

Center for Strategic and International Studies

TRANSCRIPT

Event

**“Clean Energy Strategies Conference: Closing Fireside  
Conversation with Geoffrey Pyatt”**

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FEATURING

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Joseph Majkut: Colleagues, welcome back. We're going to close the day with just a chat between myself and Geoff Pyatt. Geoff recently capstoned a decades-long career as one of America's leading diplomats when he served as assistant secretary running the Office for Energy and Natural Resources for the Biden administration. Geoff's now working as a managing director at McLarty Associates, I think doing a lot of the same things he was previously doing but on the commercial side. But Geoff and I have been friends for some years. And I wanted to bring him here at the end of the day to get his thoughts on the themes that we've been probing together.

How do we connect sort of U.S. domestic industrial policy, and our desire to see reshoring of manufacturing and security in our marketplaces, with energy diplomacy? How do we help other countries learn from the successes that the U.S. is able to drive? And, lastly, as you just saw in that conversation, Geoff, how do we begin to market the U.S. engagement, using all the tools of economic diplomacy? Before we touch on those three issues, you and I were just chatting on the side. You've spent a lot of time working on Ukraine, Ukraine reconstruction issues. The energy sector has been so heavily implicated in this war. Can you give us an update on the Reconstruction Conference from last week and what the status – what your view of the status of U.S.-Ukraine engagement is, given that you previously served as our ambassador to that country?

Geoffrey Pyatt: Great. Thanks, Joseph. Great to be back on this stage, back at CSIS. And thank you for a perfect question to start this chat.

So it was extremely encouraging for me to be in Rome at the Ukraine Reconstruction Conference. First time doing one of these big international events as a citizen, so I got to wait in line to get my own credentials, and I missed having control officers and embassy support. But, gosh, it was, as always, just so, so inspiring to hear from the Ukrainians. As you noted, energy has been a battlefield of this war going back to, really, when I was ambassador in 2013. And you remember one of the first things that Vladimir Putin did when he decided he didn't want Ukraine to move towards the European Union was threaten to cut off gas supplies. So energy has been fundamental. And certainly, as we saw since 2022, and as I worked on very hard, with great support from across the U.S. government and G-7 partners, energy was a fundamental aspect of the battlefield as well, because of Putin's targeting of energy infrastructure.

There was a terrifically positive message from the Trump administration. I will say, because we're among friends and I'm out of government now, I think a lot of our European colleagues were pleasantly surprised to hear how positive the Trump administration representatives were on implementation of the recovery agreement that was negotiated by Secretary Bessent and Deputy Prime Minister Svyrydenko, now Prime Minister Svyrydenko. Connor

Coleman was there as a senior representative of the Development Finance Corporation, had a very strong positive message about DFC's commitment to implementation of that agreement. Mentioned \$2 billion book in Ukraine already, billion dollar pipeline, and highlighted the corporation's intention to really prioritize full implementation. And it's a priority for the Ukrainians as well.

So and this is – this is not about the next two or three years of U.S.-Ukraine relations. It's about a decades-long partnership in a sector where Ukraine promises to be not a charity case, but an energy resource for Europe across the board – on nuclear technology, on clean energy, on oil and gas, and on all of the supply chain and manufacturing issues where we're strained globally. So it was – it was a terrific event. And as I said, I came away absolutely determined to continue to lean in as strongly as I can into how we build those partnerships and, in particular, leverage what American companies bring to the table. And in the energy sector, it was terrific presentations from Baker Hughes, from GE Vernova. There's just a lot going on in that space.

Dr. Majkut: You know, it's a great place to start, actually, because, you know, one of the things I wanted to ask you about, you know, we intuitively look at energy diplomacy and commercial diplomacy as a sort of competition with China question. But I do think that we're at this moment of renewal globally. And the U.S. is renegotiating its relationship with countries around the world. How do you think about the case for engagement with the U.S.? When you were in serve – when you were in government service, and now, you know what picture, what sales pitch is going to emerge that says engagement with the – you know, the details of DFC policy are completely interesting.

Mr. Pyatt: We just talked about them for an hour.

Dr. Majkut: But the high level, right? Like, what do we need to show our friends, our allies, the connecting countries abroad, that engagement with the U.S. is the path forward?

Mr. Pyatt: So, I think one thing Americans have learned over many decades – and I still remember growing up in southern California in the 1970s, and during the Arab oil embargo lining up to fill up the tank in my mom's VW – you know, energy is a national security attribute. That's why Senator Lugar inspired the creation of the State Department's Energy Bureau, because of his view that we needed to think about energy not just as a commodity, but as a national security attribute.

That was true when Senator Lugar argued for it in the first years of the Obama administration. It's even more true today, because you have seen such extraordinary growth in energy demand across the board. Everybody loves to talk about AI here in the United States, but cooling, growth of the middle

class – especially in places like South Asia, sub-Saharan Africa, Southeast Asia, China – the electrification of everything, as the IEA calls it. So energy has become the fundamental determiner of the prosperity of our economies.

