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1ST SESSION

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To provide support for energy infrastructure projects in the Indo-Pacific region, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18, 2023

Mr. SULLIVAN (for himself and Mr. HAGERTY) introduced the following bill;
which was read twice and referred to the Committee on Foreign Relations

A BILL

To provide support for energy infrastructure projects in the
Indo-Pacific region, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Indo-Pacific Strategic
5 Energy Initiative Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) The United States currently has an approxi-
9 mately 100-year supply of natural gas in proven re-
10 serves.

1 (2) The Department of Energy projects global
2 consumption of natural gas to increase through at
3 least 2050, driven primarily by demand growth in
4 Asia.

5 (3) United States natural gas production in-
6 creased by 91 percent from 2005 to 2021. At the
7 same time, United States energy-related carbon di-
8 oxide emissions decreased by 18 percent.

9 (4) The growth in domestic natural gas produc-
10 tion has resulted in a change from the United States
11 importing a net 566,000,000,000 cubic feet of
12 liquified natural gas in 2005, to exporting a net
13 3,539,000,000 cubic feet in 2021. During that pe-
14 riod, crude oil production in the United States more
15 than doubled.

16 (5) As a result of the revolution in oil and gas
17 production technologies, the United States petroleum
18 trade went from its peak net import volume of
19 12,549 barrels per day in 2005, to a net export of
20 62,000 barrels per day in 2021. At Brent crude
21 prices, in nominal dollars, this reflects a trade deficit
22 of about \$250,000,000,000 in 2005, changing to a
23 surplus of about \$1,600,000,000 in 2021.

24 (6) Demand for natural gas is rising in the
25 Indo-Pacific region, particularly as countries look to

1 make emissions reductions and transition from high-
2 er emissions fuel sources.

3 (7) According to the International Energy
4 Agency, “The number of countries and territories
5 with [liquefied natural gas] import terminals has
6 grown from nine in 2000, to 42 in 2020.”. Further,
7 the International Energy Agency has found that
8 “transition[s] in Asian gas markets [are] even more
9 important in the wider context of global clean energy
10 transitions, where natural gas will be required to
11 make a more flexible contribution”.

12 (8) Australia and the United States are both
13 important global energy exporters and thus have a
14 shared interest in supplying the growing energy de-
15 mand in the Indo-Pacific region.

16 (9) Japanese companies have long invested in
17 United States liquefied natural gas projects and the
18 Government of Japan has shifted from relying on
19 liquefied natural gas from the Middle East to lique-
20 fied natural gas from the United States.

21 (10) The People’s Republic of China currently
22 is one of the largest financiers of overseas energy-
23 and greenhouse gas-intensive projects and the ex-
24 panding number of infrastructure projects in the
25 Indo-Pacific region, carried out under the People’s

1 Republic of China's Belt and Road Initiative, is
2 leading to higher emissions, coercive dependence,
3 and environmental degradation in the region.

4 (11) European Union demand for liquefied nat-
5 ural gas is expected to rise from about 72,000,000
6 tons per year in 2021, to more than 110,000,000
7 tons per year until at least 2030.

8 (12) United States-produced oil and natural gas
9 has one of the lowest lifecycle emissions profiles in
10 the world. A 2019 analysis by the Department of
11 Energy found that natural gas pipelined from the
12 Russian Federation to Europe's electricity sector has
13 41 percent higher lifecycle greenhouse gas emissions
14 than United States liquefied natural gas shipped to
15 Europe. The World Bank estimates that the flaring
16 intensity of United States oil and gas production in
17 2021 was 69 percent lower than in the Russian Fed-
18 eration.

19 (13) Between 2009 and 2019, use of United
20 States natural gas as a feedstock for hydrogen pro-
21 duction increased from 143,004,000 cubic feet to
22 199,050,000 cubic feet, or a 39.2 percent increase.
23 According to the Department of Energy, 95 percent
24 of the hydrogen produced in the United States is
25 made by natural gas reforming in large central

1 plants. That is an important technology pathway for
2 near-term hydrogen production and reducing global
3 emissions.

