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S. 1007

To direct the Secretary of State to work with the Government of Brazil and other foreign governments to develop partnerships that will strengthen diplomatic relations and energy security by accelerating the development of biofuels production, research, and infrastructure; to alleviate poverty, create jobs, and increase income, while improving energy security and protecting the environment.

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2007

Mr. LUGAR introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

SEPTEMBER 23 (legislative day, SEPTEMBER 17), 2008

Reported by Mr. DODD, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To direct the Secretary of State to work with the Government of Brazil and other foreign governments to develop partnerships that will strengthen diplomatic relations and energy security by accelerating the development of biofuels production, research, and infrastructure; to alleviate poverty, create jobs, and increase income, while improving energy security and protecting the environment.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
 5 “United States-Brazil Energy Cooperation Pact of 2007”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
 7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.
- Sec. 4. Western Hemisphere Energy Cooperation Forum.
- Sec. 5. United States-Brazil biofuels partnership.
- Sec. 6. Biofuels feasibility studies.
- Sec. 7. United States-Brazil bilateral tax treaty.
- Sec. 8. Multilateral development banks.
- Sec. 9. Carbon credit trading mechanisms.
- Sec. 10. Energy crisis response mechanism.
- Sec. 11. Energy foreign assistance.
- Sec. 12. Energy public diplomacy.
- Sec. 13. Energy trade.
- Sec. 14. Western Hemisphere hydrocarbon production.
- Sec. 15. Report.

8 **SEC. 2. FINDINGS.**

9 Congress makes the following findings:

10 (1) The engagement of the United States Gov-
 11 ernment with the Government of Brazil and the gov-
 12 ernments of willing countries in the Western Hemi-
 13 sphere and throughout the world is a strategic pri-
 14 ority for reducing the potential for tension over en-
 15 ergy resources; maintaining and expanding reliable
 16 energy supplies; expanding use of renewable energy;
 17 and reducing the detrimental effects of energy im-
 18 port dependence. Current energy dialogues and

1 agreements should be expanded and refocused, as
2 needed, to meet this challenge.

3 (2) Countries in the Western Hemisphere can
4 most effectively meet their common needs for energy
5 security and sustainability through partnership and
6 cooperation. Cooperation between governments on
7 energy issues will enhance bilateral and regional re-
8 lationships among countries in the Western Hemi-
9 sphere. The Western Hemisphere is rich in natural
10 resources, including biomass, oil, natural gas, and
11 coal, and has significant opportunities for the pro-
12 duction of renewable energy, including hydro, solar,
13 and wind. Countries in the Western Hemisphere can
14 provide convenient and reliable markets for their
15 own energy needs and for foreign trade in energy
16 goods and services.

17 (3) Development of sustainable energy alter-
18 natives in countries in the Western Hemisphere can
19 improve energy security, balance of trade, and envi-
20 ronmental quality, and can provide markets for en-
21 ergy technology and agricultural products.

22 (4) The Government of the United States has
23 actively worked with the Government of Brazil to de-
24 velop a strong biofuels partnership and to increase
25 the production and use of biofuels. On March 9,

2007, the Memorandum of Understanding Between the United States and Brazil to Advance Cooperation on Biofuels, was signed in São Paulo, Brazil.

(5) Brazil and the United States have led the world in the production of ethanol. Deeper cooperation on biofuels with other countries of the hemisphere would extend economic, security, and political benefits.

(6) The United States is committed to developing a biofuels partnership with the Government of Brazil that benefits the welfare of the people of the Western Hemisphere. According to the Latin American Energy Organization, the percentage of total energy consumption in each of the following countries in the Western Hemisphere that originated from imported crude oil and oil products in 2005 was—

(A) 2 percent in Argentina;

(B) 93 percent in Barbados;

(C) 7 percent in Bolivia;

(D) 13 percent in Brazil;

(E) 55 percent in Chile;

(F) 4 percent in Colombia;

(G) 56 percent in Costa Rica;

(H) 77 percent in the Dominican Republic;

- 1 (I) 20 percent in Ecuador;
- 2 (J) 76 percent in El Salvador;
- 3 (K) 85 percent in Grenada;
- 4 (L) 72 percent in Guatemala;
- 5 (M) 100 percent in Guyana;
- 6 (N) 93 percent in Haiti;
- 7 (O) 81 percent in Honduras;
- 8 (P) 91 percent in Jamaica;
- 9 (Q) 10 percent in Mexico;
- 10 (R) 98 percent in Nicaragua;
- 11 (S) 100 percent in Panama;
- 12 (T) 46 percent in Paraguay;
- 13 (U) 39 percent in Peru;
- 14 (V) 34 percent in Suriname;
- 15 (W) 45 percent in Trinidad and Tobago;
- 16 (X) 79 percent in Uruguay; and
- 17 (Y) 0 percent in Venezuela.

18 (7) Private sector partnership and investment
 19 in all sources of energy is critical to providing en-
 20 ergy security in the Western Hemisphere. Several
 21 countries in the Western Hemisphere have acted to
 22 endanger the rule of law necessary for such invest-
 23 ment. Other countries in the Western Hemisphere
 24 have been unable to make reforms necessary to ere-

1 ate sufficient investment climates for increased do-
2 mestic production of energy.

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) **BIOFUEL.**—The term “biofuel” means any
6 liquid fuel that is derived from biomass.

7 (2) **BIOMASS.**—The term “biomass” means any
8 organic matter that is available on a renewable or
9 recurring basis, including agricultural crops, trees,
10 wood, wood wastes and residues, plants (including
11 aquatic plants), grasses, residues, fibers, animal
12 wastes, municipal wastes, and other waste materials.

13 (3) **PARTNER COUNTRY.**—The term “partner
14 country” means a country that has agreed to con-
15 duct a biofuels feasibility study under section 6.

16 (4) **REGIONAL DEVELOPMENT BANKS.**—The
17 term “regional development banks” means the Afri-
18 can Development Bank, the Inter-American Develop-
19 ment Bank, the Andean Development Corporation,
20 the European Bank for Reconstruction and Develop-
21 ment, and the Asian Development Bank.

22 **SEC. 4. WESTERN HEMISPHERE ENERGY COOPERATION**
23 **FORUM.**

24 (a) **ESTABLISHMENT.**—The Secretary of State, in co-
25 ordination with the Secretary of Energy, shall establish

1 a regional-based ministerial forum to be known as the
2 Western Hemisphere Energy Cooperation Forum (re-
3 ferred to in this subsection as the “Energy Forum”).

4 (b) PURPOSES.—The Energy Forum should seek—

5 (1) to strengthen relationships between the
6 United States and other countries of the Western
7 Hemisphere through cooperation on energy issues;

8 (2) to enhance cooperation between major en-
9 ergy producers and major energy consumers in the
10 Western Hemisphere, particularly among the Gov-
11 ernments of Brazil, Canada, Mexico, the United
12 States, and Venezuela;

13 (3) to explore possibilities to work with coun-
14 tries in the Western Hemisphere to promote renew-
15 able energy production (particularly in biofuels) and
16 to lessen dependence on oil imports without reducing
17 food availability (particularly in Mexico and Central
18 American countries);

19 (4) to ensure that energy contributes to the eco-
20 nomic, social, and environmental enhancement of the
21 countries of the Western Hemisphere;

22 (5) to provide an opportunity for open dialogue
23 and joint commitments among Energy Forum coun-
24 tries and with private industry; and

1 (6) to provide participating countries the flexi-
2 bility necessary to cooperatively address broad chal-
3 lenges posed to the energy supply of the Western
4 Hemisphere to find solutions that are politically ac-
5 ceptable and practical in policy terms.