The United States is fortunate because we are going through a moment of historically unprecedented energy abundance in the United States. Last month of the Biden administration, we produced 13.5 million barrels of oil a day. That feels like energy dominance to me. That's more oil than any country had ever produced in the history of the world, twice the capacity of the two leading OPEC producers – Saudi Arabia and Iraq. We are the world's largest LNG producer, by far. But we are also seeing a lot of innovation happening in the clean energy space. But, as we just talked about in the previous panel, we're playing catch up with the Chinese because of Chinese government decisions that were made as much as two decades ago. So we have to – we're now working through that.

But I think you asked, you know, sort of what's the – what's the value proposition that the United States offers to the rest of the world in this energy space? And I would argue there are probably two or three things. One is reliability. We're a good partner. The United States has never used energy as a tool of coercion, the way the Kremlin has done going back to my time in Ukraine, back to 2022, the cut off of gas supplies to Bulgaria. The way China has done, with its cut off of rare earths materials – the three Gs, gallium, germanium, graphite, antimony. Our private sector owned and operated energy sector doesn't do that. So that's one aspect.

Second is the ecosystem. And, you know, you talked about my work as ENR assistant secretary. I was very, very proud of everything we did with Japan. I launched a new U.S.-Japan Energy Security Dialog, which I hope the State Department will sustain because it was of great value to METI and MOFA, but also of great value to all of our companies, American companies, working in Japan. The second one of those energy security dialogs, I asked Secretary Rice to host us at the Hoover Institute. And she – you know, there's nobody I know who's better at talking about this intersection of national security and energy, because she understands it both as a scholar and as somebody who's been around the industry for a long time.

But I'll tell you what most impressed the Japanese being out at Stanford, aside from the beautiful campus. We did it in October, so it was like a Chamber of Commerce day. But what most impressed them was when we went to the Moore Laboratory – the famous Moore Laboratory under – for which Moore's law is named. But we weren't there to talk semiconductors. We were there to talk to the materials scientists who were developing the next generations of battery tech, battery chemistry, looking at how to optimize for recyclability, for a quick cycle time, for long retention capacity.

And I think that's part of the U.S. value proposition as well, remembering that, you know, solar cells were invented at Bell Labs in upstate New York; lithium-ion batteries at a laboratory in Texas. We got to hold on to that innovation ecosystem, including on all the technologies, not of the energy system of the 1800s, but the energy system of the 21st century. And then the last one I would point to is our capital markets. We have an incredibly efficient system for marrying up innovation to demand. And that is what has allowed our super major energy companies to grow as they have. And it's what also makes them inclined to focus also on international partnerships, because that's how they grow their businesses and satisfy the markets.

Dr. Majkut: If you think about all of your time in government service, do Americans recognize how important – I mean, we are so energy abundant, right? Do Americans recognize how critical energy is as an import with our partners and allies?

Mr. Pyatt: So, yes and no. I mean, the fun thing about being ENR assistant secretary – and I had a 35-year State Department career – I think it's the only job that I ever had that my relatives cared about, because I was working on something that they could relate to. Every time they had to go and fill up their tanks or pay their utility bills.

Dr. Majkut: I'm still working on that.

Mr. Pyatt: That's not the case when you're DCM at the U.S. Embassy in India. (Laughter.) So there's that aspect of it. I think what Americans don't fully appreciate is how privileged we are. And I get it. I mean, you know, I know how unhappy American voters were when energy prices spiked in 2022, because of the combination of Putin's invasion of Ukraine and the post-COVID whiplash of supply chains. But what we don't understand is it was still the case that when Europeans would come here to the United States and they would see what our utility bills are, or how much it costs to fill up your tank, it's like, what? Where is that coming from? Because the costs are so much higher almost every place else in the world.

And then the other half of the equation, which is the majority of human beings living on this earth who don't have air conditioning, even when it's 90 degrees outside, or when it's 103 degrees in pre-monsoon India, and how privileged we are from that standpoint. And this is – this is the – I think, the fundamental issue underlying every conversation about energy. The world needs vastly increased volumes of energy. And we need to produce that energy in a way that doesn't exacerbate our climate situation, which means we need every electron that we can find. Or, to put it slightly differently, we can't afford to leave anything on the table.

Dr. Majkut: Paint for us a picture of a United States 10 years from now, which is playing a very productive role in that task. And it could be – you know, Secretary Wright talks about eliminating energy poverty around the world. I think we all share that goal. That sounds great. It could be focusing on climate. But just help us – you know, like, paint for us an optimistic vision to take home of the United States, and what do we need to do to get there?

Mr. Pyatt: Yeah. So, first, we need to hold on to our international partnerships. It's the United States' greatest single advantage in an international system that is still Hobbesian, nasty, brutish, and short. So we need to hold on to those alliances, our alliance relationships with Europe, with Japan, with Korea, with Singapore, the Quad. That's what sets us apart. I remember when I was DCM in New Delhi, the job my parents and my family didn't care about, our neighbors were the Russian and Chinese embassies. And every day I would come to work and there would be 1,000 people lined up at the American embassy to get their visas to study, or visit Disneyland, or do a business deal in Houston or New York. There was nobody lined up in the Chinese embassy. We have to hold on to that.