4 **SEC. 3. SENSE OF CONGRESS.**

5 It is the sense of Congress that—

6 (1) the United States reaffirms its commitment
7 to quadrilateral cooperation with Japan, India, and
8 Australia (collectively, with the United States,
9 known as the “Quad”), and that the United States
10 should continue to pursue strengthening cooperation
11 in the energy sector in light of the global threats
12 and challenges facing all 4 countries, including
13 through upstream investments in energy infrastruc-
14 ture and other investments across the natural gas
15 value chain to enhance energy security;

16 (2) the Association of Southeast Asian Nations
17 (commonly referred to as “ASEAN”) and its 10
18 members (Brunei, Cambodia, Indonesia, Laos, Ma-
19 laysia, Myanmar, the Philippines, Singapore, Thai-
20 land, and Vietnam) have worked with the United
21 States toward stability, prosperity, and peace in
22 Southeast Asia, and ASEAN will continue to remain
23 a strong, reliable, and active economic and strategic
24 partner in the Indo-Pacific region;

1 (3) the United States and the Republic of
2 Korea enjoy a comprehensive alliance partnership,
3 founded on shared strategic interests and cemented
4 by a commitment to democratic values, which in-
5 cludes recognizing the important role of energy co-
6 operation through the United States-Republic of
7 Korea Energy Security Dialogue;

8 (4) the United States and Japan also enjoy a
9 comprehensive alliance partnership, which is founded
10 on shared strategic interests and cemented by a
11 commitment to democratic values, including recog-
12 nizing the important role of energy cooperation and
13 maintaining an enabling regulatory environment to
14 facilitate continued and increasing liquefied natural
15 gas supplies through the United States-Japan En-
16 ergy Security Dialogue;

17 (5) the United States has economic, national
18 security, and domestic interests in assisting allies
19 and partners in Indo-Pacific countries to reduce
20 greenhouse gas emissions and achieve energy secu-
21 rity through diversification of their energy sources
22 and supply routes;

23 (6) the Group of Seven (G7), which includes
24 both the United States and Japan, recognized the
25 important role of energy cooperation and that “in-

1 vestment in the gas sector can be appropriate to
2 help address potential market shortfalls” through
3 the G7 Climate, Energy and Environment Ministers’
4 Communiqué; and

5 (7) the United States should not create unnec-
6 essary domestic obstacles to exporting liquefied nat-
7 ural gas and impose restrictions on the international
8 financing of liquefied natural gas infrastructure
9 abroad.

10 **SEC. 4. STATEMENT OF POLICY.**

11 It is the policy of the United States—

12 (1) to advance United States foreign policy and
13 development goals by assisting allies and partners of
14 the United States in the Indo-Pacific region to de-
15 crease their dependence on energy resources from
16 countries that use energy dependence to coerce, in-
17 timidate, and influence other countries;

18 (2) to develop strategies to counter competition
19 from the Russian Federation and the People’s Re-
20 public of China to protect the energy and national
21 security of the United States and the energy and na-
22 tional security of allies and partners of the United
23 States in the Indo-Pacific region;

24 (3) to support free and open trade in clean en-
25 ergy products and promote the continued develop-

1 ment of lower-emissions energy fuels and tech-
2 nologies in the Indo-Pacific region;

3 (4) to improve free, fair, and reciprocal energy
4 trading relationships with allies and partners of the
5 United States in the Indo-Pacific region;

6 (5) to promote the energy security of allies and
7 partners of the United States in the Indo-Pacific re-
8 gion by encouraging the development of energy in-
9 frastructure and accessible, transparent, and com-
10 petitive energy markets that provide diversified
11 sources, types, and routes of energy;

12 (6) to encourage public and private sector in-
13 vestment in energy infrastructure projects in the
14 Indo-Pacific region;

15 (7) to engage and lead on international emis-
16 sions reductions through the export of United
17 States-produced fuels and emission-reduction tech-
18 nologies and provide access to modern and reliable
19 energy services that promote economic development;

20 (8) to help facilitate the export of United States
21 energy resources, technology, and expertise to global
22 markets in a way that benefits the energy security
23 of allies and partners of the United States in the
24 Indo-Pacific region; and

1 (9) to supply countries that rely on higher-emit-
2 ting fuel sources with abundant alternatives that
3 have lower lifecycle emissions profiles.