6 (c) ACTIVITIES.—The United States Government, in
7 cooperation with Energy Forum countries, shall seek to
8 implement—

9 (1) an energy crisis initiative that will promote
10 national and regional measures to respond to tem-
11 porary energy supply disruptions, including partici-
12 pating in a Western Hemisphere energy crisis re-
13 sponse mechanism in accordance with section 10(b);

14 (2) an energy sustainability initiative to facili-
15 tate long-term supply security by fostering reliable
16 supply sources of fuels, including—

17 (A) developing, deploying, and commer-
18 cializing technologies for sustainable renewable
19 fuels within the region;

20 (B) promoting production and trade in
21 sustainable energy, including energy from bio-
22 mass;

23 (C) facilitating investment, trade, and
24 technology cooperation in energy infrastructure,
25 petroleum products, natural gas (including liq-

1 unified natural gas), energy efficiency (including
 2 automotive efficiency), clean fossil energy, re-
 3 newable energy, and carbon sequestration;

4 (D) promoting regional infrastructure and
 5 market integration;

6 (E) developing effective and stable regu-
 7 latory frameworks;

8 (F) developing renewable fuels standards
 9 and renewable portfolio standards;

10 (G) establishing educational training and
 11 exchange programs between Energy Forum
 12 countries; and

13 (H) identifying and removing barriers to
 14 trade in technology, services, and commodities;
 15 and

16 (I) an energy for development initiative to pro-
 17 mote energy access for underdeveloped areas
 18 through energy policy and infrastructure develop-
 19 ment, including—

20 (A) increasing access to energy services for
 21 the poor;

22 (B) improving energy sector market condi-
 23 tions;

24 (C) promoting rural development through
 25 biomass energy production and use;

1 ~~(D)~~ increasing transparency of, and par-
 2 ticipation in, energy infrastructure projects;

3 ~~(E)~~ promoting development and deploy-
 4 ment of technology for clean and sustainable
 5 energy development, including biofuel and clean
 6 coal technologies; and

7 ~~(F)~~ facilitating the use of carbon seques-
 8 tration methods in agriculture and forestry and
 9 linking greenhouse gas emissions reduction pro-
 10 grams to international carbon markets.

11 ~~(d)~~ IMPLEMENTATION.—It is the sense of Congress
 12 that the Energy Forum—

13 ~~(1)~~ should meet at least once every 2 years;

14 ~~(2)~~ may meet on a subregional basis; and

15 ~~(3)~~ shall be co-chaired by an official of the De-
 16 partment of State and an official of the Department
 17 of Energy.

18 ~~(e)~~ WESTERN HEMISPHERE ENERGY INDUSTRY
 19 GROUP.—

20 ~~(1)~~ AUTHORITY.—The Secretary of State, in
 21 coordination with the Secretary of Commerce and
 22 the Secretary of Energy, shall approach the govern-
 23 ments of other countries in the Western Hemisphere
 24 to seek cooperation in establishing a Western Hemi-
 25 sphere Energy Industry Group (referred to in this

subsection as the “Energy Group”). The Energy Group should be coordinated by the United States Government and should include representatives from industries and governments in the Western Hemisphere.

(2) PURPOSE.—The purpose of the Energy Group should be to—

(A) increase public-private partnerships;

(B) foster private investment; and

(C) enable countries in the Western Hemisphere to devise energy agendas compatible with industry capacity and cognizant of industry goals.

(3) DISCUSSION TOPICS.—The Energy Group should discuss—

(A) promoting a secure investment climate;

(B) developing and deploying biofuels and other alternative fuels and clean electrical production facilities, including clean coal and carbon sequestration;

(C) developing and deploying energy efficient technologies and practices in the industrial, residential, and transportation sectors;

(D) investing in oil and natural gas production and distribution;

1 (E) maintaining transparency of energy
 2 production and reserves data;
 3 (F) promoting biofuels research; and
 4 (G) training and education exchange pro-
 5 grams.

6 (f) OIL AND GAS WORKING GROUP.—

7 (1) ESTABLISHMENT.—The Secretary of En-
 8 ergy, in cooperation with the Secretary of State,
 9 shall facilitate the establishment of the Oil and Gas
 10 Working Group.

11 (2) PURPOSES.—The Oil and Gas Working
 12 Group should strengthen dialogue between inter-
 13 national oil companies, national oil companies, and
 14 civil society groups on issues related to international
 15 standards on transparency, social responsibility, and
 16 best practices in leasing and management of oil and
 17 natural gas projects.

18 (g) APPROPRIATION.—There are authorized to be ap-
 19 propriated \$3,000,000 to carry out this section.

20 **SEC. 5. UNITED STATES-BRAZIL BIOFUELS PARTNERSHIP.**

21 (a) IN GENERAL.—The Secretary of State, in coordi-
 22 nation with the Secretary of Energy, shall work with the
 23 Government of Brazil to—

24 (1) coordinate efforts to promote the production
 25 and use of biofuels among all interested countries;

1 giving preference to the countries in the Western
2 Hemisphere that are among the poorest and most
3 dependent on foreign sources of fuel (particularly
4 oil), including—

5 (A) coordinating the biofuels feasibility
6 studies described in section 6;

7 (B) collaborating on policy and regulatory
8 measures to—

9 (i) promote domestic biofuels produc-
10 tion and use, including related agricultural
11 and environmental measures;

12 (ii) reform automotive sectors to in-
13 corporate biofuels use including increased
14 efficiency, reduced emissions, and integra-
15 tion with high-efficiency advanced tech-
16 nologies; and

17 (iii) reform fueling infrastructure to
18 allow for use of biofuels and other alter-
19 native fuels;

20 (2) develop a global strategy to work with the
21 European Union, China, India, South Africa, Japan,
22 and other interested countries to create global
23 biofuels markets and promote biofuels production
24 and use in developing countries;

1 ~~(3)~~ assess the feasibility of working with the
 2 World Bank and relevant regional development
 3 banks regarding—

4 ~~(A)~~ biofuels production capabilities; and

5 ~~(B)~~ infrastructure, research, and training
 6 related to such capabilities; and

7 ~~(4)~~ develop a joint and coordinated strategy re-
 8 garding the construction and retrofitting of pipelines
 9 and terminals near major fuel distribution centers;
 10 coastal harbors, and railroads.

11 ~~(b)~~ INTERNATIONAL AGRICULTURAL EXTENSION
 12 PROGRAMS.—The Secretary of Agriculture shall work with
 13 the Government of Brazil to facilitate joint agricultural
 14 extension activities related to biofuels crop production,
 15 biofuels production, and environmental and greenhouse
 16 gas emissions reduction practices.

17 ~~(c)~~ EDUCATIONAL GRANTS.—The Secretary of En-
 18 ergy, in coordination with the Secretary of State, and in
 19 collaboration with the Government of Brazil, shall estab-
 20 lish a grant program to finance advanced biofuels research
 21 and collaboration between academic and research institu-
 22 tions in the United States and Brazil.

23 ~~(d)~~ FUNDING SOURCES.—

1 (1) AUTHORIZATION OF APPROPRIATIONS.—

2 There are authorized to be appropriated for fiscal
3 year 2008—

4 (A) \$3,000,000 to carry out subsection (a);

5 (B) \$5,000,000 to carry out subsection
6 (b); and

7 (C) \$7,000,000 to carry out subsection (c).

8 (2) SUPPLEMENTAL FUNDING SOURCES.—The

9 Secretary of State shall work with the Government
10 of Brazil; the governments of partner countries; re-
11 gional development banks; the Organization of
12 American States; and other interested parties to
13 identify supplemental funding sources for the
14 biofuels feasibility studies described in section 6.

