THE U.S. CHAMBER OF COMMERCE HOLDS THE LAUNCH OF THE ENERGY WORKS FOR U.S. POLICY PLATFORM - NEWS EVENT

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GENERAL JAMES L. JONES (USMC, RET.), FORMER NATIONAL SECURITY ADVISER

[*] HARBERT: Good morning. If everybody could find a seat, grab your last cup of coffee, although coffee will remain to keep you awake on this foggy and sort of dismal morning. I thank you for getting and getting here on time so that you could join us for this exciting event this morning.

Welcome to the U.S. Chamber of Commerce. We're delighted to have you here. We're really delighted to launch our new strategic energy plan for the United States. You should have received as you entered, and it's called "Energy Works for U.S.," solutions for securing America's energy future.

At today's event, you're gonna hear from some national leaders and from some local leaders about why a bold, new energy plan is so necessary for our country and what it can unleash for our country.

You will hear -- hear some details of some of our recommendations from me that are included in the plan. The rest that I don't talk about are in the paperwork that you picked up. And I think you will appreciate that I won't go through each of the 64 recommendations, otherwise I will be serving you lunch.

For those of you that are in the room and those that are joining us online, we are webcasting this. You can join us on the online conversation, #energyworksforus. We truly have graduated into the 21 century, so join us in that online conversation or like at us on Facebook later about what we're saying about this event.

You know the chamber does a lot of things, and it does a lot of things very, very well, and all in areas of importance to our members. And Tom Donohue, our leader, outlined many of those areas last week at The State of American Business.

But there's one thing the chamber always does, no matter what the issue, and it leads, it does not follow. We are in the business of providing solutions, not just identifying problems.

And seven years ago, under the leadership of Tom Donohue, this chamber and Tom Donohue had the vision to establish the Institute for 21st Century Energy. And by doing so, it launched a whole new front for the chamber to advance new frontiers and new policies to secure America's energy future.

Today, it is my honor to introduce that leader, Tom Donohue, who really is the business leader advancing the interests of our business community locally, nationally and internationally.

And I'm especially indebted to him for undertaking this initiative so that we can advance a much more common sense, comprehensive and practical energy policy for this country which is so important for our competitiveness, our economic recovery and, ultimately, our national standing as a country.

So please join me in welcoming Tom Donohue.

(APPLAUSE)

DONAHUE: Well, thank you very much, Karen. I was going to come up and say that was a little heavy introduction, but I thought instead I'll tell a story.

On Monday, I'm off to -- to Europe, and I'll go to the World Economic Forum. And I -- I have been going for years. But I remember seven years ago being there and having a long lunch with Jim Jones, General Jim Jones, who was just then retiring as the supreme allied commander in Europe, having been the commandant of the Marine Corp.

And we went off to a little restaurant in the corner somewhere. And I was telling him about this idea of we had to do something about energy. In the long haul, it's gonna decide our destiny in so many ways. I said, "What do you know about energy?"

Oh. he said, "I know a lot about energy." He said, "I know how to use it to fight wars."

I said, "That's good."

And he said, "I know how to protect it."

I said. "Anything else?"

"Well," he said, "I'm a quick learner."

And we kept talking. And I finally talked him into coming in the united -- to the United States Chamber of Commerce and starting this whole issue on energy.

Now, he'll be here in a little while. So he came, and he brought some of his own folks. And that was good, you know, four star generals, particularly ones that are about as big as a house. And he came, and he -- he really -- he helped us. We got a lot of visibility on this.

And after about two months, I went down to see him one day in his office. And I said, "Jim, how are you doing?"

"Oh, I'm doing fine."

I said, "Have you ever had a big failure?"

You can imagine this guy, head goes way up like this. You know, Marine commandants don't have big failures. And I said -- he said, "What do you mean?"

And I said, "Well, look, you know, we're doing a great job here, but we've got to get this thing more focused. I mean, you're doing a great job in getting people talking about it, but we've got to quit the talking and start in the acting. And you need some help."

And I -- " and there are three resumes here." And I handed them to him. And I said, "The one on the top is the best. And you go pick somebody, because if you don't, you're liable to have a problem. And I don't want that, and you don't want that."

He wasn't happy, obviously, and we're great friends.

So I went away. I had to go on some three-day jaunt or something. And I come back, and I'm in my office about 8 o'clock in the morning.

And he walks in. He said, "You're right. The one on the top is the best. I've hired her, but I have no idea how to afford her. It's very expensive. You figure it out."

(LAUGHTER)

And that was the beginning of what I believe was the fundamental step in making the chamber a major player in the global energy scene, both domestically and internationally, on every form of energy, but on a much broader context than just what am I doing with oil or gas or coal or green energy or nuclear energy or whatever it is.

It's all about how am I gonna use energy, for what purpose, how are we gonna drive the economy, how are we gonna create jobs, and even, even how are we gonna help deal with the nation's elephant in the room, and that's the entitlement crisis.

So a week ago I delivered the State of American Business address, and I outlined the greatest opportunities and challenges that we believe are gonna confront our nation in the coming year.

And as you might guess, energy was high on the list for opportunities, in particular. It's a major pillar of our broader agenda. It's an issue that matters for our country. It cuts across every sectors of our economy.

It matters for our members and to the business community. They need reliable and affordable energy to start and run businesses, to create jobs and to drive economic growth. It's -- it's absolutely essential to everything we do.

It matters for consumers who use -- use it every day to live and work and play. It matters for our security. A great nation blaze -- blessed with such abundant resources should not be reliant on solely foreign sources of energy. We should not be vulnerable to the whims of others.

It matter for our global competitiveness. Domestic energy is a large part of the resurgence in U.S. manufacturing. You go around this country today, and there are at least a hundred European companies walking around this country trying to figure out where they're gonna put their next factory.

You go around the country today, and American companies are out doing the next thing. You go around the country today and see a massive return of the chemical industry to the United States because of the availability of natural gas at a reasonable price, oh, and because I think they sort of wanted to get out of the Mideast anyway.

We -- we have the opportunity to go from being a nation that was dependent on imports to a leading energy exporter. Who would have imagined such possibilities a few years ago?

And if you put -- it's the 20-year celebration of the NAFTA agreement, which notwithstanding some not very smart comments by people that still don't like it, it has been absolutely unbelievable for the -- the three NAFTA countries and their economy.

Energy matters for our nation's fiscal health, and by those -- the way those -- those three countries are growing and getting stronger. And -- and you put our energy resources together, and now you really have something.

We face significant challenges in this country on overspending, unsustainable entitlements, antiquated tax code, we can go on and on, but energy is going to be a major part of the solution.

It holds the potential to pump billions in revenue into government coffers. Just look what's happening over the last two years on private land and state land, not so much on federal land. Remember, federal land is 68 percent of all the land in the United States.

A historic energy revolution is underway in America and has the potential to fundamentally transform this economy in this country. And you're gonna hear about how to do it. But the question is, how do we take that potential and turn it into a Reality, and how do we make energy work for us?

We've already seen energy drive job growth around the nation, but what's been in spite of energy policy not because of it. There are many examples of missed opportunities, the biggest one being -- and we ought to get a song and work on it and we should sing it every day about the Keystone pipeline. That is the most blatant political decision that has been made in this country in a long time, and it is gonna turn out to be an embarrassment for the people that made it. That's because we plan to keep talking about it.

And for more than five years, American workers have sat idle and investment is kept on the sidelines. The chamber has strongly pushed for the president to approve the pipeline and put a lot of people to work.

I -- -- at one point, we thought about just changing the name of it, you know, maybe the Christmas tree pipeline. But then I learned that if you did that, you have to go back to the very beginning to begin to talk about and evaluate the whole thing from an environmental point of view. Everything that is done on it already would not count. So we couldn't change -- the name. But we will be all over this issue.