The openness of our system, the attractiveness of our system, but the ability to conduct diplomacy and build international partnerships. I was glad – very glad to hear Representative Kim this morning talking about the Mineral Security Partnership and the importance of that structure, which we built in the Biden administration, to both mobilize the hugely increased volumes we're going to need of the minerals that are going to power our energy system in the future, but also to de-risk our overwhelming dependence on China for so many of these resources. You have to invest in those. I think it was Secretary Shultz who talked about gardening. A lot of diplomacy is just gardening. And we need to – we need to hold on to the skill that's there.

I would hope 10 years from now, first of all, we're going to have an economy that is more thoroughly decarbonized. That's happening not because anybody in Washington is making a policy choice but because that's where the market's going. That's where innovation is leading. You know, when I listen to Chris Wright at ExxonMobil, or at Chevron, or – the leaders of all of our global energy companies are aligned in terms of where the market is moving over the long term, where their international customers are moving. So we have to chase after that marketplace.

I hope that we have reduced our dependence on China. And, again, none of us – no administration, none of us in government was paying attention as China systematically sought control of the commanding heights of the future energy system – battery supply chains, manufacturing systems for solar cells, for hydrogen electrolyzers. There's a lot to be hopeful about in terms of the innovation in the nuclear ecosystem, but it's also the case that China today is

building more reactors than the United States and our partners and allies combined. So we've got to – we've got to claw back that effort.

That's what the Biden administration was trying to do with the Inflation Reduction Act. Congress has made a choice to wheel back some of those incentives, but I think the market has already made a choice. And we talked earlier, I was confirmed as assistant secretary just at the moment when the IRA passed. And I remember the sense of shock and surprise among a lot of our international partners. The initial reaction was something along the lines of, well, that's not fair. But within six months, "that's not fair," had turned into the GX law in Japan, the production-linked incentives in India, the Draghi plan in Europe, as all of these major economies said, you know, the Americans are onto something. We need more energy, and we need to produce that energy in the cleanest way possible, and we need to do so at a price point that's affordable to our citizens. That's the definition of success.

Dr. Majkut: Final question. As we – you know, we're launching a trade rebalancing effort, some may call it a trade war. There's a bellicose kind of shift in American foreign policy. How do we maintain our partnerships over the next few years? And what role does the private sector play in that?

Mr. Pyatt: Yeah. So I think companies are going to be a big part of this. This is what I'm doing today at McLarty Associates, private sector diplomacy. I think, you know, in terms of holding on to the level of confidence, as I – as you noted, I was just in Europe. I think there's a lot of anxiety among many of our core allies about how they're going to navigate through the pressures that these tariff wars have induced in terms of long-standing commercial relationships. But there's also a sense that we should be able to rebalance this because of the fact that our relationships with our allies, and especially our commercial and business relationships, don't have a four-year expiration date.

There's no energy company in the world that makes its investment plans based on a four-year planning horizon because the quantum of capital that's required in this sector is so enormous, and because the returns on investment – I mean, take critical minerals. You're talking 20 years for any project. So that, I think, when people get past the initial sense of shock and surprise, there's a sense of, OK, we have to – we have to figure out how we're going to work our way through this, because ultimately we've got converging interests.

And I would argue that one of the areas where the Biden administration was most successful in reshaping the international narrative was precisely on this issue of how to think about China. And this – I lived through this as President Trump's ambassador in Greece in the first Trump administration. And that's when we started the whole conversation about 5G and all of that. And I think as we worked into the Biden administration there were endless

demarches that were delivered around the world talking to European partners, or partners in the developing world, in Latin America, about the risks of depending on China for some of these inputs.

And ironically, I think it's Xi Jinping and Beijing that are riding our talking points now, because when China places export controls on rare earth materials and magnets that go into defense commodities – but also go into electric vehicles and wind turbines and the haptic motor in your cellphone – that says to everybody, this isn't a reliable partner. We need to de-risk and reduce our dependence. That doesn't mean going to zero on China, because that's not an achievable or a realistic goal. But it does mean building diversification into those supply chains.

Dr. Majkut: Yeah. Hopefully we can turn that conversation really toward how do we manage economic coercion, how do we deal with overcapacity, how do we deal with carbon intensity, and away from the sort of binary, engagement with China or not?

Geoff, normally I would offer questions to the room, but we're a little over time. And I'm hoping you can stick around in case there's questions over at the reception.

Mr. Pyatt: Happy to.

Dr. Majkut: Thank you so much. Colleagues. Please thank Geoff for his comments as well as his service. (Applause.) For all who joined us today, you're so generous to share your time with us. I hope you've been informed, inspired, or if not do comment so we can fix it next time. And for colleagues joining us online, thank you so much for your kind attention as well. This is Joseph Majkut, signing off.

(END.)