15 **SEC. 6. BIOFUELS FEASIBILITY STUDIES.**

16 (a) IN GENERAL.—Each partner country shall par-
17 ticipate in a study to determine the feasibility of increas-
18 ing the production and use of biofuels in such country.

19 (b) ANALYSIS OF THE ENERGY POLICY FRAME-
20 WORK.—The study conducted under subsection (a) shall
21 analyze—

22 (1) the energy policy of the partner country;
23 particularly the impact of such policy on the pro-
24 motion of biofuels; and

1 (2) the status and impacts of any existing
2 biofuel programs of the country.

3 (c) ~~ASSESSMENT OF DEMAND.~~—The study conducted
4 under subsection (a) shall assess, with respect to the part-
5 ner country—

6 (1) the quantitative and qualitative demand for
7 energy by families, villages, industries, public trans-
8 portation infrastructure, and other energy con-
9 sumers;

10 (2) the current and projected future energy
11 consumption by the heat, electricity, and transpor-
12 tation sectors;

13 (3) the demand for high-quality transportation
14 fuel;

15 (4) the local market prices for various energy
16 sources; and

17 (5) the employment, income generation, and
18 rural development opportunities from biofuel indus-
19 try.

20 (d) ~~ASSESSMENT OF RESOURCES.~~—The study under
21 subsection (a) shall—

22 (1) assess the present and future biomass re-
23 sources that are available in each geographic region
24 of the participating country to meet the demand as-
25 sessed under subsection (c);

1 (2) include a plan for increasing the availability
2 of existing biomass resources in the country; and

3 (3) include a plan for developing new, sustain-
4 able biomass resources in the country, including
5 wood, manure, agricultural residues, sewage, and or-
6 ganic waste.

7 (e) ANALYSIS OF AVAILABLE TECHNOLOGIES AND
8 SYSTEMS.—Building upon the results of the assessments
9 described in subsections (c) and (d), the study shall—

10 (1) analyze available technologies and systems
11 for utilizing biofuels in the country, including—

12 (A) technologies for the conversion of bio-
13 mass crops and agroforestry residues in pellets
14 and briquettes;

15 (B) low-pollution stoves;

16 (C) biogas production;

17 (D) charcoal and activated coal production;

18 (E) biofuel production;

19 (F) combustion and co-combustion tech-
20 nologies;

21 (G) the availability of biofuels technologies
22 in various geographic regions; and

23 (H) the economic viability of biomass tech-
24 nologies; and

1 (2) compare such technologies and systems to
 2 conventional energy supplies with respect to cost-ef-
 3 fectiveness, maintenance, social acceptability, and
 4 the impact on development.

5 (f) ENVIRONMENTAL ASSESSMENT.—The study
 6 under subsection (a) shall assess—

7 (1) the likely impacts of increased biomass har-
 8 vesting and production, and biofuels production and
 9 use on environmental sustainability, including effects
 10 on carbon emissions; and

11 (2) the availability of financing from global car-
 12 bon credit trading mechanisms.

13 (g) FOOD SECURITY ASSESSMENT.—The study under
 14 subsection (a) shall assess the likely impacts on food
 15 stocks and prices in partner countries.

16 (h) DEVELOPMENT OF POLICY OPTIONS TO PRO-
 17 MOTE BIOFUEL PRODUCTION AND USE.—

18 (1) IN GENERAL.—The study under subsection
 19 (a) shall identify and evaluate policy options to pro-
 20 mote biofuel production and use, after taking into
 21 account—

22 (A) the existing energy policy of the coun-
 23 try; and

24 (B) the technologies available to convert
 25 local biomass resources into biofuels.

1 ~~(2) COORDINATION.~~—In conducting the evalua-
2 tion under paragraph (1), the participating country
3 shall involve local, national, and international public
4 and private institutions with responsibility or exper-
5 tise in biofuel production and use.

6 ~~(3) PRINCIPAL ISSUES.~~—The study shall ad-
7 dress—

8 (A) potential biomass in the country and
9 barriers for the production of biofuels from
10 such biomass products;

11 (B) strategies for creating a market for
12 biomass products in the country;

13 (C) the potential contribution of biofuels in
14 the country;

15 (D) environmental sustainability issues and
16 the mitigating effect of increased biofuel pro-
17 duction and use on carbon emissions;

18 (E) the potential contribution of biofuels to
19 economic development, poverty reduction, and
20 sustainability of energy resources;

21 (F) programs for the use of biofuels in the
22 transportation sector;

23 (G) economic cooperation across inter-
24 national borders to increase biofuel production
25 and use;

(H) technology collaboration and joint ventures and technological, cultural, and legal barriers that may impede such technological cooperation; and

(I) the economic aspects of the promotion of biofuels, including job creation, financing and loan mechanisms, credit mobilization, investment capital, and market penetration.

(i) ~~AUTHORIZATION OF APPROPRIATIONS.~~—There are authorized to be appropriated \$20,000,000 for fiscal year 2008 to carry out this section.

SEC. 7. UNITED STATES-BRAZIL BILATERAL TAX TREATY.

The Secretary of State, in coordination with the Secretary of the Treasury, shall renew negotiations on a bilateral tax treaty with Brazil.

SEC. 8. MULTILATERAL DEVELOPMENT BANKS.

The Secretary of the Treasury shall inform the managements of the international financial institutions and the public that it is the policy of the United States that assistance by such institutions should encourage development of renewable energy sources, including energy derived from biomass.

SEC. 9. CARBON CREDIT TRADING MECHANISMS.

(a) ~~IN GENERAL.~~—The Secretary of State shall work with interested governments in the Western Hemisphere

1 and other countries to organize regional and hemispheric
 2 carbon trading mechanisms under the United Nations
 3 Framework Convention on Climate Change and existing
 4 trade and financial agreements to—

5 (1) establish special carbon credits for the pres-
 6 ervation of tropical rain forests;

7 (2) use greenhouse gas-reducing farming prac-
 8 tices;

9 (3) jointly fund greenhouse gas sequestration
 10 studies and experiments in various geological forma-
 11 tions; and

12 (4) jointly fund climate mitigation studies in
 13 vulnerable areas in the Western Hemisphere.

14 (b) **AUTHORIZATION OF APPROPRIATIONS.**—There
 15 are authorized to be appropriated \$5,000,000 for fiscal
 16 year 2008 to carry out this section.

17 **SEC. 10. ENERGY CRISIS RESPONSE MECHANISM.**

18 (a) **FINDINGS.**—Congress makes the following find-
 19 ings:

20 (1) Cooperation between the United States Gov-
 21 ernment and governments of other countries during
 22 energy crises promotes the national security of the
 23 United States and of the cooperating countries.

24 (2) Credible contingency plans to respond to en-
 25 ergy shortages may serve as deterrents to the ma-

1 manipulation of energy supplies by export and transit
2 countries.

3 (3) The vulnerability of most countries in the
4 Western Hemisphere to supply disruptions from po-
5 litical, natural, or terrorism causes may introduce
6 instability in the Western Hemisphere and can be a
7 source of conflict, despite the existence of major en-
8 ergy resources in the Western Hemisphere. The
9 United States and Canada are the only members of
10 the International Energy Program in the Western
11 Hemisphere.

12 (4) Integrating countries in the Western Hemi-
13 sphere into regional and international agreements
14 for the management of energy emergencies will ben-
15 efit market stability and encourage development in
16 participating countries.

17 (b) ESTABLISHMENT OF AN ENERGY CRISIS RE-
18 SPONSE MECHANISM FOR THE WESTERN HEMI-
19 SPHERE.—

20 (1) AUTHORITY.—The Secretary of State, in
21 coordination with the Secretary of Energy and the
22 Secretary of Defense, shall immediately seek to es-
23 tablish a Western Hemisphere energy crisis response
24 mechanism.

