Testimony of David L. Goldwyn before the Senate Committee on Foreign Relations' Subcommittee on African Affairs

"Resource Curse or Blessing? Africa's Extractive Industries in a Time of Record Oil and Mineral Prices"

September 24, 2008

The Challenge to U.S. Influence

Mr. Chairman and Members of the Committee, it is an honor to speak with you today about Africa's extractive industries in a time of record commodity prices. My testimony derives from the energy chapter of an upcoming book, to be titled *Africa Policy in the George W. Bush Years: Critical Choices for the Next Administration*. The book will be published by the Center for Strategic and International Studies (CSIS) in January 2009. My own perspective derives from my experience serving the U.S. government in the State and Energy departments, as a leader in the extractive industry transparency movement, and as a senior associate in the CSIS energy program. Today, I will discuss the implications of the changes in the global energy market for Africa and the U.S., Africa's role in U.S. energy security, current trends on the continent, challenges for the new administration, and recommendations for U.S. policy.

I. Changes in the Global Energy Market

There have been major changes in the global energy market since 2001 – a spike in global demand, led by developing Asia; a 340%[1] increase in nominal prices, a vast increase in the number of African countries undergoing exploration and development, and an increase in competition for access from China and India, with help in many cases from their governments. High prices have led to resource nationalism in some countries with reduced access and harsher terms for the access that remains. Exploration has moved offshore, which has moved investment away from land based risk but left thinly protected offshore platforms exposed to maritime risk. Angola has grown dramatically as a producer and joined OPEC. Nigeria's production has risen, but it has also produced one of the global economy's greatest supply shocks: as of Fall 2008 between 500,000 and 800,000 barrels per day of oil have been shut in at times due to violence in the Niger Delta. Equatorial Guinea has become a major oil and methanol producer and is a significant LNG provider to the Atlantic Basin market. Despite conflict and sanctions, Sudan's production has grown since 2001. Chad has grown as well.

These dramatic changes in the global energy market have been associated with the diminution of U.S. influence in the region, and with that loss, an erosion in the ability of the U.S. to promote good governance, conflict resolution, environmental standards and reduced corruption. While U.S. influence has diminished, there is now acceptance in principle by companies and host governments that good governance, respect for human rights and transparency are the cornerstones of political stability, a level playing field for commercial competition and long term security of investment and energy supply. The World Bank has begun to engage countries systematically on reforming the process of energy production – how acreage is allocated, how

[1] GIS calculation based on EIA Prices for Cushing, OK WTI Spot Prices FOB (Dollars per Barrel)

products are sold, how refineries are supplied – both to help them preserve value and reduce corruption. The United States which at one time led the promotion of voluntary standards on environmental protection and respect for human rights in security protection, has become in recent years a marginal player in this international promotion of good governance and transparency in the extractive industries.

