THE GEOPOLITICS OF NATURAL GAS

Friday, February 21, 2014
8:30 am

James A. Baker III Hall
Rice University

center for
energystudies
Rice University’s Baker Institute

HARVARD Kennedy School
BELFER CENTER
FOR SCIENCE AND INTERNATIONAL AFFAIRS

Sponsored by
ConocoPhillips
The Geopolitics of Natural Gas

About the Conference

One of the most dramatic energy market developments in recent years is tied directly to unconventional natural gas. Indeed, rapid growth in the production of natural gas from shale propelled the emergence of the United States and Canada as potential suppliers of liquefied natural gas (LNG) to Asian and European consumers. The upstream success in North America also catalyzed countries in Asia and Europe to explore their own indigenous shale gas potential. Certainly, the commercial viability of identified shale gas resources in regions outside the U.S. and Canada faces its own set of challenges. Nevertheless, increased production of unconventional natural gas has altered the commercial reality for energy markets globally, and has broad geopolitical implications insomuch as trade relationships are affected. Moreover, increasing opportunities for trade, particularly via LNG, will challenge the previously segregated nature of North American, European and Asian natural gas markets, and will have key strategic implications, such as the role of Russian natural gas in the European market. Greater fungibility in global gas markets will also put mounting pressure on the long-standing, oil-linked gas pricing paradigm.

This conference, sponsored by ConocoPhillips, is the capstone for “The Geopolitics of Natural Gas,” a multi-year study directed by Kenneth Medlock, senior director of the Center for Energy Studies at Rice University’s Baker Institute; Meghan O’Sullivan, director of the Geopolitics of Energy Project at Harvard University’s Kennedy School; and Amy Myers Jaffe, executive director of energy and sustainability at the University of California, Davis.

Organizing Partners

Center for Energy Studies
Rice University’s Baker Institute

The energy industry is undergoing dramatic change. Unconventional energy resource development has shifted traditional paradigms and made the United States one of the fastest-growing oil and natural gas producers in the world for the first time in many years. In fact, developments in Canada, Brazil and the Americas more generally have tilted the center of gravity in energy markets toward the Western Hemisphere. Along with the continued growth of China and India and their projected reliance on energy imports, the developments in the last decade highlight the fact that understanding the global interconnectedness of energy markets is growing ever more important.

At the same time, emerging political and regulatory issues have raised the specter of uncertainty for market developments amid this new energy paradigm. New energy sources propelled by technological advancements will face regulatory hurdles presented by concerns related to environmental quality. This can run headlong into the quickly changing dynamics of energy geopolitics in the Middle East, Africa, Latin America and China, which continue to impact global markets and pricing, thereby affecting broad goals of energy security.

The Baker Institute Center for Energy Studies (CES) explores these and other issues to provide new insights on the role of economics, policy and regulation in the performance and evolution of energy markets. Independently and through collaborations with other Baker Institute programs and fellows, Rice University faculty, and scholars from around the world, the CES builds on the foundation of the institute’s globally respected energy program. Economic modeling and forecasting, expanded emphasis on the nexus between energy and environment, and a continued focus on emerging technologies, regulations and geopolitical risk reinforce the center as a key resource for policymakers and the energy industry.
The Belfer Center is the hub of the Harvard Kennedy School’s research, teaching and training in international security affairs, environmental and resource issues, and science and technology policy. In 2014, the Belfer Center was ranked the world’s No. 1 university-affiliated think tank by the University of Pennsylvania’s Think Tanks and Civil Societies Program.

The center has a dual mission: (1) to provide leadership in advancing policy-relevant knowledge about the most important challenges of international security and other critical issues where science, technology, environmental policy and international affairs intersect; and (2) to prepare future generations of leaders for these arenas. Belfer Center researchers not only conduct scholarly research, but also develop prescriptions for policy reform. Faculty and fellows analyze global challenges from nuclear proliferation and terrorism to climate change and energy policy.

The heart of the Belfer Center is its resident research community of more than 150 scholars, including Harvard faculty, researchers, practitioners, and each year a new, international, interdisciplinary group of research fellows. Through publications, policy discussions, workshops, seminars and conferences, the center promotes innovative solutions to significant national and international challenges.