There is a chance to do so much more if we get the policies right, and that's what the Institute for 21st Century Energy is gonna do. We started it, as I said, with Jim Jones. He'll be here a little bit later and have his own view of that story. And -- and Karen will tell him I -- I told you so, we'll let him have his view. It'll be different.

In a few short years, this institution has learned -- earned a lot reputation and a lot of credit and vastly expanded its membership. We're today recognizing that our policies have not kept up with the significant advances in domestic energy. We're gonna present some of these solutions.

And if our leaders follow some, if not all, of our recommendations, we will create millions of jobs and billions in government revenue and trillions in investment. And this is not a plan that's gonna go sit on the shelf.

But the way, Karen sort of talked about that for a second. The fundamental issue here is we do a lot of this stuff, but then we do something with it. And we actually go back and look at our work every year and find out that if we produce things that we talked about and then hung them on the shelf and didn't do anything, that is not a good way to get next year's budget. That is not a good way to be -- to be seen as a leader in this institution.

And don't forget, this is an election year, so we'll be talking to the lawmakers about energy and immigration and a lot of other things, and we will also hold them accountable.

Now, with all of that, and I, by the way, added a few words because I've been helping, you know, filibuster here for a second until Jim gets here. I'm gonna give this back to Karen.

I really appreciate you all coming, and I don't want you to go home and put this on the shelf in your place. Go home and get people talking about it, thinking about it, and leaning on people that need to be leaned on.

Thank you very much.

(APPLAUSE)

HARBERT: Thank you, Tom. If only all of us has your energy on all the issues that you champion on behalf of the business community.

You know, often times before we go forward, it's often instructive to go back a little bit in time, and that might lay the context for why we are issuing this plan at the beginning of 2014.

So why now? And, as Tom alluded to, the changes in our country's energy landscape in the -- the last six years, since we last submitted an energy plan, in 2008, are truly unimaginable.

When we look back at an open letter that we wrote then to then Senator Obama and Senator McCain as they were vying for the presidency, we wrote, quote, "America is facing a long-term energy crisis, one which could become one of the most significant and economic and national security challenges of the 21st century." On that letter we were joined by 26 former Cabinet secretaries from different administrations and different parties and all the former leaders of the House and Senate from both parties.

A few months later, after the election was done, we offered a new plan to the administration. And we said, quote, "Concerns over our growing dependence on imported energy, an aging energy infrastructure, and environmental impacts of energy production and use increase the complexity of addressing our energy challenges."

And at that point, we offered, "working together with you, we can transform our energy problem into an energy opportunity, an opportunity to unleash the power of free markets to develop new supplies," invest in new and -- and "apply new technologies and create good new jobs for Americans."

Well, some things have changed tectonically, and others have not. We still stand ready to work with the administration. And the power of the free market still remains the best model to secure our energy future.

In 2008, every forecast predicted oil imports to rise beyond 60 percent, and, indeed, they rose to 66 percent in the ensuing years. Gasoline prices were to rise and remain high. Natural gas production was waning. And we were rushing to build more additional liquefied natural gas import terminals.

Eighty five percent of our waters were off limits for exploration and production. We were on the verge of a nuclear renaissance. New technologies for the coal sector, like carbon capture and sequestration, were going to be proven at large scale here and around the world.

Renewable energy was a small part of our electricity supply, but it was growing. Corn-based ethanol was just beginning to find its way into the fuel supply. And cellulosic ethanol from nonfood sources was then mandated to be part of our fuel mix. Cross-border pipelines, electricity projects were common. They were non-controversial.

China was building coal and nuclear power plants faster than any country in the world. Europe was pursuing an ambitious climate agenda. And there was unrest in the Middle East, tensions with Russia and suppliers like Venezuela were on the downturn.

Our policy proposal at the time sought relief -- relief from government, relief from restrictive policies and onerous permitting process which were retarding the much needed growth we needed to keep up with burgeoning and increasing, and very rapidly, energy demand here.

Fast forward six years, and what do we have? Some things have changed dramatically. Some for the better, some for the worse and some, remarkably, not at all.

The deep economic recession that we tumbled into not only saw high unemployment, but it also saw stalled investment, and it put the brakes on growing energy demand.

At the same time, American innovation and entrepreneurship had been hard at work, and without any help for government developed new game-changing technologies that have led America to be the largest gas producer in the world.

We are repurposing our natural gas import terminals to be export terminals, and we will be exporting natural gas in the next few years. We now know we have more oil, more gas and more coal than any than any other country combined.

We are producing more oil today than we have in 20 years and are surpassing the production of many of our long-time suppliers. However, 87 percent of our offshore waters remain off limits and 80 percent of our federal lands remain off limits.

Coal is being forced out of our electricity supply because technology is not commercially available and we have an aggressive environmental agenda and, obviously, no -- low natural gas prices.

But its fortunes have not been extinguished, because worldwide demand for coal is up and so are our exports. Carbon capture has not been demonstrated in a scalable way, but that really hasn't prevented EPA from mandating its use.

Renewables did gain market share, but still remain at a higher cost compared to other sources. The ethanol mandate has fallen out of favor, even at EPA. It is acknowledged it's not working. And despite a yearly mandate, cellulosic ethanol still is not commercially available.

The nuclear renaissance is not happening on any grand scale. And the government still has not addressed our nuclear waste policy despite being addressed to do so by the courts.

China is still building nuclear plants and coal plants, and is now the largest emitter of greenhouse gases and soon, if not already, is the largest consumer of energy.

Europe has tempered its climate agenda. And Germany is building coal plants.

Unrest in the Middle East has escalated, not abated. Tension with Russia still exists. And Iraq is now a significant energy producer. And Canada is only growing in its importance.

And we were afflicted by NIMBY in 2008, "not in my backyard." And today that has escalated to BANANA, "build absolutely nothing anywhere near anyone."

It seems that our policy and regulations appear to be targeted at extinguishing the energy revolution, not igniting it. Our policy needs to be reset. Our energy policy was born after the Arab oil embargo and has not been changed to embrace an era of abundance -- and this plan will.

Let me first introduce this plan to you but a virtue of a much better voice and a video. Please roll the video.

(VIDEO PRESENTATION)

HARBERT: Great. Now I get to go into the more detailed part of what this plan is. And as I promised, I won't got through all 64 of our plans, so I'm gonna switch to our PowerPoint presentation. Great.

As you all have noticed, we have the planks around the room, and there are nine planks to this energy platform. And I'm gonna go briefly through each one of those.

The first one is to recognize an increase of our production and exploration of oil and natural gas, and reduced barriers to that and to fuel manufacturing in this country.

What is different today versus previous oil and natural gas expansions is that this is broadly shared across our country. With conventional and unconventional oil and gas in our country, 30 states are now producing oil and gas rather than what used to happen where it was centered in Oklahoma and Texas and Alaska.

When you add in the supply chain, each one of our 50 states stands to gain from this energy revolution.

And the story on natural gas is quite amazing. In the year 2000, shale gas was 2 percent of our energy supply. Today, it's 30 percent. And by 2040, it's going to be 50 percent. That's a great story and that is what's transforming our economy and posing interesting challenges.

I'd ask you to look at the converse, what if we don't develop that shale gas? And we look at what our energy picture would look like. And we would be turning around those export terminals once again to be import terminals and looking for places, some unsavory places, to find our natural gas from.

So this is not a luxury, this is something that we absolutely must do.

But today we find ourselves in a position of still unsure, having many of our federal lands off limits ,and offshore 87 percent of our lands and waters off shore. And that is despite the fact that the oil and gas industry is the largest and fastest growing industry in America today. Throughout the course of the recession, the industry actually increased employment by 38 percent despite that high and looming unemployment rate.

So as we look to the recommendations of what we'd like to see in this sector, first of all, we'd like to see more access onshore and offshore. We'd like to see those states that jump in and are part of this to get a fair share of their royalties. We see states like Virginia, North Carolina that would like to see exploration off their coasts that are being denied the opportunity by federal policy.