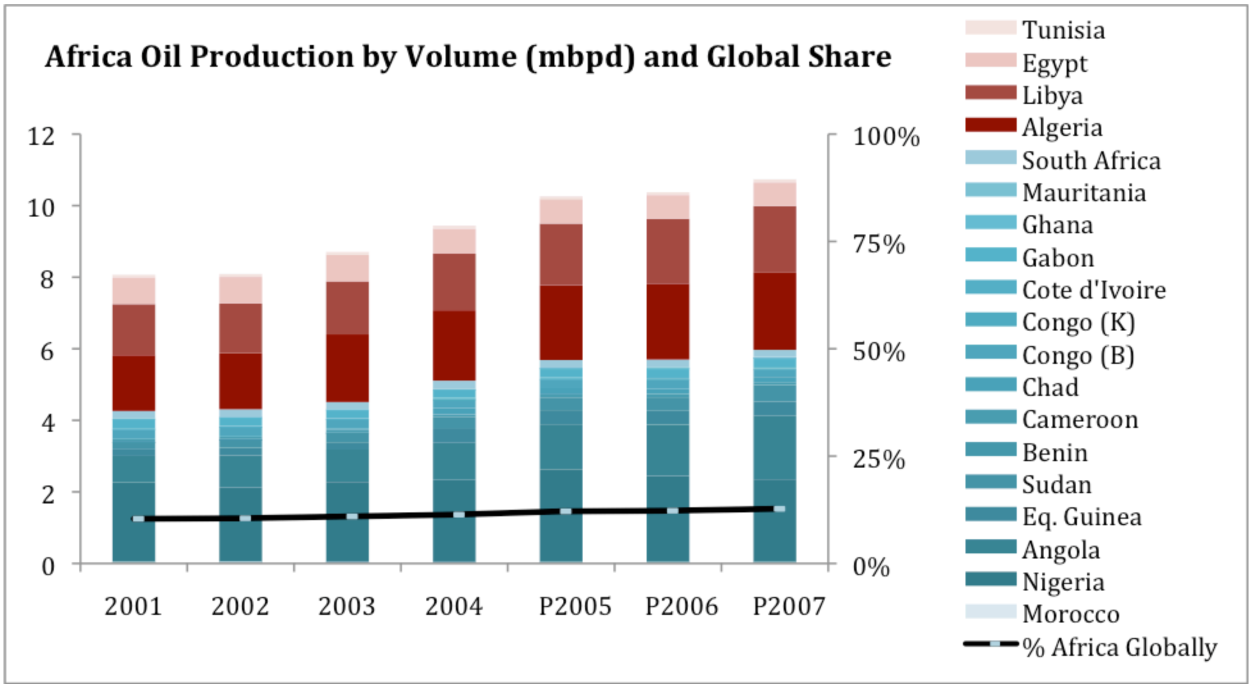
On critical energy sector issues, U.S. engagement with the continent has been drastically reduced over the past eight years. A continental U.S.-Africa Energy Ministers Partnership has languished. Bi-national commissions and policy dialogues with Angola and Nigeria lapsed. Engagement on the Niger Delta has been episodic and ineffectual. Engagement of China and Europe – the other two largest investors in and consumers of energy in Africa – on the impact of instability and insecurity on global energy markets has been negligible. The U.S. did not contribute to the international Extractive Industry Transparency Initiative (EITI) until forced to do so by a 2007 Congressional earmark.

As a result, the risks of instability, which were foreseen in 2001 and foreseeable for new energy producers, have not been adequately addressed. The conflict in the Niger Delta has grown in intensity and lethality. Angola does not engage with the U.S. on governance and transparency. Contact with Algeria, Libya, Chad and Equatorial Guinea, which was negligible or nonexistent in early 2001, has advanced significantly, but serious engagement on bilateral or energy issues is still very modest for countries which comprise four of the top five suppliers of energy on the African continent. The potential risk to Africa's growing list of new energy producers of managing potentially enormous revenue flows has not yet been considered. There is at present no policy mechanism structure for the United States to engage Africa's leading or emerging energy producers in a systematic way.

If the U.S. sees stability in Africa as a national security priority for multiple reasons – reduction of conflict, counterterrorism, combating grand crime, eradicating disease, and promoting economic prosperity in Africa and at home – then it must recognize the need for a strategic energy security policy in Africa. The challenge for a new Administration is to draw together the many agencies of the U.S. government that engage on energy related issues (State, Energy, Commerce, TDA, USAID, Defense, Treasury) behind a coherent, cohesive and strategic policy and create a central bureaucratic locus of responsibility capable of identifying the connection between mismanaged oil and gas revenues and instability. This policy must identify U.S. energy security interests in Africa, take account of the emerging trends in the region and the role of other actors, consider what policies have and have not worked over the past eight years and earlier, acknowledge the serious challenges to U.S. interests that loom ahead, and deploy the human and financial resources to meet this challenge.