1 (2) SCOPE.—The mechanism established under
2 paragraph (1) should include—

3 (A) a real-time information sharing and
4 coordinating mechanism to respond to energy
5 supply emergencies;

6 (B) technical assistance in the development
7 and management of national and regional stra-
8 tegic reserves within the Western Hemisphere;

9 (C) technical assistance in developing na-
10 tional programs to meet the requirements of
11 membership in the international energy applica-
12 tion procedure described in subsection (e);

13 (D) emergency demand restraint measures;

14 (E) energy switching preparedness and al-
15 ternative energy production capacity;

16 (F) ongoing demand intensity reduction
17 programs; and

18 (G) measures to strengthen sea lane and
19 infrastructure security.

20 (3) MEMBERSHIP.—The Secretary shall seek to
21 include in the Western Hemisphere energy crisis re-
22 sponse mechanism membership for each major en-
23 ergy producer and major energy consumer in the
24 Western Hemisphere and other members of the

1 Western Hemisphere Energy Cooperation Forum es-
2 tablished pursuant to section 4(a).

3 (4) STUDIES.—

4 (A) SUPPLY VULNERABILITY STUDY.—The
5 Secretary of Energy shall—

6 (i) conduct a study of supply
7 vulnerabilities for natural gas in the West-
8 ern Hemisphere; and

9 (ii) submit a report to Congress that
10 includes recommendations for infrastruc-
11 ture and regulatory needs for reducing
12 supply disruption vulnerability and inter-
13 national coordination.

14 (B) COORDINATION MECHANISM ASSESS-
15 MENT.—The Secretary of Energy shall assess
16 the feasibility of developing coordination mecha-
17 nisms to ensure a consistent supply of biofuels,
18 especially in the event of an interruption of the
19 oil supply.

20 (c) INTERNATIONAL ENERGY PROGRAM APPLICA-
21 TION PROCEDURE.—

22 (1) AUTHORITY.—The President should place
23 on the agenda for discussion at the Governing Board
24 of the International Energy Agency, as soon as prac-

1 ticable, the merits of establishing an international
2 energy program application procedure.

3 (2) PURPOSE.—The purpose of the procedure
4 described in paragraph (1) is to allow countries that
5 are not members of the International Energy Pro-
6 gram to apply to the Governing Board of the Inter-
7 national Energy Agency for allocation of petroleum
8 reserve stocks in times of emergency on a grant or
9 loan basis. Such countries should also receive tech-
10 nical assistance for, and be subject to, conditions re-
11 quiring development and management of national
12 programs for energy emergency preparedness, in-
13 cluding demand restraint, fuel switching prepared-
14 ness, and development of alternative fuels production
15 capacity.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated \$5,000,000 for fiscal
18 year 2008 to carry out this section.

19 **SEC. 11. ENERGY FOREIGN ASSISTANCE.**

20 (a) IN GENERAL.—The Administrator of the United
21 States Agency for International Development (referred to
22 in this section as the “Administrator”) shall seek to in-
23 crease United States foreign assistance programming in
24 renewable energy, including in activities to reduce energy
25 import dependence through the use of biofuels.

1 (b) **DEVELOPMENT STRATEGY REVIEW.**—The Ad-
 2 ministrators shall review country assistance strategies to
 3 increase assistance for renewable energy activities. Results
 4 of this review shall be reported to Congress no later than
 5 180 days following passage of this act.

6 (c) **EXPEDITED SUSTAINABLE ENERGY GRANTS.**—

7 (1) **AUTHORIZATION.**—The Administrator is
 8 authorized to award grants to nongovernmental or-
 9 ganizations for sustainable energy and job creation
 10 projects in at-risk nations, such as Haiti. Grant
 11 funds shall be provided to grantees on an expedited
 12 basis upon approval of the eligible project.

13 (2) **AUTHORIZATION OF APPROPRIATIONS.**—

14 There are authorized to be appropriated \$5,000,000
 15 to the United States Agency for International Devel-
 16 opment for grants under this subsection.

17 **SEC. 12. ENERGY PUBLIC DIPLOMACY.**

18 (a) **AUTHORIZATION OF APPROPRIATIONS.**—There
 19 are authorized to be appropriated \$5,000,000 to the De-
 20 partment of State for public education activities on renew-
 21 able energy in the Western Hemisphere.

22 (b) **LIMITATION.**—Not less than 50 percent of any
 23 amount appropriated pursuant to paragraph (1) shall be
 24 used for education activities implemented through civil so-
 25 ciety organizations.

1 **SEC. 13. ENERGY TRADE.**

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) It is the policy of the United States to pro-
5 mote free trade in energy among countries in the
6 Western Hemisphere, which would—

7 (A) help support a growing energy indus-
8 try;

9 (B) create jobs that benefit development
10 and alleviate poverty;

11 (C) increase energy security through sup-
12 ply diversification; and

13 (D) strengthen relations among countries
14 in the Western Hemisphere through closer co-
15 operation and understanding.

16 (2) Several countries in the Western Hemi-
17 sphere, including the United States, have protective
18 tariffs and duties that limit the benefits that would
19 accrue from free trade in energy. The United States
20 Government should work with foreign governments
21 to remove trade barriers in energy.

22 (3) The United States should implement a plan
23 to open its markets to trade in biofuels. This plan
24 should—

1 (A) encourage expanded investment and
2 innovation in the biofuels industry in the
3 United States; and

4 (B) revise Federal incentives for the do-
5 mestic production of biofuels so they do not fi-
6 nance biofuels investment abroad.

7 (b) ETHANOL TARIFF STUDY.—The Secretary of
8 Commerce, in cooperation with the Secretary of State,
9 shall conduct a study that evaluates—

10 (1) tariffs, duties, and other restrictions on
11 trade in biofuels in the Western Hemisphere, includ-
12 ing the United States;

13 (2) the economic impacts resulting from the re-
14 strictions referred to in paragraph (1);

15 (3) the impacts on United States foreign policy
16 resulting from the restrictions referred to in para-
17 graph (1);

18 (4) the effect of restrictions referred to in para-
19 graph (1) on United States obligations to the World
20 Trade Organization;

21 (5) the probable impacts on the economy and
22 biofuels industry of the United States of—

23 (A) removing all duties and tariffs on
24 biofuels imports, beginning on January 1, 2009;

1 (B) removing all duties and tariffs on
 2 biofuels imports and making various revisions
 3 to the tax credits for ethanol production in the
 4 United States, including shifting the blend cred-
 5 it to be a producers credit and replacement of
 6 the current credit with a variable credit scheme;

7 (C) removing all duties and tariffs and in-
 8 creasing the renewable fuels standard mandate
 9 to 30,000,000,000 gallons by 2020 and
 10 60,000,000,000 gallons by 2030, including ex-
 11 tending the renewable fuels standard, with revi-
 12 sions favoring the use of next generation
 13 biofuels and domestic production; and

14 (D) gradually removing the duties and tar-
 15 iffs over a 5- and 10-year period; and

16 (6) the probable impacts of removing United
 17 States tariffs and duties under the conditions de-
 18 scribed in paragraph (5) on biofuels production, eco-
 19 nomic development, and poverty alleviation in coun-
 20 tries in the Western Hemisphere.

21 (c) ETHANOL QUOTAS.—The Secretary of Commerce
 22 shall conduct a study examining the likely impacts and
 23 feasibility of—

24 (1) introducing a new, duty-free quota for
 25 biofuels that is imported from countries receiving

1 normal trade relations treatment from the United
2 States that is equal to 15 percent of the biofuels
3 consumed annually in the United States;

4 (2) increasing the quota in ethanol imports to
5 the United States from 7 percent to 15 percent over
6 the next several years and expanding the scope of
7 the quota beyond countries participating in the Car-
8ibbean Basin Initiative to other least developed
9 countries and to all countries who have received a
10 Millennium Challenge grant; and

11 (3) creating a separate quota for any other
12 country receiving normal trade relations treatment
13 from the United States.