4 **SEC. 5. ENERGY INFRASTRUCTURE PROJECT SUPPORT.**

5 (a) IN GENERAL.—The Secretary, in consultation
6 with the Secretary of Energy, the heads of other relevant
7 United States agencies, and energy-importing allies and
8 partners of the United States, shall, as appropriate,
9 prioritize and expedite the efforts of the Department of
10 State, the Department of Energy, and such other agencies
11 in supporting the governments of like-minded Indo-Pacific
12 countries to increase their energy security and reduce en-
13 ergy emissions, including through—

14 (1) providing diplomatic and political support to
15 those governments, as necessary—

16 (A) to facilitate international negotiations
17 concerning cross-border infrastructure;

18 (B) to enhance the regulatory environment
19 with respect to energy projects in the Indo-Pa-
20 cific region; and

21 (C) to develop accessible, transparent, and
22 competitive energy markets supplied by diverse
23 sources, types, and routes of energy; and

24 (2) providing support—

1 (A) to improve energy markets in the Indo-
2 Pacific region, including early-stage project sup-
3 port and late-stage project support for the con-
4 struction or improvement of energy projects and
5 related infrastructure;

6 (B) to diversify the energy sources and
7 supply routes of Indo-Pacific countries to
8 strengthen energy security;

9 (C) to enhance energy market integration
10 across the region; and

11 (D) through—

12 (i) investments in infrastructure to
13 support the importation of liquefied nat-
14 ural gas and other clean energy products
15 by Indo-Pacific countries;

16 (ii) energy-related international tech-
17 nical assistance;

18 (iii) energy technology collaboration;

19 (iv) commercial engagement; and

20 (v) any other mode of energy infra-
21 structure support the Secretary considers
22 appropriate.

23 (b) PROJECT SELECTION.—

24 (1) IDENTIFICATION.—The Secretary, the Sec-
25 retary of Commerce, and the Secretary of Energy

1 shall identify energy infrastructure projects that
2 would be appropriate for United States assistance
3 under this section.

4 (2) ELIGIBILITY.—A project is eligible for
5 United States assistance under this section if the
6 project—

7 (A) has been identified by the Secretary,
8 the Secretary of Commerce, and the Secretary
9 of Energy as promoting energy security in the
10 Indo-Pacific region or the country in which the
11 project is located;

12 (B) promotes the use of liquefied natural
13 gas and other clean energy products and related
14 energy infrastructure;

15 (C) has the potential to use goods and
16 services produced in the United States or an
17 Indo-Pacific country during project implementa-
18 tion; and

19 (D) is located in an Indo-Pacific country.

20 (3) PREFERENCE.—In selecting projects for
21 United States assistance under this section, the Sec-
22 retary, the Secretary of Commerce, and the Sec-
23 retary of Energy shall give preference to projects
24 that are expected to enhance energy market integra-
25 tion;

1 (4) EQUAL CONSIDERATION.—In carrying out
2 the requirements of this subsection, the Secretary,
3 the Secretary of Commerce, and the Secretary of
4 Energy shall give equal consideration to each type of
5 eligible project, without regard to the type of clean
6 energy product or related energy infrastructure in-
7 volved.

8 (c) PRIORITY REPORT REQUIRED.—

9 (1) IN GENERAL.—Not later than 180 days
10 after the date of the enactment of this Act, and an-
11 nually thereafter for 10 years, the Secretary shall
12 submit to the appropriate congressional committees
13 a report describing how the Secretary will prioritize
14 the selection of projects that promote the export of
15 liquefied natural gas and other clean energy prod-
16 ucts and development of related energy infrastruc-
17 ture under subsection (b), taking into consider-
18 ation—

19 (A) the ability of the project to provide re-
20 silient and reliable energy to the Indo-Pacific
21 country in which the project would be located;

22 (B) geostrategic imperatives and the na-
23 tional security interests of—

24 (i) the United States; and

1 (ii) the Indo-Pacific country in which
2 the project would be located;

3 (C) the development goals of the Indo-Pa-
4 cific country in which the project would be lo-
5 cated; and

6 (D) potential reductions in global emis-
7 sions, including the abatement of methane
8 emissions.

9 (2) CONSULTATIONS.—In developing the report
10 required by paragraph (1), the Secretary shall con-
11 sult with—

12 (A) the Secretary of Commerce;

13 (B) the Secretary of Energy;

14 (C) the Assistant Secretary of State for
15 Energy Resources;

16 (D) the Director of the Trade and Devel-
17 opment Agency;

18 (E) with respect to projects described in
19 section 1455 of the Better Utilization of Invest-
20 ments Leading to Development Act of 2018 (as
21 added by section 6(a)), the Chief Executive Of-
22 ficer of the United States International Devel-
23 opment Finance Corporation; and

24 (F) with respect to projects described in
25 section 16 of the Export-Import Bank Act of

1 1945 (as added by section 6(b)), the President
2 of the Export-Import Bank of the United
3 States.