The Geopolitics of Energy Project explores the intersection of energy, security and international politics. The project, launched in 2011, aims to improve our understanding of how energy demand and supply shape international politics — and vice versa. It also endeavors to inform policymakers and students about major challenges to global energy security and, where possible, to propose new ways of thinking about and addressing these issues. The project focuses on both conventional and alternative energies, as both will influence and be influenced by geopolitical realities.

ConocoPhillips

ConocoPhillips is the world’s largest independent exploration and production company, based on proved reserves and production of liquids and natural gas. Operating in 30 countries with more than 17,000 employees, ConocoPhillips explores for, develops and produces crude oil and natural gas globally, guided by a commitment to safety, operating excellence and environmental stewardship. ConocoPhillips focuses on innovative, collaborative efforts to yield products that improve quality of life globally while producing economic benefits with far-reaching influence.
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8:30 am  Registration and Coffee

9:00 am  Welcome and Morning Keynote
Introduction: The Honorable Edward P. Djerejian, Rice University’s Baker Institute
Ryan Lance
Chairman and Chief Executive Officer, ConocoPhillips

9:45 am  Morning Panel — Study Design and Initial Scenario Results
Kenneth B. Medlock III, Ph.D.
James A. Baker, III, and Susan G. Baker Fellow in Energy and Resource Economics, and Senior Director, Center for Energy Studies, Rice University’s Baker Institute
Meghan O’Sullivan, Ph.D.
Jean Kirkpatrick Professor of the Practice of International Affairs, and Director, Geopolitics of Energy Project, Kennedy School of Government, Harvard University
Amy Myers Jaffe
Executive Director of Energy and Sustainability, University of California, Davis

11:15 am  Coffee Break

11:30 am  Presentation — BP Global Energy Outlook 2035
Mark Finley
General Manager, Global Energy Markets and U.S. Economics, BP

12:30 pm  Lunch

1:30 pm  Afternoon Keynote — Geopolitical Developments in the Middle East
The Honorable Edward P. Djerejian
Founding Director, Rice University’s Baker Institute; and Independent Chairman of the Board, Occidental Petroleum Corporation

2:00 pm  Afternoon Panel I — The Role of Russia in the “Golden Age of Gas”
Moderator: Meghan O’Sullivan, Ph.D., Harvard University
Tatiana Mitrova, Ph.D.
Head of Oil and Gas Department, Energy Research Institute, Russian Academy of Sciences
Robert Johnston, Ph.D.
Director, Global Energy and Natural Resources, Eurasia Group
Andreas Goldthau, Ph.D.
Marie Curie Senior Fellow and Visiting Scholar, Geopolitics of Energy Project, Kennedy School of Government, Harvard University; and Associate Professor, Central European University
3:30 pm  Coffee Break

3:45 pm  Afternoon Panel II — Regions Driving Transition in the Future Global Gas Market
Moderator: Amy Myers Jaffe, University of California, Davis
Kenneth B. Medlock III, Ph.D.
James A. Baker, III, and Susan G. Baker Fellow in Energy and Resource Economics, and
Senior Director, Center for Energy Studies, Rice University’s Baker Institute
Isidro Morales, Ph.D.
Professor, Monterrey Institute of Technology and Higher Education
Luay Al-Khatteeb, Ph.D.
Executive Director and Founder, Iraq Energy Institute; and Visiting Fellow, The Brookings Institution
Steven Lewis, Ph.D.
C.V. Starr Transnational China Fellow, Rice University’s Baker Institute