14 **SEC. 14. WESTERN HEMISPHERE HYDROCARBON PRODUC-**
15 **TION.**

16 (a) **STUDY PARTNERSHIP WITH MEXICO.**—The Sec-
17 retary of Energy shall seek to work with the Government
18 of Mexico to conduct a technical analysis of the status of
19 Mexican oil and gas production, future technological and
20 investment needs, and recommendations for maintaining
21 and increasing hydrocarbon production consistent with the
22 priorities of the Government of Mexico.

23 (b) **NATURAL GAS STUDY.**—

1 (1) ~~STUDY.~~—The Secretary of Commerce, in
 2 consultation with the Secretary of Energy, shall con-
 3 duct a study of—

4 (A) the current state of natural gas pro-
 5 duction in the Western Hemisphere; and

6 (B) future natural gas demand and supply
 7 projections.

8 (2) ~~REPORT.~~—The Secretary of Commerce shall
 9 submit a report to Congress that contains rec-
 10 ommendations for the integration of the natural gas
 11 sector, including developing a liquefied natural gas
 12 infrastructure.

13 (c) ~~AUTHORIZATION OF APPROPRIATIONS.~~—There
 14 are authorized to be appropriated \$1,000,000 for fiscal
 15 year 2008 to carry out this section.

16 **SEC. 15. REPORT.**

17 The Secretary of State, in consultation with the Sec-
 18 retary of Energy, shall submit an annual report to Con-
 19 gress on the activities carried out to implement this Act.

20 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

21 (a) *SHORT TITLE.*—*This Act may be cited as the*
 22 *“Western Hemisphere Energy Compact”.*

23 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 24 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

Sec. 4. Western Hemisphere Energy Cooperation Forum.
Sec. 5. United States-Brazil biofuels partnership.
Sec. 6. Biofuels feasibility studies.
Sec. 7. Multilateral development banks.
Sec. 8. Carbon credit trading mechanisms.
Sec. 9. Energy crisis response mechanism.
Sec. 10. Energy foreign assistance.
Sec. 11. Energy public diplomacy.
Sec. 12. Report.

1 **SEC. 2. FINDINGS.**

2 *Congress makes the following findings:*

3 *(1) The engagement of the United States Govern-*
 4 *ment on energy issues with the Government of Brazil*
 5 *and the governments of willing countries in the West-*
 6 *ern Hemisphere is a strategic priority because such*
 7 *engagement can help to—*

8 *(A) reduce the potential for conflict over en-*
 9 *ergy resources;*

10 *(B) maintain and expand reliable energy*
 11 *supplies;*

12 *(C) expand the use of renewable energy; and*

13 *(D) reduce the detrimental effects of energy*
 14 *import dependence.*

15 *(2) Current energy dialogues and agreements*
 16 *should be expanded and refocused, as needed, to meet*
 17 *the challenges described in paragraph (1).*

18 *(3) Countries in the Western Hemisphere can*
 19 *most effectively meet their common needs for energy*
 20 *security and sustainability through partnership and*
 21 *cooperation. Cooperation between governments on en-*

1 *ergy issues will enhance bilateral and regional rela-*
 2 *tionships among countries in the Western Hemi-*
 3 *sphere. The Western Hemisphere is rich in natural re-*
 4 *sources, including biomass, oil, natural gas, and coal,*
 5 *and there are significant opportunities for the pro-*
 6 *duction of renewable energy, including hydro, solar,*
 7 *and wind. Countries in the Western Hemisphere can*
 8 *provide convenient and reliable markets for their own*
 9 *energy needs and for foreign trade in energy goods*
 10 *and services.*

11 *(4) Development of sustainable energy alter-*
 12 *natives in countries in the Western Hemisphere can*
 13 *improve energy security, balance of trade, and envi-*
 14 *ronmental quality, and can provide markets for en-*
 15 *ergy technology and agricultural products.*

16 *(5) The Government of the United States has ac-*
 17 *tively worked with the Government of Brazil to de-*
 18 *velop a strong biofuels partnership and to increase the*
 19 *production and use of biofuels. On March 9, 2007, the*
 20 *Memorandum of Understanding Between the United*
 21 *States and Brazil to Advance Cooperation on*
 22 *Biofuels, was signed in São Paulo, Brazil.*

23 *(6) Brazil and the United States have led the*
 24 *world in the production of ethanol. Deeper coopera-*
 25 *tion on biofuels with other countries of the hemisphere*

1 *would extend economic, security, and political bene-*
 2 *fits.*

3 *(7) The United States is committed to developing*
 4 *a biofuels partnership in the Western Hemisphere*
 5 *that benefits the welfare of the people of the Western*
 6 *Hemisphere. According to the Latin American En-*
 7 *ergy Organization, the percentage of total energy con-*
 8 *sumption in each of the following countries in the*
 9 *Western Hemisphere that originated from imported*
 10 *crude oil and oil products in 2005 was—*

11 *(A) 2 percent in Argentina;*

12 *(B) 93 percent in Barbados;*

13 *(C) 7 percent in Bolivia;*

14 *(D) 13 percent in Brazil;*

15 *(E) 55 percent in Chile;*

16 *(F) 4 percent in Colombia;*

17 *(G) 56 percent in Costa Rica;*

18 *(H) 77 percent in the Dominican Republic;*

19 *(I) 20 percent in Ecuador;*

20 *(J) 76 percent in El Salvador;*

21 *(K) 85 percent in Grenada;*

22 *(L) 72 percent in Guatemala;*

23 *(M) 100 percent in Guyana;*

24 *(N) 93 percent in Haiti;*

25 *(O) 81 percent in Honduras;*

- 1 (P) 91 percent in Jamaica;
 2 (Q) 10 percent in Mexico;
 3 (R) 98 percent in Nicaragua;
 4 (S) 100 percent in Panama;
 5 (T) 46 percent in Paraguay;
 6 (U) 39 percent in Peru;
 7 (V) 34 percent in Suriname;
 8 (W) 45 percent in Trinidad and Tobago;
 9 (X) 79 percent in Uruguay; and
 10 (Y) 0 percent in Venezuela.

11 (8) *Private sector partnership and investment in*
 12 *all sources of energy is critical to providing energy se-*
 13 *curity in the Western Hemisphere. Several countries*
 14 *in the Western Hemisphere have endangered the in-*
 15 *vestment climate. Other countries in the Western*
 16 *Hemisphere have been unable to make reforms nec-*
 17 *essary to create investment climates necessary to in-*
 18 *crease the domestic production of energy.*

19 (9) *It is the policy of the United States to pro-*
 20 *mote free trade in energy among countries in the*
 21 *Western Hemisphere, which would—*

22 (A) *help support a growing energy indus-*
 23 *try;*

24 (B) *create jobs that benefit development and*
 25 *alleviate poverty;*

1 (C) increase energy security through supply
2 diversification; and

3 (D) strengthen relations among countries in
4 the Western Hemisphere through closer coopera-
5 tion and understanding.

6 **SEC. 3. DEFINITIONS.**

7 *In this Act:*

8 (1) *BIOFUEL.*—The term “biofuel” means any
9 liquid fuel that is derived from biomass.

10 (2) *BIOMASS.*—The term “biomass” means any
11 organic matter that is available on a renewable or re-
12 curring basis, including agricultural crops, trees,
13 wood, wood wastes and residues, plants (including
14 aquatic plants), grasses, residues, fibers, animal
15 wastes, municipal wastes, and other waste materials.