We'd like to see the Department of the Interior and the Environmental Protection Agency stay out of the business of state regulation. States have been regulating hydraulic fracturing for over 60 years and doing it pretty well. If you're nearer the resource, you're probably more responsible than somebody down the street on the third floor of the EPA building. We'd like to see it stay where it belongs.

We'd like to see the industry that is hiring and investing and promoting investment in the United States not be penalized by punitive new taxes.

And we'd like to see a very fair and nondiscriminatory process through different types of crude in our country, and particularly making sure we don't discriminate against our good friend in

Canada by putting in place any policies that would make the oil sands impossible to use here or impossible to import here.

We'd like to see a free trade in energy resources -- that includes LNG obviously but also crude oil, ultimately. As the production of our crude is a mismatch with our refining capacity, we need to look at ways to be able to export crude over time.

And for those that don't like that, they think they're gonna be exporting it to refine it to re-import it, it's a global oil market, and we need to be part of it.

And last but not least, we just updated our gasoline specifications with Tier 2 gasoline. And a scant three years later, the EPA would like to impose Tier 3 gasoline rules.

We'd like to see that actually retracted with little benefit to the American consumers and certainly little benefit to our environmental supply.

And if we do this right, we stand to gain a tremendous amount of jobs, revenue and investment. In the last six years, we've seen production go up by almost 50 percent in natural gas and 53 percent in oil. And that, if continued, would generate 3.5 million jobs, $5 trillion worth of investment and $2.5 trillion of government revenue. That's a pretty good down payment on our looming deficit and our staggering economy, all on the back of the energy industry and not the taxpayer.

Let's move on to coal. We believe that coal should remain a part of our electricity supply. It has been so for quite some time. It has been 50 percent of our electricity supply, and now that is down to approximately 30 percent.

We are seeing coal plants being retired across our country, some of them that are older but some of them are being prematurely retired because of aggressive environmental regulation.

But the story. as I mentioned, is not over for coal. as the demand for coal around the world is way up. and our industry has stepped up to the plate and is exporting more coal that it ever has in its entire history.

It's exporting coal to China. It's exporting coal to Europe as Europe is increasing its consumption of coal to keep electricity prices down in Europe.

We might want to look across the pond for some instruction about what we might face should we adopt the type of agenda that they adopted and are now are changing.

So in coal, we'd like to see the assault on coal stopped. This is only harming consumers, ultimately, with price increases.

And what does that mean? We need to ensure that the Environmental Protection Agency does not overextend its interpretation of the Clean Air Act and the Clean Water Act.

It can't, through its existing in new regulations, mandate technologies that don't yet exist or are not commercially viable. It has to respect achievable timelines. Just because you mandate a

technology, doesn't mean it materializes. We saw that with cellulosic ethanol. Just because we mandated it, it didn't mean that the industry could produce it. Technology has its limits.

We have to get serious about demonstrating carbon capture and sequestration at scale. And there are companies that are attempting to it, and we need to get more serious about partnering to get that done.

We need to really review what we're thinking about in terms of coal exports. There is a place for the export of coal for our industry and yet we are making the expansion of those facilities very, very difficult.

In the Pacific Northwest of our country, there are a number of export applications, and they're going through a very onerous process, including the suggestion that the process and the environmental review should include the ultimate review of how this coal is used in places all the way around on the other side of the world.

We would suggest we review what is within our borders and within our purview to actually get these permits done.

And from the chamber's perspective and the institute's perspective, we're gonna vigorously participate in the regulatory process. And when necessary, we will be part of the judicial process. We have been suing EPA about what we think is their overreach, what we think is their misconception of their mandate, and we will continue to do so whenever possible.

On the nuclear side of things, we believe nuclear has a right and just place in our electricity generation portfolio. And at the moment, we see the federal government not doing a whole lot about that.

As we look at nuclear as a significant source of our emissions- free generation capacity, we should be embracing the expansion of nuclear, as many other countries are around the world.

Nuclear facilities are being built in China, in Europe, in the Middle East, in Africa, and we are building but one in the private sector, and we'll talk about that in a little bit, and slightly expanding on the government side of things.

We can and should do more. Our 100 reactors over time will need to be refreshed, revived and new ones to replace them, and we should be embracing that.

We have to solve our nuclear waste product. This administration has avoided it despite being directly directed by the court system to do it. We have to stop collecting fees from utilities to dispose of their waste when the government is not living up to its obligation. It's time to stop robbing utilities and the consumers from this monies.

We have to ensure that our nuclear industry and the manufacturing part of this industry does not go dormant. As these new nuclear plants are built around the world, there is a place for our technology, the best in the world, to be part of that nuclear renaissance.

It's in our interest for our parts, our services, to be part of this, to ensure that we have a window into these expansions and know what is inside those nuclear plants.

It will make those reactors and our world a safer place, and it will ensure our manufacturing industry is alive and well when we finally get back to the business of building more nuclear.

And, lastly, we really need to have a uranium inventory plan. And the House has moved on that, and we're delighted to see that moving forward.

Renewables, we absolutely need to have more renewables within our mix, and there's ample room for them to grow, particularly in the electricity area.

First of the fuel's area, I mentioned the renewable fuels mandate which is 36 billion gallons of renewable fuels by next decade. And we are seeing now the EPA backing off from this policy because it is certainly having unintended consequences.

With flat demand, we have reached the blend wall. No more ethanol could be absorbed in our fuel supply without undermining the warranties of engines and the integrity of our engines.

It has to be revised. EPA cannot mandate fuels that don't exist and it needs to revise the Renewable Fuel Standard, if not completely get rid of it. It is time to revisit this fuel standard, given the market conditions. And we hope that Congress will take the lead.

On the electricity side, the renewable policy really has been to either mandate renewable energy or to subsidize it or in many cases to do both.

Back in our blueprint in 2008, we called for something which we thought was fairly novel, which was extend the production tax credit for renewable electricity and then phase it out. If we had adopted that then, we would be in a very different place, rather than seeing the light switch on and off that we have -- have seen for production tax credits, but today remains the true reality that we are going to need to phase renewable production tax credits out.

We need to do it in an orderly way. We can no longer afford this in an endless manner. And we know with certainty that the industry will grow and it will certainly be incentive to become more cost effective.

But at the same time, we need to offer the renewable industry a new business model. Master limited partnerships, which are available to other parts of the industry should be made available to level the playing field for the renewable energy industry. And that will remove the need to have subsidies and mandates and incent them to be a bigger part and a more cost-effective part of our energy supply system.

Energy efficiency, everybody always says that's the lowest hanging fruit. Well, we've done pretty well on energy efficiency over time. We are a much more efficient economy today than we were 30 years ago, producing more economic output per unit of GDP.

But, as one can imagine, there are certainly more things that can be done. With the built environment consuming a lot of our energy, we can be doing a lot more for the built environment.

We can be doing more with modern building codes. We can be doing more to make our built environment more efficient, and utilizing the private sector and not government handouts to do that through energy performance saving contracts and improving or approving legislation like the Energy Savings and Industrial Competitiveness Act, which banks on the private sector and not the government to get this job done.

We should be looking at rewarding the investment in energy efficiency devices and allow those to be depreciated more quickly. We should fund high risk R&D, not regular R&D. We should be funding that through ARPA-E and other parts of our government that look at those areas that are high risk, high reward and that the private sector has no incentive to be currently investing in.

And last, but not least, there is a role for government in this. It is in the high-end R&D, but it is also in developing very innovative financial instruments that we had not seen to date.

Not the type that we saw in the stimulus package that has loan guarantees with no skin in the game for the applicants, but rather innovative instruments that we have seen, like at OPIC and EX-IM and other parts of our government, that allow the private sector to access capital that will stimulate additional investment in their projects and allow them to pay the government for the benefit of receiving access to those capitals.