5:00 pm  Closing Remarks

Reception to Follow
Participant Biographies

The Honorable Edward P. Djerejian served in the U.S. Foreign Service for eight presidents, from John F. Kennedy to William J. Clinton (1962–1994). Prior to his nomination by President Clinton as U.S. ambassador to Israel (1993–1994), he was assistant secretary of state for Near Eastern affairs in both the George H.W. Bush and Clinton administrations (1991–1993). He was the U.S. ambassador to the Syrian Arab Republic (1988–1991). He also served as special assistant to President Ronald Reagan and deputy press secretary for foreign affairs in the White House (1985–1986). After his retirement from government service in 1994, he became the founding director of Rice University’s Baker Institute. His book “Danger and Opportunity: An American Ambassador’s Journey Through the Middle East” was published by Simon & Schuster Threshold Editions in September 2008. He has been awarded the Presidential Distinguished Service Award, the Department of State’s Distinguished Honor Award and numerous other honors, including the Ellis Island Medal of Honor and the Anti-Defamation League’s Moral Statesman Award. He is also a recipient of the Association of Rice Alumni’s Gold Medal, the group’s most prestigious award, for his service to Rice University. In 2011, Djerejian was elected a fellow of the American Academy of Arts and Sciences, and named to the board of trustees of the Carnegie Corporation of New York. In 2013, Djerejian was elected independent chairman of the board of directors of Occidental Petroleum Corporation.

Mark Finley is general manager of global energy markets and U.S. economics at BP. In addition to analyzing the economics and politics of the world oil market, he has produced market assessments for natural gas and carbon. He manages the annual production of the BP Statistical Review of World Energy (now in its 63rd year) and regularly presents BP’s views on global energy markets to external audiences. Finley has more than 25 years of private and public sector experience as an energy economist. He joined BP’s Economics Team in 2001 and has worked in London and Washington, D.C. He also served as chairman of the U.S. Conference of Business Economists. Finley is a Phi Beta Kappa graduate of the University of Michigan and holds graduate degrees from Northwestern University in economics and the George Washington University in finance.

Andreas Goldthau, Ph.D., is Marie Curie Senior Fellow and Visiting Scholar with the Geopolitics of Energy Project of the Belfer Center for Science and International Affairs at Harvard University’s Kennedy School. At Belfer, he conducts research on energy technology innovation and transfer, with a focus on shale gas prospects beyond the U.S. He is also an associate professor and former head of the Public Policy Department at Central European University, an American graduate school based in Budapest, and a fellow with the Global Public Policy Institute in Berlin. His academic career includes stints with the RAND Corporation and the School of Advanced International Studies at The Johns Hopkins University. His recent publications include the “Wiley Handbook of Global Energy Policy” (Wiley–Blackwell, 2013), “Dynamics of Energy Governance in Europe and Russia” (Palgrave, 2012), “Global Energy Governance: The New Rules of the Game” (Brookings Press, 2010), “Imported Oil and U.S. National Security” (RAND, 2009) and “OPEC” (Hanser, 2009). He holds graduate degrees in political science from the Institut d’Études Politiques de Paris and Freie University Berlin as well as a doctorate in politics from Freie University Berlin.
**Amy Myers Jaffe** is a leading expert on global energy policy, geopolitical risk, and energy and sustainability. Jaffe serves as executive director of energy and sustainability at the University of California, Davis with a joint appointment to the Graduate School of Management and Institute of Transportation Studies. She is associate editor for the journal Energy Strategy Reviews and serves on the editorial board of the Journal of Economics and Energy and Environmental Policy. Prior to joining UC Davis, Jaffe served as director of the Energy Forum at Rice University’s Baker Institute. Jaffe is widely published, including as co-author of “Oil, Dollars, Debt and Crises: The Global Curse of Black Gold” with Mahmoud El–Gamal. She currently serves as an advisory board member of GE Ecoimagination and is a member of the Global Agenda Council on New Energy Architecture with the World Economic Forum (Davos). Jaffe was named one of Esquire Magazine’s 100 Best and Brightest (2005) and holds the excellence in writing prize from the International Association for Energy Economics (1994).

**Robert Johnston, Ph.D.**, is director of Eurasia Group’s Global Energy and Natural Resources practice. He specializes in energy and commodities research and client relations. Previously, he was managing director of equity research at Medley Global Advisors, providing political and strategic insights to clients in institutional investment communities and serving as lead analyst for global energy equities. Prior to this, Johnston was research director at UBS Warburg Energy, working on energy trading. Before joining UBS, he directed internal research teams supporting oil, LNG, metals and currency trading at Enron Global Markets. He previously worked at ArmorGroup, directing political risk research for corporate clients in markets including China, Russia, Colombia and Indonesia. Johnston holds a bachelor’s degree in political studies from Bishop’s University, a master’s degree in political science from McMaster University and a Ph.D. in international relations from American University in Washington, D.C.