16 (3) *PARTNER COUNTRY.*—The term “partner
17 country” means a country that, along with the
18 United States and Brazil, joins the Western Hemi-
19 sphere Energy Cooperation Forum established pursu-
20 ant to section 4 and has agreed to conduct a biofuels
21 feasibility study under section 6.

22 (4) *REGIONAL DEVELOPMENT BANKS.*—The term
23 “regional development banks” means the African De-
24 velopment Bank, the Inter-American Development
25 Bank, the Andean Development Corporation, the Eu-

1 *ropean Bank for Reconstruction and Development,*
 2 *and the Asian Development Bank.*

3 **SEC. 4. WESTERN HEMISPHERE ENERGY COOPERATION**
 4 **FORUM.**

5 (a) *ESTABLISHMENT.*—*The Secretary of State, in co-*
 6 *ordination with the Secretary of Energy, shall seek to estab-*
 7 *lish a regional-based ministerial forum to be known as the*
 8 *Western Hemisphere Energy Cooperation Forum (referred*
 9 *to in this subsection as the “Energy Forum”). The United*
 10 *States Government shall initially provide the framework for*
 11 *the Energy Forum and shall seek to establish a rotating*
 12 *chairmanship, in consultation with the Government of*
 13 *Brazil.*

14 (b) *PURPOSES.*—*The Energy Forum should seek—*

15 (1) *to strengthen relationships between the*
 16 *United States and other countries of the Western*
 17 *Hemisphere through cooperation on energy issues;*

18 (2) *to enhance cooperation, including informa-*
 19 *tion and technology sharing, between major energy*
 20 *producers and major energy consumers in the Western*
 21 *Hemisphere, particularly among the Governments of*
 22 *Brazil, Canada, Mexico, the United States, and Ven-*
 23 *ezuela;*

24 (3) *to explore possibilities to work with countries*
 25 *in the Western Hemisphere to promote renewable en-*

1 *ergy production (particularly in biofuels) and to less-*
 2 *en dependence on oil imports without reducing food*
 3 *availability (particularly in Mexico and Central*
 4 *American countries);*

5 *(4) to ensure that energy contributes to the eco-*
 6 *nomie, social, and environmental enhancement of the*
 7 *countries of the Western Hemisphere;*

8 *(5) to provide an opportunity for open dialogue*
 9 *and joint commitments among Energy Forum coun-*
 10 *tries and with private industry; and*

11 *(6) to provide participating countries the flexi-*
 12 *bility necessary to cooperatively address broad chal-*
 13 *lenges posed to the energy supply of the Western*
 14 *Hemisphere to find solutions that are politically ac-*
 15 *ceptable and practical in policy terms.*

16 *(c) ACTIVITIES.—The United States Government shall*
 17 *seek to implement, in cooperation with Energy Forum*
 18 *countries—*

19 *(1) an energy crisis initiative that will promote*
 20 *national and regional measures to respond to tem-*
 21 *porary energy supply disruptions, including partici-*
 22 *pating in a Western Hemisphere energy crisis re-*
 23 *sponse mechanism in accordance with section 9(b);*

24 *(2) an energy sustainability initiative to facili-*
 25 *tate long-term supply security by fostering reliable*

1 *supply sources of fuels and improved energy effi-*
2 *ciency, including—*

3 *(A) developing, deploying, and commer-*
4 *cializing technologies for sustainable renewable*
5 *fuels within the region;*

6 *(B) promoting production and trade in sus-*
7 *tainable energy, including energy from biomass;*

8 *(C) facilitating investment, trade, and tech-*
9 *nology cooperation in energy infrastructure, pe-*
10 *troleum products, natural gas (including lique-*
11 *fied natural gas), energy efficiency (including*
12 *automotive efficiency), clean fossil energy, renew-*
13 *able energy, and carbon sequestration;*

14 *(D) promoting regional infrastructure and*
15 *market integration;*

16 *(E) developing effective and stable regu-*
17 *latory frameworks;*

18 *(F) developing policy instruments to en-*
19 *courage the use of renewable energy and im-*
20 *proved energy efficiency;*

21 *(G) establishing educational training and*
22 *exchange programs between Energy Forum coun-*
23 *tries; and*

24 *(H) identifying and removing barriers to*
25 *trade in technology, services, and commodities;*

1 (3) *an energy for development initiative to pro-*
 2 *mote energy access for underdeveloped areas through*
 3 *energy policy and infrastructure development, includ-*
 4 *ing—*

5 (A) *increasing access to energy services for*
 6 *the poor;*

7 (B) *improving energy sector market condi-*
 8 *tions;*

9 (C) *promoting rural development through*
 10 *biomass energy production and use;*

11 (D) *increasing transparency of, and par-*
 12 *ticipation in, energy infrastructure projects;*

13 (E) *promoting development and deployment*
 14 *of technology for clean and sustainable energy*
 15 *development, including biofuel and clean coal*
 16 *technologies; and*

17 (F) *facilitating the use of carbon sequestra-*
 18 *tion methods in agriculture and forestry and*
 19 *linking greenhouse gas emissions reduction pro-*
 20 *grams to international carbon markets; and*

21 (4) *biofuels studies, with country studies pro-*
 22 *vided by each partner country, in accordance with*
 23 *section 6.*

24 (d) *IMPLEMENTATION.—It is the sense of Congress that*
 25 *the Energy Forum should—*

1 (1) *meet at least once every 2 years; and*

2 (2) *meet on a subregional basis, as needed.*

3 (e) *WESTERN HEMISPHERE ENERGY INDUSTRY*

4 *GROUP.—*

5 (1) *AUTHORITY.—The Secretary of State, in co-*
 6 *ordination with the Secretary of Commerce and the*
 7 *Secretary of Energy, shall approach the governments*
 8 *of other countries in the Western Hemisphere to seek*
 9 *cooperation in establishing a Western Hemisphere*
 10 *Energy Industry Group (referred to in this subsection*
 11 *as the “Energy Group”) within the Western Hemi-*
 12 *sphere Energy Cooperation Forum. The Energy*
 13 *Group should include representatives from industries*
 14 *and governments in the Western Hemisphere.*

15 (2) *PURPOSE.—The purpose of the Energy*
 16 *Group should be to—*

17 (A) *increase public-private partnerships;*

18 (B) *foster private investment; and*

19 (C) *enable countries in the Western Hemi-*
 20 *sphere to devise energy agendas compatible with*
 21 *industry capacity and cognizant of industry*
 22 *goals.*

23 (3) *DISCUSSION TOPICS.—It is the sense of Con-*
 24 *gress that the Energy Group should discuss—*

25 (A) *promoting a secure investment climate;*

1 *(B) developing and deploying biofuels and*
 2 *other alternative fuels and clean electrical pro-*
 3 *duction facilities, including clean coal and car-*
 4 *bon capture and storage;*

5 *(C) developing and deploying energy effi-*
 6 *cient technologies and practices in the industrial,*
 7 *residential, and transportation sectors;*

8 *(D) investing in oil and natural gas pro-*
 9 *duction and distribution;*

10 *(E) maintaining transparency of energy*
 11 *production, trade, consumption, and reserves*
 12 *data;*

13 *(F) promoting biofuels research; and*

14 *(G) training and education exchange pro-*
 15 *grams.*

16 *(f) OIL AND NATURAL GAS WORKING GROUP.—*

17 *(1) ESTABLISHMENT.—The United States Gov-*
 18 *ernment shall explore the establishment of the Oil and*
 19 *Gas Working Group within the Western Hemisphere*
 20 *Energy Cooperation Forum or the Energy Industry*
 21 *Group.*