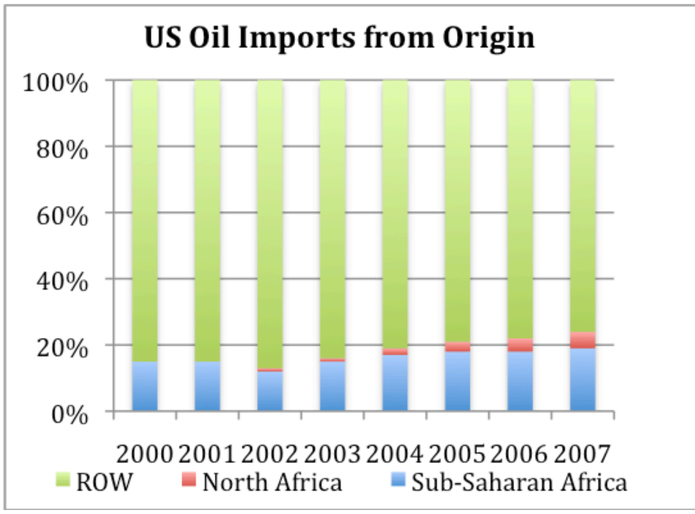
II. Africa's Role in U.S. Energy Security

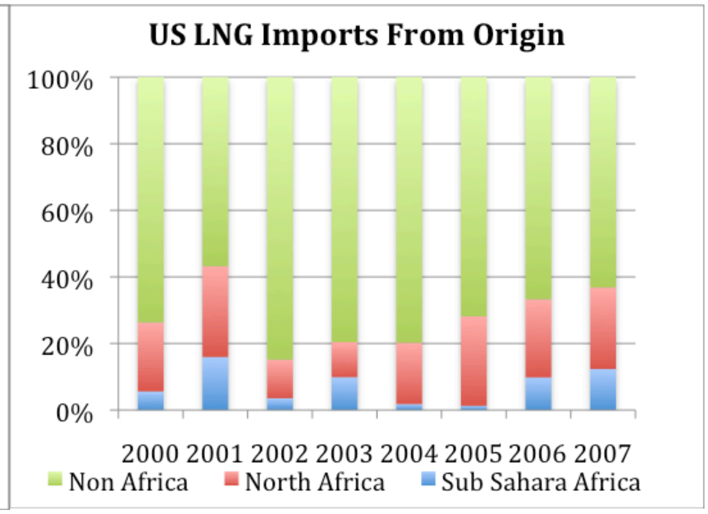
Africa plays a strategic role in meeting global and U.S. energy security. African producers supply light sweet crude to U.S., European and Asian markets. Africa's role in energy security has risen dramatically since 2001. Sub-Saharan Africa's share of global oil production has risen from 5% in 2001 to 7%[2] in 2007, while production in the North Sea and other OECD areas has declined. This growth has come from the dramatic increase in offshore, especially deepwater, oil production. In sub-Saharan Africa today, the key oil producers are Nigeria, Angola, Equatorial Guinea, Gabon and Congo Brazzaville. Sub-Saharan Africa holds 6% of global reserves and 3%[3] of global gas reserves. By 2020, 95% of regional oil production will be offshore, and 85% of this production will come from Angola and Nigeria[4]. Of the 12 top producers of oil on the African continent, four are members of OPEC (Algeria, Angola, Libya and Nigeria), but all welcome foreign investment.



Africa's share of U.S. imports of oil has risen from 15% in 2001 to 24% in 2007, providing a key source of diversification of U.S. imports. 19% of US oil imports from Africa came from sub-Saharan countries. U.S. imports of natural gas from Africa have increased nine fold since 2000, from 13 tcf to 113 tcf. The vast majority of U.S. LNG shipments from Sub-Saharan Africa are from Nigeria, while most imports from North Africa originate from Egypt and Algeria.

