

International Energy Trade Promotion

U.S. energy companies are world leaders in technologies, products, and services that permit environmentally sensitive, efficient, and cost effective energy generation, production, distribution and use. Trade policies can create conditions that would enhance U.S. energy security and address global environmental concerns while facilitating economic growth. The federal government should promote the export and utilization of U.S. energy goods and services.

Export promotion is a critically important role for the U.S. Government. As a recent report by the Business Center for International Understanding states:

“The promotion of U.S. business in international markets is one of the most important foreign and economic policy functions that the United States government can perform. The expansion of trade and investment with foreign countries creates economic growth, employment and prosperity at home. U.S. companies by their presence and through their practices improve socio-economic conditions, accelerate development and encourage self-sufficiency in foreign countries in which they operate. Above all, the expansion of American business into new and existing markets promotes the core American values of democracy, economic opportunity, education and individual liberty – all of which are integral to U.S. national security and economic interests.”

In addition to the obvious value of export promotion, there are particularly compelling reasons for the government to make energy sector exports a priority. Energy is the feedstock of industrialization and economic development. As a result, U.S. exports of energy goods and services will yield multiple economic and environmental paybacks for the importing country, which will, in turn, create still further opportunities for U.S. exports. Energy markets are strongly cyclical. By opening international markets, the government is helping to ensure more stable domestic jobs.

The federal government invests in research and development (R&D) for energy technologies and products. A substantial market for the products that result from federal R&D are outside the U.S. Exports will yield economies of scale and reduce production costs.

A number of agencies are currently involved in the promotion of U.S. energy sector exports. The work of these agencies is of great value. At the same time, it is clear that energy export promotion is an ad hoc process carried out pursuant to the unique objectives of each agency with inadequate interagency coordination or overall policy direction. As a result synergy advantages among agencies are not always exploited, an inadequate aggregate level of resources is allocated to the effort and there are limited opportunities and incentives for creative ideas that cut across agency lines of authority. Additional U.S. public-private sector leadership is required to insure that priority attention to domestic needs does not unnecessarily negatively impact the U.S. role in energy trade and development around the world.

Energy related export promotion can be enhanced by:

- Make energy technology export promotion a priority element of the federal government’s energy policy.
- Encouraging the U.S. Export-Import Bank (EXIM) to make financing energy services exports a priority.
- EXIM should seek to expand the frequency of co-financing with other export credit agencies. Allowing exporters to structure bids using some equipment and services from the U.S. and some from other nations will result in more competitive bids involving U.S. content and thus increase the total level of U.S. energy sector exports.
- Implement the Congressionally mandated Clean Energy Technology Exports (CETE) Initiative.
- Promote the installation of innovative energy products and services in U.S. embassies, U.S. military bases, and other U.S. Government facilities overseas for their intrinsic benefits as showcases of U.S. technology.
- Conduct a systematic examination of how direct and indirect trade promotion programs of other countries, especially our main trading partners and competitors, affects the competitiveness of U.S. energy-technology and services exports.
- Increase funding for energy export related activities for the U.S. Agency for International Development, U.S. Trade and Development Agency and U.S. Department of Energy, and U.S. Department of Commerce.

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