**Luay al–Khatteeb, Ph.D.**, is a visiting fellow at The Brookings Institution’s Doha Center and Foreign Policy Program, focusing on energy security, geopolitics and the economy in the Middle East. He is also the founder and director of the Iraq Energy Institute and serves as senior advisor to the Federal Parliament of Iraq on energy policy and economic reform. His work experience spans more than 20 years with various international oil companies, investment banks, management consulting firms and multilateral organizations, and he is a frequent commentator on issues related to energy and political economy in the Middle East. He earned his honors degree from Kingston University and his doctorate in petroleum policies at the University of Salford in the U.K., and completed his professional training in petroleum exploration and production at the Shell Commercial Academy in the Netherlands.

**Ryan Lance** is chairman and chief executive officer of ConocoPhillips, the world’s largest independent exploration and production company, based on production and reserves. He has held this position since 2012. A petroleum engineer, Lance has 28 years of experience in the oil and natural gas industry, serving in senior management and technical positions with ConocoPhillips, its predecessor Phillips Petroleum and various divisions of ARCO. His past executive assignments with ConocoPhillips have included responsibility for international exploration and production; regional responsibility at various times for Asia, Africa, the Middle East and North America; and responsibility for technology, major projects, downstream strategy, integration and specialty functions. Previously, Lance spent 17 years at ARCO, ultimately leading the Western North Slope operations in Alaska after serving in management, engineering and operations positions. He serves on the boards of Spindletop International and the Montana Tech Foundation, and is on the advisory council of the Energy Institute at The University of Texas. Lance is a member of the Society of Petroleum Engineers and earned a Bachelor of Science in petroleum engineering from Montana Tech of the University of Montana.
Steven W. Lewis, Ph.D., is the C.V. Starr Transnational China Fellow and faculty advisor for the Jesse Jones Leadership Center Summer in D.C. Policy Research Internship Program. He is also a professor in the practice and associate director of the Chao Center for Asian Studies, which he helped found in 2008. His research explores the growth of a transnational Chinese middle class; the influence of advertisements in new public spaces in Chinese cities; the development of privatization experiments in China’s localities; and the reform of China’s energy policies, national oil companies and international energy relations. Through the Transnational China Project, Lewis has organized research conferences with the Shanghai Academy of Social Sciences. He also has worked with the Energy Forum as the organizing researcher for the Northeast Asia Energy Cooperation Workshops, the Coastal Cities Summit surveys and U.S.–China–Middle East energy relations conferences. Lewis has also been advisor to the Science Collaboration Across Borders initiative and served as the chief liaison between the Baker Institute, the Shanghai Institutes for International Studies and the China Institute for Contemporary International Relations. He is co-director of the Rice Ephemera Archive project of Fondren Library’s Center for Digital Scholarship, supported by the Henry Luce Foundation. He has conducted research and given briefings for The National Bureau of Asian Research; Japan’s Ministry of Economy, Trade and Industry; the Sichuan Petroleum Administration; and the Korean Economic Institute, among others. Lewis is an associate fellow of Asia Society International, an editorial board member of Asia Policy and an academic advisor to the U.S.–China Working Group of the U.S. House of Representatives. He received his doctorate in political science from Washington University in St. Louis.