[2] EIA World Production of Crude Oil, NGPL, and Other Liquids and Refinery Processing Gains, Most Recent Annual Estimates 1980-2007, Posted August 22, 2008
[3] PFC Energy estimation
[4] PFC Energy estimation





III. Emergent Trends on the Continent

The global oil market has undergone dramatic changes in the past eight years, and the impact in Africa has been significant. The rise in oil prices from an average of $26 per barrel WTI in 2001 to an average of $114 a barrel for the first seven months of 2008[5] has changed the terms of producing oil. There has been a reduction in the willingness of many global producers to expand production. Governments of producing countries have increased demand for majority control of operations or a larger share of profits and have come to expect higher earnings from resource rents. Escalated prices have also led to a rush of new market entrants competing for access as well as a dramatic increase in the cost of production as demand for steel rigs and skilled workers has risen steeply.

Africa has been impacted positively and negatively by the changes in the market. The amount of investment and profile of investors has expanded, revenue has increased, the number of producers has grown, and the continent's infrastructure for transporting energy has expanded. New international voluntary standards for addressing revenue management, security and environmental protection have evolved. But there has also been a rise in expectations of the transformation oil wealth should bring that has not been met, a failure to address the security implications of increasingly offshore oil and gas production, and a real challenge for host governments and competitors in assessing how to view the non-market competition of new entrants to the market like China and India.

Rising Investment. In a global market where access is increasingly restricted, Africa is a uniquely open market: nearly 50% of African production came from international companies[6] (UNCTAD 2007 Report/Olsen). Nearly every country in Africa with a coast has licensed some acreage for exploration. While Nigeria and Angola, traditional large producers, have grown, new major players have emerged: Equatorial Guinea, which produced just 168,000 bpd in 2000, is now the third largest producer in sub-Saharan Africa. Exploration has moved from West Africa to East Africa, with new discoveries in Uganda and Tanzania. Exploration is under way

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[5] EIA Petroleum Navigator Cushing, OK WTI Spot Price (FOB) http://tonto.eia.doe.gov/dnav/pet/hist/rwtcm.htm
[6] UNCTAD 2007 Report/Olsen

in Madagascar, and licensing or exploration is being conducted in Mali, Cote D'Ivoire, Gambia, Guinea, Liberia, Niger, Rwanda, Gambia and the Puntland region of Somalia.

Investment levels are rising and moving offshore. According to PFC Energy, 95% of all regional production will be offshore, with 85% of total production coming from Nigeria and Angola. Over the next decade firms may invest as much as $485 billion in regional exploration and production between 2005 and 2030[7]. 45% of the gross amount of capital expenditures for deepwater oil development worldwide is likely to be spent in West Africa. Gross Deepwater Capex expenditure in West Africa between 2008-2015 will exceed that spent in Latin America, Gulf of Mexico, North Atlantic and Asia-Pacific.

Africa's natural gas sector is positioned to expand in the coming years, particularly through the expansion of liquefied natural gas (LNG) capabilities and facilities. Africa has 211 trillion cubic feet (tcf) of natural gas reserves. Investments in LNG have been made in Algeria, Libya, Egypt, Equatorial Guinea, Angola and Nigeria. Advancements in LNG will enable the continent to serve as a welcomed alternative supplier of gas to Europe, the U.S. and the Asia-Pacific region; as well as to meet gas flaring reduction objectives. However, proposed projects are expected to face multiple delays due to cost increases; security, social and environmental concerns; feedstock uncertainty; rising domestic demand and negotiations over project terms.

New Investors. As global demand for oil and gas have grown, competition in Africa's energy sector has expanded from U.S. and European firms to new competitors. Africa is no longer the province of major international oil companies; literally hundreds of smaller companies, mostly private, are exploring the new energy frontier nations and taking over mature properties.

