

Testimony of U.S. Senator Ken Salazar
Senate Foreign Relations Committee
Hearing on “Energy Security in Latin America”
June 22, 2006

First I want to thank Chairman Lugar, Senator Biden, and the rest of the Committee for inviting me to testify today; it is always a pleasure to work with my colleagues on both sides of the aisle who share an interest in energy security issues. And of course I always enjoy working alongside Senator Craig.

I come to today’s topic of Energy Security in Latin America as a member of the Energy Committee, and as someone long involved in the struggle to address the unsustainability of our own energy policies and practices here at home.

My home state of Colorado is home to the National Renewable Energy Laboratory, and my constituents care deeply about energy issues. – from the rural communities excited about new ethanol and wind technologies to the citizens who experienced the oil shale boom and bust cycle of the late 1970s and early 1980s.

But I have also had the opportunity to think through the relationship between foreign policy and energy security, and this opportunity to briefly join the discussions of the Foreign Relations Committee has helped to crystallize some of that thinking.

I worry about the horrible, realistic facts that we face with our depending crisis today. America consumes one-quarter of the world’s oil supplies but has just 3% of world oil reserves.

Roughly 22% of the world’s oil is in the hands of countries under U.S. or U.N. sanctions. By some accounts, only 9% of the world’s oil is in the hands of “free” countries.

I often speak, as do many others, of achieving “energy independence” – of freeing the United States from an ever-escalating, zero-sum competition for resources with China and India, and of freeing the United States from our dependency on oil-rich regimes that are, sometimes, among the very worst actors on the international stage.

No one should mistake this as a quest for isolationism. Energy markets are global markets, and that is not going to change. David Victor recently published an OpEd about the much-touted success of Brazil’s energy policies in the *Houston Chronicle*. He noted that Brazil’s success involved removing buffers from standing between the people of Brazil and the reality of the international energy markets, thereby exposing an interesting paradox.

“Even as Brazil has become self-sufficient it has also,
ironically, become more dependent on world markets.

That's because the Brazilian government has widely relaxed price controls so that the prices of fuels within the country are set to the world market. Thus Brazilians see real world prices when they fill up at the pump, and the decisions about which cars to buy and how much to drive reflect real costs and benefits of the fuel they consume."

So I recognize that the quest for energy security is not about pulling up the drawbridges and hunkering down. I also recognize that moving toward a new energy economy on a global scale promises not simply to remove obstacles and problems – it promises to enable new partnerships and opportunities that can strengthen important international relationships, serve as catalysts for new economic growth and development, and enmesh more and more of the world in a web of stabilizing relationships that are, literally and figuratively, empowering.

That is why I am so pleased to be a cosponsor of S. 2435, Chairman Lugar's Energy Diplomacy and Security Act of 2006, which is also cosponsored by Senator Biden and by Senator Craig.

This legislation sees the urgent need to elevate energy issues on our diplomatic agenda – such as through an institutionalized Western Hemisphere Crisis Response Mechanism. Last year's devastating hurricanes, and their aftermath, made plain the need for this kind of coordinated approach.

It also recognizes the opportunities inherent in this effort by calling for a Western Hemisphere Energy Cooperation Forum and Energy Industry Group. Those entities can help emphasize our shared interests with Canada, Mexico, Central and South America.

Those shared interests should be obvious, but too often they are obscured by politicized rhetoric, misperceptions, and old grievances. The highly politicized and provocative policies of Venezuela's Hugo Chavez spring to mind when one thinks about energy issues in the region, as does Evo Morales' decision to nationalize Bolivia's oil and gas fields. In the Western Hemisphere, as elsewhere, control over energy resources can be translated into a certain type of political power. But this is not the whole story. We have much to learn from our neighbors in the Western Hemisphere. We can learn from Brazil's success with ethanol. We can learn from Canada's experience with oil sands.

And we, in turn, have much to offer. By serving as a catalyst for greater cooperation and a more strategic approach to energy security in the region, U.S. diplomacy can help energize the public and the private sectors to address some of the real problems – like inadequate electricity infrastructure investment in Latin America – that hamper regional growth.

An energized approach to regional energy diplomacy – one that is respectful of the development needs of our neighbors, and one that takes the long-term view – would be a

real asset in our efforts to build a more stable and prosperous world. I wish this Committee all the best in its work on this issue, and look forward to being an active partner of yours in these endeavors.