That is something that will be difficult to do in this fiscal environment, but certainly something that remains viable. When we last put the (inaudible) loan guarantee program in place, it was intended for the nuclear industry, and that needs to remain open. But there are additional ways that we could utilize the -- the bankroll (ph) of the government without it having to be borne by the taxpayer.

I mentioned BANANA, NIMBY, trying to get some things built in this country. It is an absolute unbelievably difficult process to get things built. And for those of you that are with us from the energy industry, you know this. Our friends from Canada are living it with the Keystone pipeline.

When we look at how long it is taking to get things done, it is quite astronomical. When you look at the average time it takes to have an environmental impact statement, it's three years.

This U.S. has the -- the -- the -- we are last in the world of how long it takes to actually get a new -- new mining permit in this country, seven to 10 years.

And just for a comparable about how long the Keystone pipeline has taken, the New Jersey Turnpike took four years, the Empire State Building took one, the Hoover Dam took five years. And yet the Keystone pipeline hasn't turned really any significant progress. It's still in the review stage, five years later.

Not only is this offending our most valuable ally of Canada, but it's telling a story to people around the world that it's really difficult to do business in the United States of America.

Are we really open for business? Can you invest in the infrastructure necessary that you need to in this country, that we need to have done in this country? It's getting extremely difficult.

And I'd say, as we think about that, we can extract all of the molecules we want. And if we can't get them to where they need to be, they're not gonna get out of the ground. If we generate

renewable energy in parts of our country and can't build a transmission line to get the electrons to the markets they need, they won't be generated.

Infrastructure is currently a bottleneck, and we're making that a reality. We need to streamline this process, put people back to work, get these things built, and put America back on a road to recovery.

Infrastructure is truly right now one of the biggest bottlenecks. And it's not that we don't have the appetite, we don't have the capital, we don't have the people; we do. We just have a process that is hostile to actually expanding that.

For infrastructure and cyber and -- and all kinds of things that are happening out there that are attacking our energy industry, it is very interesting to see that the cyber incidents in fiscal year 2012, look at the amount of incidents that were attributed to the energy sector. It's a very attractive sector for those people that don't care for us so much.

What we need to do to address this is we need to find a way for the private sector and government to share information. You know it's nice that the government can tell you that you're about to have a big problem. When they don't tell you what it is, you can't protect people against it, and you can't protect your infrastructure, and you can't protect the American consumer.

We have to be able to pass legislation that would actually improve this situation and allow the industry to share information, but to hold it harmless when it does, so that ultimately frivolous lawsuits can't be brought against the industry for sharing this information, and that is currently what we see right now.

This is a growing and looming problem. If you listen to General Michael Hayden, who was the director of national intelligence under President Bush and President Obama, he said this is the thing that keeps him awake at night, cybersecurity attacks on our energy infrastructure. They could bring down our country overnight.

And there is not a utility, there is not an element of our energy industry that has not suffered from this already. This has got to be a significant priority. It is for the industry, and the government needs to be a partner in this, so that we can break through this and actually have a solvable, preventable framework for cyber to come.

One of my favorite issues, to reform the regulatory process. When you look at today's regulatory process and you look at the amount of regulations that we are seeing coming out from our government, this is just a snapshot of some of the regulations that are coming up by just one of our agencies, the Environmental Protection Agency, and this is just in the area of energy and just in a couple of years.

When you take into account the Department of the Interior, the EPA, the SEC, every alphabet soup, the CFTC, I could go on and on and on, that are issuing regulations every single month on energy, we are living in a time when the cost of these regulations is piling up in our economy, and we are paying the price in terms of the inability to get manufacturing stood up, the inability to invest where we need to invest.

And quite frankly, we need to rein it in. We need the REINS Act in the House to pass again and for it to pass in the Senate. We need better regulation, not more regulation. We need the process to be transparent. It is very difficult to unravel the different and conflicting regulations that are being proposed by the administration. We need there to be a true demand for a cost-benefit analysis of these regulations and for numbers to be used that are consistent across the board and not made for each individual regulation.

A lot of these regulations are cumulative going back to this. And the EPA and other agencies need to be held accountable for doing cumulative cost-impact statements and reviews rather than doing them one by one. And the data that they use, it has to be of quality. We need to have a much higher level -- a higher expectation of our government to be using the best science-derived data in making these regulations. They affect every element of our economy and they need to be consistent and science-based.

And last but not least, we need to prevent the manipulation of our regulations. And we are seeing the prevalence of sue-and-settle all across our country, with entities and special interest suing the regulators to ultimately get an outcome they would like and to be repaid for their legal costs. This is certainly something that the law never intended and our founding fathers are probably turning over. We need to prevent the manipulation of our existing laws for the benefit of special interest that are ultimately are spread throughout the entire economy.

And then last but not least, we need a workforce for the 21st century. We have long been worried about imported oil and I have to say that I think now it is the lack of skilled workers that is probably our biggest concern going forward.

When you have a country where only a third of eighth grade students are performed (ph) to prepare proficiently in science. When you look at 70 percent of our high school students are unprepared for science in college and 55 percent are unprepared for math. And you look at half of minority students that do not graduate from high school. When you look at every engineer we graduate, Europe graduates four; for every engineer we graduate, China graduates nine. We are not propelling ourselves up the competitive workforce space. We are propelling ourselves down.

Today, they released the competitiveness -- the economic freedom index. We used to always hold position number one. Today, we were number 12. That fell from last year and the previous year and the year before that. We are not succeeding in building the competitive workforce for tomorrow. We do not have all the tools in our toolbox to solve our energy challenges. We will need innovation. We will need entrepreneurs. We will need scientists.

We need more emphasis in our schools on engineering and math -- STEM as we call it, science, technology, engineering and math. We need to recruit teachers. We need to reward teachers. We need to make this more of a part of the emphasis in our curriculum to prepare our students. We need to compete to pass and actually become part of our legal framework in the United States.

And we educate a lot of people. We have an education system at the university level and Ph.D. level to bar none. And yet as soon as foreign student graduate, we show them the door to go back to their home countries. We need to reform our visa policy so they can stay here,

contribute their innovation, contribute their skills and be able to stay here and contribute to our economy.

It is important that we address this from the bottom up, from K through 12, in the university system and the Ph.D. system, but we cannot ignore skilled labor. Not every human being was intended to graduate from college and we need the community colleges and the trade schools to be a valuable part of our system to encourage these students and these citizens to enter into the workforce.

But don't take it from me. We believe that our plan and all 64 recommendations will work. We've gone out and we've talked to a lot of people across the country and we believe a couple of these stories might resonant with you. I'd first like to turn a leader in North Dakota. North Dakota is a state that has the lowest unemployment rate in the country today, 2.3 percent, which I think all of us would say our country would envy to be like North Dakota. You can make more money in North Dakota working in a fast food restaurant than you can in the health industry in the southeastern part of our country.

So let's turn to Andy Peterson and North -- and North Dakota to talk about what's happening in North Dakota.

(VIDEO PRESENTATION)

HARBERT: And then I'd like to go to the Gulf of Mexico which is obviously the home to a great amount of our nation's energy supply both onshore and offshore. It's been a backbone of the industry for quite some time, but it could do more. It could produce more offshore. It could produce more onshore. The supply chain could certainly grow.

It is now home to a great deal of investment by the petrochemical industry -- an industry that had left the United States for the Middle East for low natural gas prices and is now back. It was home to the fertilizer industry which had left the United States for lower gas prices which is back, which is good for our farmers, which is good for the middle part of our country.

So let's turn to Steve Waguespack in Louisiana.

(BEGIN VIDEO PRESENTATION)

STEPHEN WAGUESPACK, LOUISIANA ASSOCIATION OF BUSINESS AND INDUSTRY: Hi, I'm Steve Waguespack (inaudible) Louisiana Association of Business and Industry.

Louisiana is an energy state. We know that energy works for Louisiana. In fact, it's 20 percent of our state's economy (inaudible).