22 *(2) PURPOSES.—The Oil and Gas Working*
 23 *Group should strengthen dialogue between inter-*
 24 *national oil companies, national oil companies, and*
 25 *civil society groups on issues related to international*

1 *standards on transparency, social responsibility, and*
 2 *best practices in leasing and management of oil and*
 3 *natural gas projects.*

4 *(g) APPROPRIATION.—There are authorized to be ap-*
 5 *propriated \$3,000,000 to carry out this section.*

6 **SEC. 5. UNITED STATES-BRAZIL BIOFUELS PARTNERSHIP.**

7 *(a) IN GENERAL.—The Secretary of State, in coordi-*
 8 *nation with the Secretary of Energy, shall work with the*
 9 *Government of Brazil to—*

10 *(1) coordinate efforts to promote the production*
 11 *and use of biofuels among countries, giving preference*
 12 *to those countries that are among the poorest (as de-*
 13 *termined by the Inter-American Development Bank)*
 14 *and most dependent on petroleum imports, includ-*
 15 *ing—*

16 *(A) coordinating the biofuels feasibility*
 17 *studies described in section 6;*

18 *(B) collaborating on policy and regulatory*
 19 *measures to—*

20 *(i) promote domestic biofuels produc-*
 21 *tion and use, including related agricultural*
 22 *and environmental measures;*

23 *(ii) reform automotive sectors to incor-*
 24 *porate biofuels use including increased effi-*
 25 *ciency, reduced emissions, and integration*

1 *with high-efficiency advanced technologies;*
 2 *and*

3 (iii) *reform fueling infrastructure to*
 4 *allow for use of biofuels and other alter-*
 5 *native fuels;*

6 (2) *invite the European Union, China, India,*
 7 *South Africa, Japan, and other interested countries to*
 8 *join in and expand upon existing international efforts*
 9 *to promote the development of a global strategy to cre-*
 10 *ate global biofuels markets and promote biofuels pro-*
 11 *duction and use in developing countries;*

12 (3) *assess the feasibility of working with the*
 13 *World Bank and relevant regional development banks*
 14 *regarding—*

15 (A) *biofuels production capabilities; and*

16 (B) *infrastructure, research, and training*
 17 *related to such capabilities; and*

18 (4) *develop a joint and coordinated strategy re-*
 19 *garding the construction and retrofitting of pipelines*
 20 *and terminals near major fuel distribution centers,*
 21 *coastal harbors, and railroads.*

22 (b) *INTERNATIONAL AGRICULTURAL EXTENSION PRO-*
 23 *GRAMS.—The Secretary of Agriculture shall work with the*
 24 *Government of Brazil to facilitate joint agricultural exten-*
 25 *sion activities related to biofuels crop production, biofuels*

1 *production, and environmental and greenhouse gas emis-*
 2 *sions reduction practices.*

3 (c) *EDUCATIONAL GRANTS.—The Secretary of Energy,*
 4 *in coordination with the Secretary of State, and in collabo-*
 5 *ration with the Government of Brazil, shall establish a*
 6 *grant program to finance advanced biofuels research and*
 7 *collaboration between academic and research institutions in*
 8 *the United States and Brazil.*

9 (d) *FUNDING SOURCES.—*

10 (1) *AUTHORIZATION OF APPROPRIATIONS.—*
 11 *There are authorized to be appropriated for fiscal*
 12 *year 2009—*

13 (A) *\$3,000,000 to carry out subsection (a);*

14 (B) *\$5,000,000 to carry out subsection (b);*

15 *and*

16 (C) *\$7,000,000 to carry out subsection (c).*

17 (2) *SUPPLEMENTAL FUNDING SOURCES.—The*
 18 *Secretary of State shall work with the Government of*
 19 *Brazil, the governments of partner countries, regional*
 20 *development banks, the Organization of American*
 21 *States, and other interested parties to identify supple-*
 22 *mental funding sources for the biofuels feasibility*
 23 *studies described in section 6.*

1 **SEC. 6. BIOFUELS FEASIBILITY STUDIES.**

2 (a) *IN GENERAL.*—*The Secretary of State, in consulta-*
 3 *tion with the Secretary of Energy, shall work with each*
 4 *partner country to conduct a study to determine the feasi-*
 5 *bility of increasing the production and use of biofuels in*
 6 *such country.*

7 (b) *ANALYSIS OF THE ENERGY POLICY FRAME-*
 8 *WORK.*—*The study conducted under subsection (a) shall*
 9 *analyze—*

10 (1) *the energy policy of the partner country, par-*
 11 *ticularly the impact of such policy on the promotion*
 12 *of biofuels; and*

13 (2) *the status and impacts of any existing biofuel*
 14 *programs of the country.*

15 (c) *ASSESSMENT OF DEMAND.*—*The study conducted*
 16 *under subsection (a) shall assess, with respect to the partner*
 17 *country—*

18 (1) *the quantitative and qualitative current and*
 19 *projected demand for energy by families, villages, in-*
 20 *dustries, public transportation infrastructure, and*
 21 *other energy consumers;*

22 (2) *the future consumption by the heat, elec-*
 23 *tricity, and transportation sectors;*

24 (3) *the demand for high-quality transportation*
 25 *fuel;*

1 (4) *the local market prices for various energy*
 2 *sources; and*

3 (5) *the employment, income generation, and*
 4 *rural development opportunities from biofuel indus-*
 5 *try.*

6 (d) *ASSESSMENT OF RESOURCES.—The study con-*
 7 *ducted under subsection (a) shall—*

8 (1) *assess the present and future biomass re-*
 9 *sources that are available in each geographic region*
 10 *of the participating country to meet the demand as-*
 11 *sessed under subsection (c);*

12 (2) *include a plan for increasing the availability*
 13 *of existing biomass resources in the country; and*

14 (3) *include a plan for developing new, sustain-*
 15 *able biomass resources in the country, including*
 16 *wood, manure, agricultural residues, sewage, and or-*
 17 *ganic waste.*

18 (e) *ANALYSIS OF AVAILABLE TECHNOLOGIES AND SYS-*
 19 *TEMS.—Building upon the results of the assessments de-*
 20 *scribed in subsections (c) and (d), the study shall—*

21 (1) *analyze available technologies and systems*
 22 *for utilizing biofuels in the country, including—*

23 (A) *technologies for the conversion of bio-*
 24 *mass crops and agroforestry residues in pellets*
 25 *and briquettes;*

- 1 *(B) low-pollution stoves;*
- 2 *(C) biogas production;*
- 3 *(D) charcoal and activated coal production;*
- 4 *(E) biofuel production;*
- 5 *(F) combustion and co-combustion tech-*
- 6 *nologies;*
- 7 *(G) the availability of biofuels technologies*
- 8 *in various geographic regions; and*
- 9 *(H) the economic viability of biomass tech-*
- 10 *nologies; and*
- 11 *(2) compare such technologies and systems to*
- 12 *conventional energy supplies with respect to cost-effec-*
- 13 *tiveness, maintenance, social acceptability, and the*
- 14 *impact on development.*
- 15 *(f) ENVIRONMENTAL ASSESSMENT.—The study con-*
- 16 *ducted under subsection (a) shall assess—*
- 17 *(1) the likely impacts of increased biomass har-*
- 18 *vesting and production, and biofuels production and*
- 19 *use on environmental sustainability, including effects*
- 20 *on carbon emissions; and*
- 21 *(2) the availability of financing from global car-*
- 22 *bon credit trading mechanisms.*
- 23 *(g) FOOD SECURITY ASSESSMENT.—The study pre-*
- 24 *pared by each partner country under subsection (a) shall*

1 *assess the likely impacts on food stocks and prices in part-*
 2 *ner countries.*