The Asian Presence. The presence of Asian investors and energy companies on the continent has risen dramatically, in tandem with rapidly growing demand for oil and gas in developing Asia. The major Chinese national oil companies (CNOOC, CNPC and Sinopec), Malaysia's Petronas, and India's ONGC have all purchased equity shares and bid for new licenses in Africa. On an economic level, fear of Asia's domination of the African energy sector is highly premature. The real concern over the rise of Asian NOCs therefore stems from anxiety over a number of their business practices that negatively impact competition and the long-term stability of producing countries. So far, Asian NOCs have placed commercial concerns over humanitarian concerns and have failed to incorporate into the norms of their overseas operation the long-term risks of disregarding governance, environmental and human rights concerns. These investments have enabled Sudan to grow its production, enjoy substantial oil revenues, and withstand robust international pressure to end the genocide in Darfur and fulfill its obligations under the North – South peace accords. Western companies are growing distressed at the way Chinese NOCs compete. Their ability to draw on non-market tools such as government funds to finance acquisitions, and to offer package deals involving construction of roads, soccer stadiums or railways as a sweetener make competition for acreage unfair from a Western point of view. (From an African point of view, these projects address their own lack of administrative capacity.) When companies are able to acquire acreage without a tender that meets international standards, the nascent trend toward enforcing these standards in countries like Nigeria and Congo Brazzaville is undermined.

[7] IEA World Energy Outlook 2006, p. 77.

No Asian NOC yet participates in any of the voluntary standards created by Western governments to foster improved governance, consideration of environmental impacts, and respect for human rights in oil and gas investments. Moreover, the ability of other nations, such as Angola, to decline to participate in those standards and maintain opaque financial practices is reinforced. From the perspective of U.S. interests, the need for these standards is fundamental to the long-term security of these nations, and also to energy security. These concerns should be of as much interest to China as they are to the U.S.

Emergent Risks. With the prospects of enormous investment, production and revenue come major risks. In oil resource rich countries in Africa, the emerging and largely unaddressed risks originate from: unattainable expectations, rent seeking, corruption, the erosion of nascent good governance efforts, the lack of capacity to manage such large revenues effectively, security threats to operations, rising resource nationalism and political instability.

With the promise of high oil and gas revenues comes rising expectations of poverty reduction and prosperity. In frontier countries these expectations are almost always unfulfilled, as eight years or more can elapse between the first exploration agreement and a profit return to the government when hydrocarbon production commences. In cases like Sao Tome and Principe, where prospects for production attracted enormous press attention, one major coup attempt, and a robust program of bilateral advice on revenue management; actual exploration produced disappointing results. The recurrent issues of whether the field will deliver and whether the government will put revenue management measures in place before the revenue comes in will inevitably surface in Ghana and as well as other frontier states unless these issues are properly addressed.

For established players like Nigeria and Angola, Equatorial Guinea, Gabon and Congo Brazzaville, the question is whether the flood of revenues will be put to good use, or whether rent seeking by members of the government will foster corruption and kill even nascent efforts to improve governance. In Nigeria, trends are rapidly on the downslide. Even in the waning days of the reformist Obasanjo Administration, which introduced landmark reforms in revenue transparency, procurement and civil service reform, questionable licensing rounds were offered where technically unqualified bidders won access to acreage. Blatant defects in sector management, from the failure to meter oil to the failure to measure the match between refinery inputs and outputs, were left unaddressed. The Yar'adua government did not constitute the NEITI Board, as required by the country's NEITI law, until January 2008 and it has already failed to comply with the legal requirements to audit 2006 and 2007 extractive industry revenues. The country is in a deep political crisis and the prospects for implementing procurement, transparency or energy sector reforms are negligible. The Niger Delta crisis has become an international crisis, and efforts within Nigeria to even strategize a solution are nearly paralyzed.

Equatorial Guinea is making nascent efforts to constitute an EITI program and to obtain outside help for identifying social investment projects. It has also been cooperating with the IMF and publishing results of its annual IMF article IV reports. Time will tell whether Equatorial Guinea will move from candidate to compliant status under EITI, whether social investment projects will be implemented, and if efforts to foster a civil society in Equatorial Guinea capable of participating in governance efforts will evolve. US industry, NGOs and the World Bank are all engaged.