Over the next eight years, we've got (inaudible) billion dollars in investment (inaudible) energy (inaudible) sector, (inaudible) 200,000 energy-related jobs and it's going to (inaudible), impacting real people.

But we could do more and (inaudible). We (inaudible) innovation (inaudible) offshore water (inaudible) is off limits (inaudible). We need a permitting process that's fair, quick and (inaudible). We need EPA to be our partner, not our adversary (inaudible).

Energy is (inaudible) energy revolution.

(END VIDEO PRESENTATION)

HARBERT: And then going to one of Louisiana's neighboring states, Georgia, where one of the most exciting energy projects today is underway demonstrating American innovation, demonstrating American technology, demonstrating American wherewithal to get the job done and showing that nuclear has a future in this country.

If we could please turn to the state of Georgia.

(BEGIN VIDEO PRESENTATION)

(UNKNOWN): I'm Chris (inaudible) with the Georgia Chamber of Commerce.

Here in Georgia, we've got a long history of diverse and reliable energy. Right now, with the attacks that we're seeing from the EPA on coal, it's even more important for us to focus on (inaudible) our energy portfolio.

When we're recruiting countries from around the world, it's not only important that (inaudible) got affordable energy, but they've got reliable energy. Here in Georgia, we've got a very diverse energy mix; 36 percent of our electricity comes from coal; 34 percent comes from natural gas; and 25 percent comes from nuclear.

Even today as I speak, over in Berg (ph) County, Georgia, we've got 3,000 engineers and craftsmen that are busy building two new reactors, two of the safest and most advanced reactors in the country. Now, when those come on line in 2017 and 2018, we're going to have 2,200 new megawatts of emission-free power here in Georgia.

Energy is putting Georgians back to work and that's why energy works for Georgia. We hope you join the energy revolution.

(END VIDEO PRESENTATION)

HARBERT: Now let's switch to another part of our country and we're going to move on to New York. New York is having some interesting energy challenges there, and some policy choices are before them. They have an interesting choice to be made on nuclear power and an even more important decision to be made on whether they're going to allow shale exploration and fracking in particular going forward.

So let's turn to Heather Briccetti in New York about the opportunities that could be realized in New York.

(BEGIN VIDEO PRESENTATION)

HEATHER BRICCETTI, BUSINESS COUNCIL OF NEW YORK STATE: Hi, I'm Heather Briccetti. I'm the president and CEO of the Business Council of New York State.

New York, like many other states, has benefited tremendously from energy innovation both historically and current. In a nutshell, energy works for New York.

New York also benefits from a very diverse range of resources for its electric grid. In fact, close to half of our sources of electricity come from renewable and clean energy sources such as hydro and nuclear. In meeting the demands and challenges of the 21st century economy, we require greater use of energy innovations like shale gas and competitive markets that do not discriminate against fuel types.

We should make energy work for New York. We should make it work for the rest of the U.S., too.

(END VIDEO PRESENTATION)

HARBERT: As you walked in, there was a map available to you that shows the number of jobs that unconventional oil and gas could create in this country by 2020 and the amount of state revenue that would contribute to close state budgets or close state deficits. A number of governors across the country are very excited about this.

The interesting story about New York is that all of the revenue and jobs that are currently being created in New York from shale are all on Wall Street and in the legal community, not in the actual production which if that were to change, the numbers in New York would be quite astronomical.

So on the way out, I encourage you to pick up that map so you can see state by state what some of the contributions to job creation and revenue development could be realized with the additional development of unconventional shale and gas across our country.

Let's move to Illinois. Illinois is a very interesting story. Energy is a big component of the state's economy. It has an interesting story behind it. Should the Keystone pipeline ever get built, and it will, I didn't say when, but actually Illinois will generate the most jobs from the expansion of oil sands in the Keystone pipeline than any other state in our country. And I know that that's always inconvenient news for Chicago-land.

So let's turn to Tom Wolf to talk about what's happening in Illinois.

(BEGIN VIDEO PRESENTATION)

TOM WOLF, ILLINOIS CHAMBER OF COMMERCE: Hello, everybody. I am Tom Wolf of the Illinois Chamber of Commerce. And there's no doubt that energy works for Illinois. It not only fuels our economy, the way we live, work and play, but the companies that generate, transport or transmit energy and their supply chain are one of the cornerstones of our state's economy.

There are over 100,000 people in this state working directly in the energy industry and the average salaries of those people is 50 percent higher than the state's average. There is no doubt that we see the value of joining the energy revolution every day.

We're the number one state for nuclear energy. We have lots of energy coal generation and coal production. We're the number four state for wind generation. We have thousands of miles of

pipeline underneath our state that bring oil from Canada to our refineries and refineries throughout the Midwest.

And now, we're finishing regulations that will open up the shale play in Southern Illinois that could increase the amount of oil and gas that our whole country can enjoy and potentially create 45,000 new jobs over the next five years.

We continue to push for legislation that's based on reality, and not hype, hope or myth. And we're also pushing for the development and expansion of the energy infrastructure that brings the energy from its source to our homes and businesses.

We know there's no perfect energy. They all have their opportunities and challenges. But we also know that we need all kinds of energy to make our economy hum in the decades to come.

That's why it's so important to join the energy revolution.

(END VIDEO PRESENTATION)

HARBERT: You're noticing a theme here? Now I'd like to turn to a state that is truly coming into its own, that is on the frontier of energy revolution and has put in place a new regulatory framework, has a pretty forward-thinking governor trying to expand the opportunities and capture the opportunities as they relate to new energy sources in the Utica shale play.

So let turn to Linda Woggon at the Ohio Chamber.

(BEGIN VIDEO PRESENTATION)

LINDA WOGGON, OHIO CHAMBER OF COMMERCE: Hi. I'm Linda Woggon, executive vice president at the Ohio Chamber of Commerce.

Historically, Ohio has been a manufacturing powerhouse. We have a long history of harnessing energy to drive industrial development. In fact, in the late 19th century, the modern refining industry was launched right here in Ohio and it has driven manufacturing growth ever since.

Today, manufacturing businesses represent more than 17 percent of our state's economy and support nearly 700,000 jobs. But none of this is possible without abundant, reliable and affordable energy. That's why we're so excited about the Utica shale play in eastern Ohio. Our state is now becoming a major producer of the energy we need to fuel our growing economy.

Over the last couple of years, more than 1,000 permits have been issued for drilling oil and gas wells. With both natural gas and liquids coming online, we've seen over $7 billion invested in pipelines and processing facilities. This has resulted in lucrative contracts for our state's businesses and thousands of jobs for Ohioans.

We've done a great job here in Ohio to make sure that energy development occurs in a safe, efficient and cost-effective manner. Now, we want to make sure our federal government works with us, not against us. We're making energy work for Ohio and we want it to work for the rest of our country, too.

Ohio is proud to be part of the energy revolution.

(END VIDEO PRESENTATION)

HARBERT: Well, there you have it -- a couple of leaders from around the country that have all have taken a look at our plan and are stepping up to the plate to be energy leaders in their own communities. And there are dozens and dozens and dozens of people behind these people whose voices we will make known throughout the course of this year.

Let me just conclude the part on the plan before I welcome our last speaker up to the stage, and say that it -- it's clear and the purpose we are set out about is to unleash our new era of abundance, unleash the benefits across the country; create the jobs that we know it can create both directly within the industry and around the country through the supply chain and through a revitalized manufacturing sector in our country.

The revenue at the federal and state level that is so desperately needed; the entitlement issue that Tom mentioned and be able to buy down our debts for future generations through the production and use of energy in our country. We will create new industries, some that have been here before and some that will be new to our country. And we will certainly be doing a lot to address our trade imbalance. In fact, the export of refined product is now the largest contributor to reversing our trade imbalance than any other industry to date.

It will increase our competitiveness without a doubt. Importantly, it will increase our global standing. We will now become a serious energy market player, instead of a price taker.

