Key Issues for TTIP - Oil and Natural Gas Transparency: The Governance, Security, and Economic Impacts

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Event Sponsor: The Lugar Center and the German Marshall Fund of the United States

Through the Trans-Atlantic Energy Action Project, The Lugar Center (TLC) and the German Marshall Fund of the United States (GMF) are partnering to improve understanding of trans-Atlantic opportunities for energy security and economic cooperation, particularly in relation to the Trans-Atlantic Trade and Investment Partnership (TTIP).

In July 2010, the United States sparked creation of a new global norm of improved governance with passage of the “Cardin-Lugar Amendment” (Section 1504 of the Dodd-Frank Act) requiring transparent reporting of petroleum and minerals payments to governments worldwide, which the EU readily joined and surpassed in implementation. Transparency has become an increasingly prominent component of the trans-Atlantic development, energy security, and commercial agendas. As a vehicle for setting global norms of economic governance, the Trans-Atlantic Trade and Investment Partnership offers an opportunity to further improve global energy governance led by trans-Atlantic cooperation.

On February 25, The Lugar Center and the German Marshall Fund convened a group of experts from Congressional offices, foreign embassies, industry, think tanks, and non-profits for a roundtable discussion co-hosted by former Senator Richard Lugar and featuring Senator Ben Cardin (D-MD), Ranking Member of the Senate Foreign Relations Committee. Senator Lugar offered introductory remarks on the importance of extractive industry transparency and its humanitarian, governance, and energy security benefits. He noted that European Union rules on transparency are an important part of a growing global norm and are especially helpful in fostering transparent and competitive markets in the context of Russian natural gas exports to Europe. Senator Lugar also expressed his desire that extractive industry transparency be included in TTIP. Discussion, held under Chatham House rules, opened with an update on the rule-making timeline for the Cardin-Lugar Amendment and expectations for rule completion. The responses of the extractive industry to the rule-making were considered, including industry’s support of transparency and opinions on the importance of the tax system to remain competitive. Future energy strategies for Europe were discussed, including short-term possibilities that could focus on new natural gas routes as well as long-term strategies including increased reliance on renewables and conservation. The treatment of LNG and broader energy issues in TTIP also was discussed. With regards to the potential of a separate energy chapter in TTIP, it was noted that the European Commission has advocated the advantage of setting global norms for the
governance of energy resources. Neil Brown, director of the Trans-Atlantic Energy Action project, discussed the trade-offs of including stand-alone energy provisions, and participants indicated the opportunity for TTIP as a vehicle for the shared trans-Atlantic policy priority on transparency.

Read Senator Lugar’s related blog post on oil and minerals transparency here.

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