4 (d) DIPLOMATIC AND POLITICAL SUPPORT.—The
5 Secretary shall provide diplomatic and political support to
6 the governments of like-minded Indo-Pacific countries, as
7 necessary, including by using the diplomatic and political
8 influence and expertise of the Department of State to
9 build the capacity of those countries to resolve any impedi-
10 ments to the development of projects selected under sub-
11 section (b).

12 (e) PROJECT SUPPORT.—The Director of the Trade
13 and Development Agency shall provide early-stage project
14 support with respect to projects selected under subsection
15 (b).

16 (f) ACCOUNTABILITY.—Not later than 30 days before
17 providing any diplomatic or political support under this
18 section with respect to a project in an Indo-Pacific coun-
19 try, the Secretary shall certify, in writing, to the appro-
20 priate congressional committees that, except in the case
21 of an extraordinary event, there is no foreseeable risk that
22 the project identified or selected for support by the United
23 States will be taken over, either through the use of force,
24 hostile acquisition, or other commercial engagement, by a

1 country that is an adversary of, or is not an ally of, the
2 United States.

3 **SEC. 6. STRATEGIC ENERGY INFRASTRUCTURE FUNDING.**

4 (a) SUPPORT FOR ENERGY INFRASTRUCTURE BY
5 THE UNITED STATES INTERNATIONAL DEVELOPMENT
6 FINANCE CORPORATION.—Title V of the Better Utiliza-
7 tion of Investments Leading to Development Act of 2018
8 (22 U.S.C. 9671 et seq.) is amended by adding at the end
9 the following:

10 **“SEC. 1455. STRATEGIC ENERGY INFRASTRUCTURE.**

11 “The Corporation—

12 “(1) may, notwithstanding any other provision
13 of this division, provide support under title II for
14 projects related to importation of liquefied natural
15 gas and other clean energy products (as defined in
16 section 9 of the Indo-Pacific Strategic Energy Initia-
17 tive Act), including for such projects of entities
18 owned or controlled by the government of a foreign
19 country, if the Secretary of State, acting through
20 the Assistant Secretary of State for East Asian and
21 Pacific Affairs, certifies to the appropriate congres-
22 sional committees that such support—

23 “(A) furthers the national economic or for-
24 eign policy interests of the United States; and

1 “(B) is necessary to preempt or counter ef-
 2 forts by a strategic competitor of the United
 3 States to secure significant political or economic
 4 leverage or acquire national security-sensitive
 5 technologies or infrastructure in an Indo-Pacific
 6 country that is an ally or partner of the United
 7 States;

8 “(2) shall provide equal consideration to each
 9 such project, without regard to the type of the en-
 10 ergy involved; and

11 “(3) should, in providing support authorized by
 12 paragraph (1), coordinate with the Japan Bank for
 13 International Cooperation and the Government of
 14 Australia pursuant to the trilateral memorandum of
 15 understanding on development finance signed on No-
 16 vember 12, 2018.”.

17 (b) PROMOTION OF ENERGY EXPORTS BY EXPORT-
 18 IMPORT BANK OF THE UNITED STATES.—The Export-
 19 Import Bank Act of 1945 (12 U.S.C. 635 et seq.) is
 20 amended by adding at the end the following:

21 **“SEC. 16. STRATEGIC ENERGY INFRASTRUCTURE.**

22 “(a) IN GENERAL.—The Bank shall establish a bal-
 23 anced strategic energy portfolio focused on providing fi-
 24 nancing (including loans, guarantees, and insurance) for
 25 projects described in subsection (b) that may facilitate—

1 “(1) increases in exports of United States en-
2 ergy commodities; or

3 “(2) the export of United States equipment,
4 materials, and technology.

5 “(b) PROJECTS DESCRIBED.—A project described in
6 this subsection is a project related to—

7 “(1) construction of liquefied natural gas im-
8 port terminals;

9 “(2) commercialization of carbon capture, utili-
10 zation, and storage;

11 “(3) development of blue hydrogen infrastruc-
12 ture; or

13 “(4) other low emission energy infrastructure.

14 “(c) EQUAL CONSIDERATION.—In carrying out this
15 section, the Bank shall provide equal consideration to each
16 project described in subsection (b), without regard to the
17 type of the energy involved.”.