Angola is a mixed case. While Angola does not participate in voluntary initiatives, driven by its motivation to soon access international capital markets, Sonangol publishes its production with regularity. The Angolan finance ministry has accepted a program with the IMF to monitor and manage oil revenues, and Angola's tender system is viewed as transparent and fair. But the Angolan model raises concerns for future caution. As Angola grows its own private sector with companies who will create value in Angola by providing oil sector services and other related enterprises, there are reports that the companies themselves are owned by current members of the Angolan government or Sonangol, raising concerns for U.S. companies under the Foreign Corrupt Practices Act.

Security risks are on the rise as well. The most acute and obvious is Nigeria. The continued failure of Nigerian governments to effectively address the Niger Delta crisis has led to an unprecedented level of lethality and disruption. Attacks on offshore facilities, thought to be beyond the range of the Niger Delta militants, took place in the June 2008. Kidnappings and murder continue. Cameroon and Equatorial Guinea both suffered bank heists liked to Niger Delta crime organizations and EG faced at least three coup attempts in five years, including one major foiled attempt led by Simon Mann and Mark Thatcher. While investment is moving offshore, none of the littoral states have effective navies or coast guards with which they can even identify, much less deter or repel pirates or attackers.

Rising resource nationalism also raises risks that investment levels will be below expectations and revenues will fall as a result. While the nation's motives are understandable, they can produce unwelcome results. In Nigeria attempts to define local content by who owns a local service company, rather than how much value is created locally, have simply led to shell companies of mysterious ownership who transfer their service obligations to other companies or simply do not perform the work.

The broader risk is the instability that the confluence of the above factors can produce. Unprecedented oil and gas revenues across the continent have not yet produced the investments in physical capital –roads, power stations, schools and hospitals – or human capital – primary and secondary education, vocational training, enterprise management, and development of civil society – that will be required for social peace. Some countries, like Libya, Equatorial Guinea, and Ghana, are at the beginning of major investment programs. Their progress will be measured soon. But more mature producers, like Nigeria, Algeria, Angola, Congo, Gabon and Chad, face impatient populations with expectations of better results. This opens the door to external adventurism, as we now see with Al Qaeda in the Maghreb in Algeria, and internal conflict as we have seen in Chad, Mauritania, and Nigeria.

IV. Challenges for a New Administration

A new Administration will face several challenges in the Africa energy space: the crisis of corruption in Nigeria, diminished U.S. influence on the development path of current and emerging producing countries, the need to secure offshore investments and the competition over investment values and standards.

Nigeria. The most critical challenge to U.S. policy will be how to engage Nigeria. Nigeria's size, its role as an energy producer of global stature, its cultural ties and its potential to be the economic engine of West Africa should put it at the top tier of U.S. foreign policy priorities. Multiple issues must be addressed. The Niger Delta conflict poses physical risk to U.S. and Nigerian citizens in the Delta. The militants are well armed and are reportedly exporting weapons and crime to neighboring countries including Cote D'Ivoire, Cameroon and Equatorial Guinea. If Nigeria's shut in oil production were restored, it could add up to 650,000 barrels per day of oil to the global market, dropping prices nearly $17 on its own. Nigeria could be a major source of LNG supply to Europe, Asia and the US. But unaddressed, the Niger Delta conflict will lead to sustained shut in of onshore production. The deep corruption in Nigeria overall must be addressed as well. Investment will fall in Nigeria as it appears that every aspect of the energy procurement process, from the leasing of acreage, to local content mandates, to the sale of crude for product risks engagement with Nigerian government officials.

