of power produced by wind, solar, and geothermal and have boosted the efficiency of buildings and the industrial sector. The United States has enacted new fuel standards for cars and light-duty trucks that will nearly double their efficiency and has also called for the creation of an Energy Security Trust that will support new research and development of cost-effective advanced transportation technologies. In addition, Obama is leading domestic and international efforts to support the safe use of nuclear power.

Washington is also working to manage the potential causes of energy-related conflict. For example, the promise of offshore energy resources is contributing to tensions in the South and East China Seas that could challenge East Asia's political and security architecture. Although the United States has no territorial claims in the region, and does not take a position on the claims of others, it firmly opposes coercion or the use of force by others to advance territorial claims. Washington has consistently made its position clear: only peaceful, collaborative, and diplomatic efforts, consistent with international law, can bring about lasting solutions that will serve the interests of all claimants and all countries in this vital region.

The Arctic is another place where the potential for new supplies of energy and new shipping routes could lead to rising tensions between countries. So far, that has not been the case and the United States looks forward to continue working with its partners in the eight-country Arctic Council, which it values as a forum for open and collaborative dialogue among littoral states on a range of Arctic issues. The United States will promote productive dialogue to address international disputes in the region as they arise on issues ranging from transportation to resource claims. As ice caps melt, shipping routes open, and energy supplies are made more accessible, the United States will work to ensure open access and transit, rules-based resolution of territorial disputes, and adherence to the highest environmental standards.

To prevent energy-related conflict, the United States must take the long overdue step of ratifying the Law of the Sea Treaty. Businesspeople, military leaders, members of the Joint Chiefs of Staff and many, many others have all come to the same conclusion about this treaty: ratification will make the United States more secure and economically and diplomatically strong.

Another important energy area is Iraq. The United States has invested significant blood and treasure and thus has a strong interest in seeing a peaceful and prosperous country emerge. Key to that future is the successful development of Iraq's energy resources. Washington is also working to help develop supplies across the Western Hemisphere, where the use of conventional and new technologies in countries such as Canada, Brazil, and Colombia is increasing global energy supplies. Through bilateral and multilateral initiatives, technical and regulatory exchanges, and trade and investment, the United States is helping countries responsibly increase their energy capacity. Last year, for example, the United States signed an important Transboundary Hydrocarbons Agreement with Mexico to develop

shared oil and gas resources in the Gulf of Mexico in an environmentally safe and responsible way.

In addition, Washington has actively engaged countries, such as Poland, Ukraine, Jordan, China, Colombia, Chile, and Mexico, in cooperating in the development of unconventional energy resources. Washington is sharing best practices on issues such as water management, air quality, permitting, contracting, and pricing because countries and companies have learned from the U.S. experience that creating a conducive policy and investment environment is critical to successful development. Washington is also working with countries in Africa, such as Mozambique and Tanzania, to help them establish responsible, sustainable ways to develop and manage newfound energy resources.

The United States does not view its energy security in zero-sum terms, and is working with partners around the world to ensure that they do not either. China, for example, will be increasingly reliant on imported oil and natural gas through this decade and beyond. This means that secure, affordable, and cleaner supplies of energy is a goal that Washington and Beijing share and should work together to fulfill through regulatory, technical, and industry exchanges.

As emerging economies consume an ever-greater share of global energy, the International Energy Agency and other institutions will have to modernize and adapt to evolving energy market realities. When the IEA was established in the 1970s, oil was not a globally traded commodity and gasoline prices were heavily regulated. The global energy market has changed dramatically since then. Oil is now traded globally. There is a financial market that dwarfs the size of the physical market. Gasoline prices are deregulated. And disruptions in supply are more likely to show as price spikes than physical shortages, as they did in the 1970s. The policies and practices of an IEA for the 21st century should reflect these changes as well. Major consumers, such as China, India, and Brazil, have a common interest in healthy and more transparent markets that function efficiently and effectively. It is critical that these countries are brought closer to the IEA and participate in coordinated responses to energy supply disruptions.

The United States also has a strong interest in developing a world natural gas market that is well supplied, diverse, and efficiently priced. Increased U.S. and global natural gas production can enhance diversity of supply, help delink gas prices from expensive oil indexed contracts, create more competition among suppliers and flexibility for consumers, and encourage fuel switching from oil and coal to natural gas. Burning natural gas is about one-half as

carbon-intensive as coal—which makes it a critical “bridge fuel” as the world transitions to even cleaner sources of energy.

Washington needs to galvanize cooperation on climate change. Here, too, there is progress to report. In Copenhagen in 2009, Obama and other world leaders negotiated a climate agreement that, for the first time, included international emission reduction commitments from each of the world’s largest greenhouse gas emitters. And the administration is now working to negotiate a robust new international climate agreement by the end of 2015 that would take effect in 2020 and commit all of the major carbon polluting countries to take ambitious action.

Alongside global talks, the Obama administration has sought creative ways to convene key stakeholders to take concrete actions together. Through the Major Economies Forum, we launched a new Clean Energy Ministerial where a group of nations representing more than three-quarters of global GHG emissions collaborate on deploying clean energy technologies and enhancing energy efficiency. By the same token, the United States led in assembling a new coalition of nations to work together to reduce short-lived climate pollutants that account for over thirty percent of current global warming.

Energy and climate change are critical elements of U.S. national security and diplomacy. How the United States manages changes to its energy economy and the climate will be an important measure of U.S. leadership for many years to come. There is a vigorous debate underway among international relations experts and commentators about so called “declinism” – the notion that U.S. power is waning. I reject this proposition in the strongest terms.

In his most recent book, *Strategic Vision*, one of my predecessors, Zbigniew Brzezinski, presents what he calls “America’s Balance Sheet,” where he tallies the United States’ strategic assets and liabilities. Many U.S. assets are well known: economic and military strength, an unrivaled network of alliances spanning two oceans, favorable demographics and geography, and unparalleled innovators and educators – all this ensures that the United States will remain a global leader in the twenty-first century. When Obama took office, the country’s energy future would have been listed among the liabilities -- and let’s be clear: much work lies ahead. But the United States is finally poised to control its own energy future and put it firmly among its enduring strengths.

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