And when you look at the resources in Canada, the United States and Mexico who is undergoing its own reform effort, you can think of how the energy gravity, the center of gravity of the energy market will be shifting to North America from the Middle East.

And as energy demand grows in Asia, in China this decade and in India the next decade, the focus of OPEC is toward China, toward India, toward Asia. And so I say to you with a great deal of urgency, we have to develop all of these resources here. It's not an option. It's not a luxury. It's incumbent upon us to do that to ensure that we have the energy we need, to ensure that we have the standing that we need and the competitiveness for our industries to be competitive.

So as we look at the gravity shifting to North America, there are tremendous geopolitical dividends to be realized by that. And General Jim Jones is going to talk about that in just a moment.

So in essence, instead of asking for government to do more, what we are asking for in this plan is to let government -- let the private sector do what it has done over time and proven time and time again -- innovate, hire, take risks, mitigate risks, and move America forward. But right now we see government standing in the way, extinguishing our opportunities at all levels instead of igniting the changes we need.

We will take this plan to policy leaders in D.C., in Congress and the administration. We will take it to business leaders in all of our 50 states. We will take it to every association in this country that will listen. And as of this morning, already 450,000 business leaders received the plan this

morning and will be advocating for all of the areas where they feel they have an interest to get some things done.

We plan to start a revolution. Today's meeting is the beginning -- not the middle, not the end, but the beginning of a multi-year effort to get this done for the benefit of our country. We hope you will join us. We hope you will spread the word. We stand ready to support you and your efforts to be more successful and take advantage of the energy revolution.

So thank you for joining us. I think what I will do until General Jones arrives, he had a very important meeting over at the Pentagon, that's what four-star generals do, is to see if there are any questions that I can answer now and we'll take a break when -- when he arrives.

Are there any questions? Oh, you guys are going to make it difficult (inaudible). I don't know how to juggle and dance up here until he gets here. You don't want to see it, trust me, so ask questions so I don't embarrass myself. Yes, sir?

QUESTION: Good morning. I'm David Adovonovich (ph) with Argus (ph) Media.

You -- you've talked about the idea of -- of opening more -- greater access to federal lands both onshore and offshore, which is an argument we've been hearing, you know, for many years. But the situation, the supply situation in the U.S. has changed with the, as you mentioned, oil and gas production rising at such an amazing pace.

So my question is: Do you change your argument when you're dealing with members on the Hill about this? I mean, how do you persuade people to change the current situation when -- when production is rising without any kind of change to policy?

HARBERT: No, an absolutely great question. I think it is incumbent upon us now that we know how much resources we have. And by the way, actually we don't really know. We know that we have a lot more than we thought we did in 2008. And as technology continues to advance and our access to areas previously off limits is lifted, we will know more and more the depth and breadth of our resources.

We're still importing oil. It's not that we're 100 percent self- sufficient. We are advocating for this to become, you know, a big energy exporter. We could still supplant some of our imports and that would be very good for our economy. It would be very good for our competitiveness, be very good to attract more industries here.

And by the way, when you look at places like Alaska, we've got a big problem in Alaska, a big energy state whose production is falling because they can't access new areas for production. And we run the risk of the Trans-Alaska pipeline, something that took a great deal of time, money and effort for our country, of running dry. That doesn't seem like a very good energy policy when we look at the previously dominant energy suppliers in the market of OPEC looking to Asia. We need to develop more of our energy resources here because the swing producers, that -- that extra supply in the market -- is going to go elsewhere and we need to start taking care of ourselves increasingly more here at home.

So while we are producing here at home, we need to be producing more here at home. And the idea that as we look at a situation where the Middle East is looking to Asia and the growth is

exponential there, that we wouldn't do here more at home is really not explainable. It's not explainable to the American public. It's not explainable to the business community. It's not explainable to the American consumer.

So I don't think our argument changes, it just shows we have more facts on our side. And that means that, hopefully, the policymakers will get it right. I think it was Winston Churchill that said America tries everything and eventually gets it right. Well, maybe this time we'll get it right because the facts are on our side.

Yes, sir?

QUESTION: (OFF-MIKE)

HARBERT: You're close enough, I can hear you.

QUESTION: (OFF-MIKE)

HARBERT: You know, the -- the energy industry, as I indicated, it's not just the oil and gas industry. It's the nuclear energy in Georgia; it's the wind industry in -- across the country. I mean, they're hungry for jobs, they hiring and they want people that have skills.

You know, I think the best thing that -- that all of us can do is to -- we look further down the pike and we need to prepare our children to be participants in the energy industry. We need to reach out to community colleges today to re-fashion some of their programs to attract people into them so they can go immediately in two years into the energy industry.

And we certainly need to address with a great deal of sobriety the fact that, you know, fewer and fewer minorities are graduating from high schools. In today's economy, if you don't graduate from high school, it's really difficult to get a job and we certainly have to address that. And the best way for us to do that is to improve their ability to be successful in science, successful in math, and obviously successful in reading.

And you know, the energy industry isn't a panacea, but the supply chain for the energy industry is really long and really deep and there are tremendous opportunities. If you -- if you go to North Dakota, unless you lock your doors, they're going to reach in and grab you out of the car and put you to work, so there are ample opportunities.

And every large producer here on the oil and gas side can say that, you know, they're looking for work. They just can't fine enough welders. You don't have to have a four-year degree to get a job in the energy business. And we need better partnerships at the community college level to do that.

Another area where there's tremendous opportunity is in our, you know, returning veterans. You know, returning veterans and we need to do right by them. They have great deal of skills. They are self- disciplined. They have a high degree of ethics and security awareness. They're tailor-made for the energy industry. And you can see more and more of them going into the industry because that is an area where they are well tailored to immediately jump in with some training to go forward.

I think if you look at almost any of the major industry players, whether it's the utility sector or -- or in other sectors, in the oil and gas and nuclear, there is not a lack of willingness for training. They will train anybody as long as they take it with a great deal of seriousness and have a safety culture. And that is wide open for people of all colors, all ages and all backgrounds.

And as an economy today that needs to create 20 million jobs over the next 10 years, the energy industry is providing a pretty good down payment on closing that employment gap. And so we need to find every creative way to involve as many people as we can to take advantage of the opportunities that the energy industry is affording it.

By the way, also ensuring that those opportunities aren't closed down by the other part of the equation I explained earlier, through regulation that's making it too difficult for these industry players to hire and -- and put people back to work.

Over here?

QUESTION: Hi, Corbin Hiar (ph), SNL (ph) Energy.

I'm looking at your 2008 energy blueprint and the first issues that you brought up were promote energy -- aggressively promote energy efficiency, reduce the environmental impacts of energy consumption and production, and invest in climate science to guide energy, economic and environmental policy.

Of those, only energy efficiency is still included in this year's plan. The science suggests that climate change continues to be an issue and -- and increasingly difficult. Why is there, then, such a market shift away from that and something that you guys don't seem to be as focused on this time around?

HARBERT: Well, as I mentioned in the beginning, I'm -- I'm not sure if -- if you heard some of the opening remarks. But our energy reality has completely changed. We are living in an era of abundance, rather than living in an era of scarcity which was marked in 2008.

As we look at our situation six years later, we are seeing emissions on the decline, although we saw a recent increase, but we are still living well below emissions of 1990. We are seeing energy efficiency really excel in our economy. We are far more efficient today than we were in 2008, but as I noted it is still very important. And on the area of science, we are calling on our regulatory agencies to be far more transparent about the science they are using. If the science is so clear, then we would like to be able to see it and have it put out for the American public to consume, digest and accept. So I don't think we've seen a divergence, but we are making it incumbent upon those that are making decisions to make them more inclusive, to make them more reflective of data that is out there, and to reveal all those things to the American people.

And at the same time, let's be clear. It is a different world in 2014 than it is in 2008. We are dealing from a hand of strength if we let it, rather than a hand of weakness and we need to be exploiting the areas where we have an advantage. And right now, that it is in the area of producing more of our own domestic energy resources and doing it in a way that is environmentally responsible, without a doubt.