Declining U.S. Influence. If the U.S. is to influence the development path of current producers like Angola, Chad, Nigeria, Equatorial Guinea and emerging producers such as Ghana and Madagascar, we must have a respected voice in those countries. The U.S. has left the field in many of these countries entirely, and in countries where we do engage, we do not engage them on their own economic agenda. We will not be heard on the issues of investing resource revenues in physical and human capital or avoiding the management of overinflating economies if we do not have relationships of respect with the countries we wish to influence. U.S. advocacy for access to acreage, conducted at the head of state level by most U.S. competitors but rarely a priority for U.S. administrations, is best affected not by a demand for access, but by a relationship of mutuality between the U.S. and the host country. Traditionally, the U.S. and international institutions have effectively used their financial clout as leverage to compel developing countries to implement policies aimed at sustainability and stability. But new centers of wealth in Asia and the Middle East combined with unprecedented windfall profits in producing countries have diminished the influence of loans and foreign aid. The U.S. will need a more nuanced approach to engagement since resource rich countries now have ample funding on their own or through unconditional loans from China.

Security of the Offshore. If 95% of all energy production in West Africa will be offshore by 2010, there will be a need both for the U.S. to monitor international waters, and for countries to have the wherewithal to see who is in their water, interdict pirates and criminals and deter attacks on facilities to protect the lives of workers. An investment both of time and revenues will be required to attract those countries that will create security forces with respect for human rights.

The Competition for Values. The U.S. will compete with China, and possibly Russia, for influence in Africa. U.S. companies will come with a package of values attached to their operations: compliance with anticorruption laws, participation in voluntary standards on human rights security and transparency, and investment in health, safety and environmental practice. Their competition may not have these values or these conditions attached to their investment. Indeed, the great challenge that China poses to U.S. and European investment in Africa is not domination of acreage (their share remains minimal) but the refusal so far to participate in international standards, which erodes the incorporation of these standards into host country practice. Russia has now made its bid for access to Nigeria's gas to further increase its dominance of Europe's gas supply. Protection of these values will require engaging China, Malaysia, Russia and others on both the need for these standards and their contribution to global energy security. The U.S. will need to also engage Africa on these issues and make it clear that it is a priority of the U.S. government to advocate these values and, where it is welcome, to provide assistance to countries adopting and implementing these standards.

V. Recommendations.

Our preliminary recommendations for addressing these challenges are:

1. Promulgate a Policy Decision Directive on African energy security. There must be a policy directive from the President that explicates U.S. interests and priorities and directs agencies to coordinate and support it. This policy must include the role of diplomacy, security assistance, governance and transparency promotion, human rights, and development assistance.

2. Provide White House leadership. The coordination of energy security policy must come from the White House to muster the disparate agencies behind a policy. While this person might usefully coordinate energy security policy in other regions as well, there must be a person with the rank, status and mission to ensure the implementation of the President's policy. In addition, most African energy producers either manage or reform energy policy at the head of state level. There must be a counterpart level of engagement from the U.S.

3. Apply State Department diplomatic resources to energy security. The State Department must play a key role in engaging countries both on access and reform. While major companies do not always request advocacy from the U.S. government, in today's market, heads of state of their competitors advocate vigorously. Small and mid-size U.S. companies would welcome a restoration of the U.S. government's role as commercial advocate where appropriate. Engagement on reform must be at high levels and with multiple ministries. U.S. diplomatic resources must be applied at both a senior level, to engage other Ministers, and at the bureau level, to provide programmatic support. The U.S. needs more diplomats on the ground in developing countries, more eyes and ears in the producing regions, and more high-level diplomats focused on energy issues. Historically the State Department denotes this priority by appointment of a special Ambassador, as it has for the Caspian region, or by directing an Under Secretary (in this case the Under Secretary of State for Economic Affairs) to place a priority on promotion of a policy. This kind of issue is better addressed by recruitment of officials who have the mission to promote the policy than by changes in the State Department's organizational structure, but with respect to energy security policy one of these options should be considered. In addition, the Department needs to collect more data on energy developments, as well as political developments, in producing areas.