Kenneth B. Medlock III, Ph.D., is currently the James A. Baker, III, and Susan G. Baker Fellow in Energy and Resource Economics at Rice University’s Baker Institute for Public Policy, as well as the senior director of the institute’s Center for Energy Studies. He also teaches undergraduate and graduate courses in energy economics and supervises graduate students in the Department of Economics. Medlock is the current vice president for conferences for the United States Association of Energy Economics (USAEE). In 2001, he won the International Association for Energy Economics (IAEE) Award for Best Paper of the Year in the Energy Journal, and in 2011, he was given the USAEE’s Senior Fellow Award for recognition of career achievements in the field. In 2012, Medlock received the prestigious Haydn Williams Fellowship at Curtin University in Perth, Australia. He has served in an advisory capacity to the U.S. Department of Energy, the California Energy Commission and the National Petroleum Council in their respective modeling efforts, and has testified on Capitol Hill regarding U.S. natural gas markets. Medlock is a frequent commentator in the media regarding various energy issues. He received his Ph.D. in economics from Rice University in 2000.

Tatiana Mitrova, Ph.D., is head of the Oil and Gas Department at the Energy Research Institute of the Russian Academy of Sciences. She is also an assistant professor at the Higher School of Economics and at Gubkin Oil and Gas University, as well as a visiting professor at the Institut d’Études Politiques de Paris. From 2011 to 2012, she served as the head of Global Energy at SKOLOKOVO Energy Centre. From 2006 to 2011, she was head of the Center for International Energy Markets Studies at the Energy Research Institute of the Russian Academy of Sciences. Mitrova has 20 years of experience dealing with the development of Russian and global energy markets, including production, transportation, demand, energy policy, pricing and market restructuring. She has worked with various Russian ministries as well as major Russian and international energy companies. Mitrova is a member of the Governmental Commission of the Russian Federation on Fuel and Energy Complex, the Russian Council on Foreign and Defense Policy, and Valdai Club. She has more than 120 publications in scientific and business journals, as well as four books. Mitrova is a graduate of Moscow State University’s Economics Department.
Isidro Morales, Ph.D., is a senior professor and researcher at the Monterrey Institute of Technology and Higher Education (ITESM), Santa Fe campus, and editor-in-chief of Latin American Policy, a biannual journal distributed worldwide by Wiley-Blackwell. From 2011 to 2013, Morales was the director of government and public policy studies at ITESM’s Graduate School of Public Administration and Public Policy. During the academic year 2005-2006, he was a Fulbright Visiting Professor at American University and a senior fellow of the Center for North American Studies in Washington, D.C. From 2001 to 2005, he was dean of the School of Social Sciences at the Universidad de las Américas Puebla in Mexico. He has worked as a researcher and lecturer at El Colegio de México, the University of Copenhagen, the Danish Center for Development Research, the Watson Institute of Brown University and the John W. Kluge Center at the Library of Congress. Morales’ main research areas are: the geopolitics and geoeconomics of energy, trade and investment markets; the political economy of regional integration; U.S.–Mexico trade and security relations; and U.S.–Latin America relations. His most recent edited volume, “National Solutions to Trans–Border Problems?: The Governance of Security and Risk in a Post–NAFTA North America,” was published by Ashgate (U.K.) in 2011. Morales received his Ph.D. from the Institut d’Études Politiques in Paris.

Meghan L. O’Sullivan, Ph.D., is the Jeane Kirkpatrick Professor of the Practice of International Affairs and director of the Geopolitics of Energy Project at Harvard University’s Kennedy School. She was also recently the vice chair of the all–party talks in Belfast from July to December 2013, a set of negotiations aimed at resolving unfinished business from the peace process in Northern Ireland. Between 2004 and 2007, she was special assistant to President George W. Bush and deputy national security advisor for Iraq and Afghanistan during the last two years of her tenure. Prior to this, O’Sullivan was political advisor to the Coalition Provisional Authority administrator in Baghdad, chief advisor to the presidential envoy to the Northern Ireland peace process, and a fellow at The Brookings Institution. O’Sullivan is also an adjunct senior fellow at the Council on Foreign Relations, a consultant to energy companies, a foreign affairs columnist for Bloomberg View, a director on the board of TechnoServe and of the German Marshall Fund, and a member of the Advisory Committee to the Women’s Initiative at the George W. Bush Institute. She is the author of numerous books and articles on energy, the Middle East and American foreign policy. O’Sullivan holds a B.A. from Georgetown University as well as a master’s in economics and a doctorate in politics from Oxford University.