And our call for transparent and credible regulation is not an avoidance of regulation. We just want fair, balanced and fair regulation so the industry knows what the rules of the road are. That they are transparent. They can invest, hire and mitigate the risk where they need to, and invest in technologies that they know ultimately will be allowed into -- into the economy. So we don't see (ph) difference. We see the difference in being our energy landscape and our approach therefore must change.

Yes, sir?

QUESTION: To follow up on that -- to follow up on transparency and the need for transparency and the need for all of us to analyze and have confidence that the government is acting on science that are, whatever the economics or whatever. Has the Chamber given any thought to suggesting perhaps that the regulatory agencies not grade their own tests? And in that, perhaps rather than have the regulatory agencies crunch the data that they are ultimately going to use, another independent entity should do that work and make it available to the public as a whole?

And if the institution such as -- well, I won't name -- I -- I won't name (inaudible), but if they don't want to make their data available because it's proprietary, then they don't have to do business with the government. But it is -- it seems to me, it's simply wrong to say, "Well, these data are being relied on, to spend trillions of dollars in the economy to make decisions for business, but you can't see them and we've got to crunch them. We knew what outcome we wanted and, surprise, we got it."

So my suggestion is perhaps we take that data analysis away from the individual regulatory agencies that are going to rely on it.

HARBERT: You know we -- we completely agree that we need more transparency into the data and if you're going to be doing data analysis for the government, it has to be widely available without a doubt. And whether that is a separate institution, I can imagine that oversight committees on Capitol Hill would have a free for all if they thought they would be losing control of some of the oversight of some of their existing committee portfolios.

But that aside, you hit the nail on the head in terms of the problem which is they're making very large, broad sweeping regulatory decisions on material we don't have access to and impacts the entire economy. And I don't believe that is certainly the way that the regulatory process was set out.

And I think you will see Congress continue to try and get hold of this and ultimately force themselves into the equation, which if you were going to make these big, broad sweeping regulatory proposals, then us, Congress have to be a bigger part of it, be a part of the review process and ultimately the American public needs to be brought in.

So we agree with you and certainly there needs to be more opportunity to examine some of their modeling. And I know that, for example, the Department of Energy and the EPA have very different models for their undertakings. They don't use the same model. They don't use the same assumptions and therefore we've got apples to bananas, which is a very hard way to run an energy policy apparatus going forward. So hear, hear to that.

Last complaints?

Yes, sir?

QUESTION: Nick Snowe (ph) with the Oil and Gas Journal.

Several other organizations and members of Congress have been calling for more crude oil exports. Does the institute plan to make that a top priority?

HARBERT: You know, as -- as I said, we believe this institution which was formed almost a 102 years was founded on the principle of free enterprise and free trade. And we are not going to betray that principle anytime soon or probably ever. Which is why we believe that we should be in the export business of liquefied natural gas, oil, coal, nuclear technologies, services as they relate to renewables, devices as they relate to efficiency.

We should have a free energy market out there and that would benefit our industry, would provide more markets for our industry, and making sure that we are able to reap the value of all of our natural resources in the most prudent way possible for the American economy. So, making sure we do this in a thoughtful manner.

I know that there are many that are still living in the belief that we are very, very dependent on oil imports and the idea that once we have crested that hill, that we're going to start exporting makes people uncomfortable. We need to have discussion across the country about why this is necessary, why is it in our interest. And the place to do that is with business leaders who understand the economic implications of this.

So, we will be talking about it. We will be socializing it and we will be acting on it for sure. But this plan is -- is not a Chinese menu, right? We just can't say, "If just did this one thing, everything would be OK." We'd like to see a lot of these things move together because they are very interrelated. If we decide if we're going to lift the ban on oil exports, but we can't get access to more places to explore and produce, we're sort of, you know, putting out with one hand and then taking away with another. If we decide if we're going to regulate fracking at the federal level, which reduces the appetite for development here, we're giving with one hand and taking away with another.

And people have opportunities to invest all over the world these days. I mean it's, you know, if you can't do it responsibly with a reasonable timeline and profit expectations in the Marcellus, they're going to go to Mozambique. So we have to be open for business in the United States. We have to make people want to invest and do business here, to explore here, to produce here, to build here. And that is what our policy today does not reflect.

Well, I'm going to exercise the right of the chair at the moment and take the opportunity to introduce our final speaker, and probably the most eloquent speaker of the day. You know, it's -- it is -- as I said in the very beginning of our program this morning, that just a few years ago what we saw was a looming energy crisis and that energy crisis was a big national security threat.

And today, in 2014, things look a lot different. And there's no one better to address that than General Jim Jones. He has spent his entire career protecting America's national security, rising to a four-star general, commandant of the Marine Corp, commander of NATO, and ultimately of course, as President Obama's national security adviser.

And he's seen first hand the threats of our energy scarcity put before us and how, you know, the geopolitical dividend of our new energy revolution can change dramatically our national security standing.

He was here at the beginning of the Energy Institute. He led it from the beginning. He was part of our first plan that was looking at things very, very differently. And it is such an honor to welcome him back to the Chamber, to the Energy Institute, and for having to be a part of the phase of the energy narrative and the energy history of our country and how this will allow us to capture the opportunities, rather than just protect against the threats.

So let me welcome General Jim Jones.

(APPLAUSE)

JONES: Thank you, Karen.

And good morning, everyone.

I apologize for being a little bit late. One of the things I get to do in my advance years is to be a member of the Defense Policy Board. And we met this morning with the secretary of defense. It was supposed to end promptly, but the secretary decided he had a few more problems he wanted to discuss with us so I apologize for -- for being late.

I'm really excited to be here. When I retired from the Marine Corps in 2007, I had the good fortune of knowing Tom Donohue for a few years before. And we met at a -- at the World Economic Conference in -- in Davos, I think in February of 2007. And we had lunch together and he asked me about, you know, what -- what -- what are the kinds of things that I think about, that I worry about, and so on and so forth. And we got on the subject of energy.

And I must say that in my military career, the only real attention that I paid to energy was starting in 1973 when I was sitting in my Volkswagen Beetle in Springfield, Virginia trying to, at five o'clock in the morning, trying to get a couple of gallons of gas so I could get to the Amphibious Warfare School in Quantico.

But I listened to the reassuring voice of the president at the time who said this was never going to happen again; that we're never going to be held hostage to foreign oil. And I've heard every president since then say the same thing in one way or the other, without really too much having been done about it.

In 2003, when I was privileged to be assigned to NATO and we were in the midst of really dealing with kind of the early days of the terrorism threat, our nemesis Osama Bin Laden, had made as part of his pronouncements a plan or a pledge to attack the soft underbelly of the developed states, capitalist states, and that's energy.

And we started doing kind of a fairly broad inventory of the -- of the then 19 countries, now 28 countries, but 19 and then 26 in 2004 countries of NATO and their vulnerabilities to that kind of an attack. And we, lo and behold, we found out that we were not only vulnerable, but extremely

vulnerable whether it would be our ports, our transportation mechanism, our pipelines, and our access.

And that got me thinking about energy, not only writ large globally, and then energy and climate because the two are somewhat intertwined in -- in the opinions of most countries around the world. And then Tom and I were talking about our own energy future in the United States. And by the end of lunch, we decided that we were going to launch this Institute for 21st Century Energy, which we didn't have a name at the time.

But I was really excited to -- to be able to come to an organization like the U.S. Chamber and try to think about energy not only from a national standpoint, but from a geopolitical standpoint. And I became convinced that this was not only an important economic issue, but also an important national security issue. And I remain convinced of -- of that today perhaps even more so.

In 2009 when I was asked by the then president to be his national security adviser, which I agreed to do for a minimum of -- a maximum of two years, I really thought that we would get in the White House and we would really make some progress on the energy question. Energy is a national security issue, energy is a national economic issues. And I must say I was not quite successful in doing that.