4. Give governance and transparency policy a bureaucratic home. At this time there is no office with dedicated responsibility for the promotion of good governance and transparency in

energy producing countries. The Democracy and Human Rights bureau owns some policies, such as the voluntary principles on energy and security. The Economics and Business bureau has at times staffed the EITI at a junior level, but so has the Policy Planning office. In the sprit of integrating economic and governance issues rather than stove piping them, we should place this responsibility in the Economics and Business bureau.

5. Engage Africa on its own energy and economic agenda, not just ours The best way to enhance U.S. influence with Africa's energy producers, and to promote U.S. interests in both access and governance, is to engage governments on what interests them, not just what interest us. Most producers want to create jobs, promote economic development and enjoy a respectful, mutual relationship with the U.S. Nearly every country is trying to find ways to increase power generation and distribution in an affordable, sustainable way. Many of them struggle with ways to target subsidies for fuel or power for the poor rather than the entire economy. The U.S. could use a range of tools to engage different countries, depending on our interests and their needs. These could include reviving the U.S. Africa Energy Ministers Partnership; reviving or creating bilateral multi-agency economic working groups with Nigeria, Angola, Algeria and Libya; and creating an electric power policy partnership – "Power for the People" – to engage countries on power pooling and smart policies. The prudent use of development aid to provide technical assistance to those who seek help in redesigning their procurement systems, or auditing their national and international oil companies, or designing systems for metering production, should be helped.

6. Focus development and technical assistance on governance. U.S. investment in governance in general and energy governance in particular is modest. USAID, in coordination with the World Bank and other development agencies, should be directed, with a $500 million fund to back its commitments, to support EITI in countries which are candidates, to consider assistance to countries interested in reforming the governance of their energy sector from procurement to local content to regulation, and to support civil society groups in general, in a way that helps these groups and their media understand the extractive industries and participate in indigenous reform efforts.

7. Sustain efforts to promote maritime security. Led by NAVEUR, one of the most successful efforts of the Bush Administration has been the engagement of African nations on enhancing their own capacity to identify ships in their waters and police them to protect their fisheries, deter crime and protect investment in their waters. This engagement has been tempered by a requirement that countries be willing to engage on NAVEUR's terms, which call for improvement of policy, not unconditioned security assistance. With the advent of Africom, this effort can be the key to securing energy investment abroad. If Nigeria reaches a point where it will seriously engage on this issue, it could lead to the containment of oil bunkering as well.

8. Procure a National Intelligence Estimate on African Energy Security. U.S. policymakers rarely see the linkages between energy production, instability, conflict and stability of supply. An NIE of African energy would identify these linkages and provide a common understanding of the potential for conflict that rising prices (or sharply falling prices) and new exploration might pose for the continent.

9. Engage Europe and Asia on Africa issues. Europe and Asia have as great a stake in African development, stability and energy security as the U.S. does. We need to revive conversations on these issues in general through a transatlantic dialogue and high level US-China and Asia-Pacific cooperation.

10. Engage on the Niger Delta. The U.S., EU, and China must engage Nigeria on the crisis in the Delta. The key to the crisis is the lack of political legitimacy of the leadership in Nigeria itself. But as friends and partners the U.S. must make clear that the conflict has become an internal as well as an international crisis. Crime is spreading. Nigeria's democracy is under attack. Money is not the core of the problem, as there are ample funds at the federal and state level for a development plan. But without a serious political dialogue, perhaps supported quietly by external partners, no progress will be made. No serious political progress is possible unless corruption is addressed. To date, Nigeria has taken greater steps on transparency and reform than any other African nation. But if it does not fulfill its nascent commitments, efforts to get smaller countries to adhere to stricter standards are destined to fail.

VI. Conclusion

Mr. Chairman, as you can see from this lengthy analysis, there is much to be done regarding U.S. energy policy towards producing states in Africa and to address the problem of the resource curse. It will require new approaches to energy and foreign policy. It will require fresh policy approaches, money, and creative diplomacy. But more than anything it will require leadership. As a citizen, I thank the Committee for its leadership on this critical issue.