18 (c) PRIVATE AND FOREIGN PUBLIC SECTOR INVEST-
19 MENT.—

20 (1) PRIVATE SECTOR INVESTMENT.—The Sec-
21 retary of Commerce and the Secretary shall promote
22 the funding of projects selected under section 5
23 among United States energy producers and export-
24 ers.

1 (2) FOREIGN PUBLIC SECTOR INVESTMENT.—

2 The heads of the agencies described in section 5(a)
3 may, for the purposes of this Act, partner and co-
4 ordinate with public and multilateral financial insti-
5 tutions and export credit agencies of Indo-Pacific
6 countries.

7 **SEC. 7. PROHIBITIONS ON LIMITATION ON FUNDING BASED**
8 **ON TYPE OF ENERGY PRODUCT.**

9 In carrying out the provisions of and amendments
10 made by this Act, no limitation may be imposed on the
11 amount of funding or support provided for a project based
12 on the type of clean energy product that the project would
13 support.

14 **SEC. 8. REPORTING.**

15 Not later than one year after the date of the enact-
16 ment of this Act, and annually thereafter, the President
17 shall submit to the appropriate congressional committees
18 a report on progress made in providing assistance for
19 projects under this Act or the amendments made by this
20 Act that includes—

21 (1) a description of the energy infrastructure
22 projects the United States has identified for such as-
23 sistance; and

24 (2) for each such project—

1 (A) a description of the role of the United
 2 States in the project, including in early-stage
 3 project support and late-stage project support;

4 (B) the amount and form of any debt fi-
 5 nancing and insurance provided by the United
 6 States Government for the project as well as
 7 any coordination with foreign public financial
 8 institutions or export credit agencies;

9 (C) the amount and form of any debt fi-
 10 nancing and insurance provided by foreign pub-
 11 lic financial institutions or export credit agen-
 12 cies;

13 (D) the amount and form of any early-
 14 stage project support; and

15 (E) an update on the progress made on the
 16 project as of the date of the report.

17 **SEC. 9. DEFINITIONS.**

18 In this Act:

19 (1) APPROPRIATE CONGRESSIONAL COMMIT-
 20 TEES.—The term “appropriate congressional com-
 21 mittees” means—

22 (A) the Committee on Foreign Relations,
 23 the Committee on Energy and Natural Re-
 24 sources, and the Committee on Environment
 25 and Public Works of the Senate;

1 (B) the Committee on Foreign Affairs, the
2 Committee on Energy and Commerce, and the
3 Committee on Natural Resources of the House
4 of Representatives; and

5 (C) any other committee of the Senate or
6 House of Representatives that the President
7 considers appropriate.

8 (2) CLEAN ENERGY PRODUCT.—The term
9 “clean energy product” means—

10 (A) a product that—

11 (i) is produced or refined in the
12 United States; and

13 (ii) can be used by an Indo-Pacific
14 country—

15 (I) as a fuel or feedstock; or

16 (II) for the generation of low
17 emission electricity; and

18 (B) includes—

19 (i) liquefied natural gas; or

20 (ii) any other clean energy product
21 with a lifecycle emissions profile lower than
22 that of a comparable product produced or
23 refined in a country that is an adversary
24 of, or is not an ally of, the United States.

(3) INDO-PACIFIC COUNTRY.—The term “Indo-Pacific country”—

(A) includes—

(i) Australia;

(ii) India;

(iii) Japan;

(iv) the Republic of Korea; and

(v) any other country, including a Pacific island country, that is—

(I) a member country of Association of Southeast Asian Nations (commonly referred to as “ASEAN”); or

(II) located in or adjacent to the tropical waters of the Indian Ocean, the western and central Pacific Ocean, or the seas connecting the Indian Ocean and the Pacific Ocean, including Taiwan; and

(B) does not include any that is prohibited from receiving support from the United States International Development Finance Corporation under section 1454 of the Better Utilization of Investments Leading to Development Act of 2018 (22 U.S.C. 9673).

1 (4) RELATED ENERGY INFRASTRUCTURE.—The
2 term “related energy infrastructure” means—

3 (A) liquefied natural gas import terminals;

4 (B) carbon capture, utilization, and stor-
5 age infrastructure;

6 (C) blue hydrogen infrastructure; or

7 (D) other low emission energy infrastruc-
8 ture.

9 (5) SECRETARY.—The term “Secretary” means
10 the Secretary of State, acting through the Assistant
11 Secretary of State for East Asian and Pacific Af-
12 fairs.

○