We had a lot of other problems on our -- on our plate. We had cybersecurity, which was emerging as a real threat and is still emerging as a real threat. We had to figure out how to combine the Homeland Security Council with the National Security Council, reorganize the whole national security staff, prioritize all of the global events that were going on around us in terms of ways in which the new president, the new staff were going to handle these things.

So there was an awful lot going on. I don't say that as an excuse, but we never really got to the -- to the point of really anchoring energy as a national security issue, which it is.

As I left the White House in my closing -- closing days, I was asked if I -- if there was something that we didn't get done that I would have liked to have gotten done and I was very candid about it. I -- I said, "Yes, I believe that national -- that energy is a national security issue; it's an international security issue as well."

And by that time, having spent almost a couple of years in the Chamber, having met Karen who very ably and capably has taking this organization to new heights, and -- and new the degrees of importance in our dialogue on energy, we could see the transformation that was taking place before our very eyes, largely thanks to the private sector and largely thanks to organizations like the Chamber and -- and other tremendous private enterprises around the country that said, "You know what? We have an energy future that's really bright."

And it --it puzzles me and disappoints me at the same time that despite this good news, despite this -- the positive developments and the transformational nature of how we look at energy and how we can look at energy, not only in this country but in -- in North America, and the fact that it is already having a change in the geopolitical framework globally in terms of this change and this balance of wealth, if you will, or asset called energy, that we still are behind, in my view, in -- in doing those things that are I think so obviously necessary in the public sector to capitalize and to make sure that this tremendous opportunity doesn't slip through our fingers, and that we take advantage of it.

Holistically, I deeply believe that the United States in particular is extremely fortunate to have the entire spectrum of energy as we know it today at its disposal, perhaps not enough of any one thing, but certainly enough of everything. And I believe that -- that while we can celebrate the technological breakthroughs in terms of producing shale oil and gas and the like, and that in abundance, it would be a big mistake to focus just on that. And -- and I think that we need to focus on what Karen says exactly so well all over the place, is that we need it all.

And so we have at our disposal the opportunity to really transform a significant part of our economy to significantly aid in job creation, to establish North America with our alliance in Canada and Mexico, as a new center for global leadership in terms of energy. I'm sure that -- that you know the facts perhaps probably better than I do about the fact that this year or last year, we replaced Russia as the world's number one oil and gas producer. Perhaps by 2020, we'll be the -- the world's largest oil producer. We are looking to our own infrastructure to transform it, modernize it, upgrade it to take advantage of -- of this.

But it's just not an economic problem. It is a geo-strategic problem -- it's a geo-strategic asset that if properly developed between the public and the private sector, with good policy, good regulatory policy that not only can -- that it -- that it not only can transform our economy, but also cement a very important place in our global leadership in different parts of the world where energy is not only scarce, but where energy is absolutely necessary.

I'm speaking in particular of the developing part of the world and those countries that are now coming up on that phase in their own history where they have a decision to make, where they go to the pollution stage like -- like we did. Or whether we as a developed country not only bilaterally, but multilaterally provide the leadership to help countries transition and maybe skip a generation in their development with the technological know-how that we can -- we can share.

There's a tremendous amount of leadership here on the -- on the face of a globe that is fundamentally important; important to who we are as a country, important to our leadership, important to the exportation of our values by example.

I believe that the 21st century is fundamentally a competitive century in the healthy sense of the word. In the 20th century, we created and influenced the shaping of the world that we have before us today, whether we like it or not. We encourage free enterprise. We encourage competition. We encourage rule of law, democratic values and so on and so forth.

And quite a few countries took us up on that. Even communist China decided, "You know what? We can compete with these guys. We can still be communist, but we can -- we can blend free trade into our political paradigm." Now, that remains to be seen whether that's going to be successful. I think ultimately, there's a -- there's a -- there's a problem there, but we'll see.

But the fact is that we are being competed with by rising -- rising powers -- Brazil, the European Union was something that we supported, China of course; India; different centers. The Middle East is very competitive and -- and we need to be competitive as well. And one of the strong arrows that we have in our quiver is the energy portfolio. It's already having an effect and sometimes not a good effect.

For instance, many of our Arab friends in the -- in the Gulf states have concluded that we have already decided that because of our abundance in energy wealth, that we're less interested in the Middle East. And -- and they will cite chapter and verse evidence according to them that that's the case. I think it's unfortunate if -- if we let that -- that thought develop because I think it's false.

The Middle East is still the most dangerous place on the planet. It's the one -- one area where we could find a solution to the Israeli and Palestinian conflict, that the ripple effect globally would be felt. And is one place where American leadership and American presence needs to be reinforced and needs to be felt. Energy plays a big portion of that. Our energy -- our energy future, our energy capabilities plays a huge role.

I believe that the issue of the Keystone pipeline is one of those emblematic issues that simply needs to be resolved and it needs to be resolved by building the pipeline for all of the reasons that I'm sure that you've heard about and that you know about. It is in our national interest. It is in our international interest with regards to our good relations with -- with -- with Canada.

But for some reason, it seems to be a stumbling block. And I don't -- I must say that I don't fully understand that reason, although we're working to try to understand the reasons and to try to remedy those reasons.

But this is -- this is something that the American people deserve to know about. It's something that I believe that this administration would be remembered for. I think the words I used a few years ago was I thought that this president had the opportunity to be known as the energy president, to do things that no president before him going all the way back to my days in my Volkswagen Beetle in 1973 have ever achieved -- no Republican, no Democratic administration.

We can be more agile in our government. I think it would be a great idea for the secretary of energy to be designated by the president as the secretary of all of energy, not just nuclear energy which is largely the case.

I think it will be important to have a senior representative in the National Security Council that is conversant and have a staff that can deal with energy as a national security issue and be part of the -- of the dialogue in the Situation Room. During my two years in the White House, I had -- I -- I hate to admit that we never really had a discussion on energy in the Situation Room because there was no one to coordinate it.

We did talk to the secretary of energy on nuclear matters, but not on the whole of energy, not on an energy strategic future for the United States. That is something that simply needs to be done.

The fixes in -- in the government are really not that difficult. But we do have an organizational problem that prevents us from really writing a strategic document that addresses all of energy and it's -- it's unfortunate, but it can be fixed. We have energy spread out through 12, 13, 14 different agencies, with an oversight on Capitol Hill of 30 to 32 committees and subcommittees. That -- that's not viable. That's not an organization that produces strategic thinking on an important issue like energy.

So I -- I think that we need to do a better job and I really commend Karen and the Chamber and Tom Donohue for carrying the message to the American people about just how bright that future is and what the potential is.

Properly organized in our government, with energy assuming its rightful place among all of the -- the other major issues of our time, both domestically and internationally, it provides us with an opportunity to establish ourselves in this still very young and very different century as a country that is up to the task of providing vision and leadership both internationally, and organization and symmetry and clarity in our own country that other countries need to see within -- within the organizational construct of the United States where energy is concerned.

So Karen, thank you very much for inviting me. This is a passionate subject. It's one that I am happy to -- to -- to join you in this -- in this effort, as we have in the past. And I look forward to answering any questions anybody may have or no questions at all, as the case may be.

Thank you very much.

(APPLAUSE)

HARBERT: Well, I think it's quite evident that we are blessed to have General Jones still part of the energy discussion, and reminding people of the geopolitical challenges and, more importantly, now the opportunities to change and rewrite our strategic energy future going forward.

I thank you all for joining us this morning. I hope you will take the opportunity to forward this to a friend who tells two friends who tells two friends because the time is now to affect the national debate. It is not time to wait a year. The opportunities are here clear and present. The opportunities to create jobs, revenue and changing our future is within our own hands because it seems to me that across the street and down the street, we see a little bit of paralysis. It's time to take our energy future back.

So thank you all for joining us and being part of the energy revolution.

Thank you.

(APPLAUSE)

END