3 *(h) DEVELOPMENT OF POLICY OPTIONS TO PROMOTE*
 4 *BIOFUEL PRODUCTION AND USE.—*

5 *(1) IN GENERAL.—The study prepared by each*
 6 *partner country under subsection (a) shall identify*
 7 *and evaluate policy options to promote biofuel pro-*
 8 *duction and use, after taking into account—*

9 *(A) the existing energy policy of the coun-*
 10 *try; and*

11 *(B) the technologies available to convert*
 12 *local biomass resources into biofuels.*

13 *(2) COORDINATION.—In conducting the evalua-*
 14 *tion under paragraph (1), the partner country shall*
 15 *involve local, national, and international public and*
 16 *private institutions with responsibility or expertise in*
 17 *biofuel production and use.*

18 *(3) PRINCIPAL ISSUES.—The study shall ad-*
 19 *dress—*

20 *(A) potential biomass in the country and*
 21 *barriers for the production of biofuels from such*
 22 *biomass products;*

23 *(B) strategies for creating a market for bio-*
 24 *mass products in the country;*

1 (C) the potential contribution of biofuels to
2 reducing fossil fuel consumption in the country;

3 (D) environmental sustainability issues and
4 the mitigating effect on carbon emissions of in-
5 creased biofuel production;

6 (E) the potential contribution of biofuels to
7 economic development, poverty reduction, and
8 sustainability of energy resources;

9 (F) programs for the use of biofuels in the
10 transportation sector;

11 (G) economic cooperation across inter-
12 national borders to increase biofuel production
13 and use;

14 (H) technology collaboration and joint ven-
15 tures and technological, cultural, and legal bar-
16 riers that may impede such technological co-
17 operation; and

18 (I) the economic aspects of the promotion of
19 biofuels, including job creation, financing and
20 loan mechanisms, credit mobilization, investment
21 capital, and market penetration.

22 (i) *AUTHORIZATION OF APPROPRIATIONS.*—There are
23 authorized to be appropriated \$20,000,000 for fiscal year
24 2009 to carry out this section.

1 **SEC. 7. MULTILATERAL DEVELOPMENT BANKS.**

2 *The Secretary of the Treasury shall inform the man-*
 3 *agements of the international financial institutions and the*
 4 *public that it is the policy of the United States that assist-*
 5 *ance by such institutions should encourage development of*
 6 *renewable energy sources, including energy derived from*
 7 *biomass.*

8 **SEC. 8. CARBON CREDIT TRADING MECHANISMS.**

9 *(a) IN GENERAL.—The Secretary of State shall work*
 10 *with interested governments in the Western Hemisphere and*
 11 *other countries to organize regional and hemispheric carbon*
 12 *trading mechanisms under the United Nations Framework*
 13 *Convention on Climate Change and existing trade and fi-*
 14 *nancial agreements to—*

15 *(1) establish special carbon credits for the preser-*
 16 *vation of tropical rain forests;*

17 *(2) use greenhouse gas-reducing farming prac-*
 18 *tices;*

19 *(3) jointly fund greenhouse gas sequestration*
 20 *studies and experiments in various geological forma-*
 21 *tions; and*

22 *(4) jointly fund climate mitigation studies in*
 23 *vulnerable areas in the Western Hemisphere.*

24 *(b) AUTHORIZATION OF APPROPRIATIONS.—There is*
 25 *authorized to be appropriated \$5,000,000 for fiscal year*
 26 *2009 to carry out this section.*

1 **SEC. 9. ENERGY CRISIS RESPONSE MECHANISM.**

2 (a) *FINDINGS.*—Congress makes the following findings:

3 (1) *Cooperation between the United States Gov-*
 4 *ernment and governments of other countries during*
 5 *energy crises promotes the national security of the*
 6 *United States and of the cooperating countries.*

7 (2) *Credible contingency plans to respond to en-*
 8 *ergy shortages may serve as deterrents to the manipu-*
 9 *lation of energy supplies by export and transit coun-*
 10 *tries.*

11 (3) *The vulnerability of most countries in the*
 12 *Western Hemisphere to supply disruptions from polit-*
 13 *ical, natural, or terrorism causes may introduce in-*
 14 *stability in the Western Hemisphere and can be a*
 15 *source of conflict, despite the existence of major energy*
 16 *resources in the Western Hemisphere. The United*
 17 *States and Canada are the only members of the Inter-*
 18 *national Energy Program in the Western Hemi-*
 19 *sphere.*

20 (4) *Integrating countries in the Western Hemi-*
 21 *sphere into regional and international agreements for*
 22 *the management of energy emergencies will benefit*
 23 *market stability and encourage development in par-*
 24 *ticipating countries.*

25 (b) *ESTABLISHMENT OF AN ENERGY CRISIS RESPONSE*
 26 *MECHANISM FOR THE WESTERN HEMISPHERE.*—

1 (1) *AUTHORITY.*—*The Secretary of State, in co-*
 2 *ordination with the Secretary of Energy, shall imme-*
 3 *diately seek to establish a Western Hemisphere energy*
 4 *crisis response mechanism.*

5 (2) *SCOPE.*—*The mechanism established under*
 6 *paragraph (1) should include, as appropriate—*

7 (A) *a real-time information sharing and co-*
 8 *ordinating mechanism to respond to energy sup-*
 9 *ply emergencies;*

10 (B) *technical assistance in the development*
 11 *and management of national and regional stra-*
 12 *tegic reserves within the Western Hemisphere;*

13 (C) *the promotion of increased energy infra-*
 14 *structure integration between countries;*

15 (D) *emergency demand restraint measures;*

16 (E) *energy switching preparedness and al-*
 17 *ternative energy production capacity;*

18 (F) *ongoing demand intensity reduction*
 19 *programs; and*

20 (G) *measures to strengthen sea lane and in-*
 21 *frastructure security.*

22 (3) *MEMBERSHIP.*—*The Secretary shall seek to*
 23 *include in the Western Hemisphere energy crisis re-*
 24 *sponse mechanism membership of each major energy*
 25 *producer and major energy consumer in the Western*

1 *Hemisphere and other members of the Western Hemi-*
 2 *sphere Energy Cooperation Forum established pursu-*
 3 *ant to section 4(a).*

4 (4) *STUDY.—The Secretary of Energy shall—*

5 (A) *conduct a study of supply*
 6 *vulnerabilities for natural gas in the Western*
 7 *Hemisphere; and*

8 (B) *submit a report to the appropriate con-*
 9 *gressional committees that includes recommenda-*
 10 *tions for infrastructure and regulatory needs for*
 11 *reducing supply disruption vulnerability and*
 12 *international coordination.*

13 (c) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 14 *authorized to be appropriated \$5,000,000 for fiscal year*
 15 *2009 to carry out this section.*

16 **SEC. 10. ENERGY FOREIGN ASSISTANCE.**

17 (a) *IN GENERAL.—The Administrator of the United*
 18 *States Agency for International Development (referred to*
 19 *in this section as the “Administrator”) shall seek to increase*
 20 *United States foreign assistance programming in renewable*
 21 *energy, including in activities to reduce energy import de-*
 22 *pendence through the use of biofuels.*

23 (b) *DEVELOPMENT STRATEGY REVIEW.—The Admin-*
 24 *istrator shall—*

1 (1) *review country assistance strategies to in-*
 2 *crease assistance for renewable energy activities; and*

3 (2) *submit the results of this review to the appro-*
 4 *priate congressional committees not later than 180*
 5 *days after the date of the enactment of this Act.*

6 (c) *EXPEDITED SUSTAINABLE ENERGY GRANTS.—*

7 (1) *AUTHORIZATION.—The Administrator is au-*
 8 *thorized to award grants to nongovernmental organi-*
 9 *zations for sustainable energy and job creation*
 10 *projects in at-risk nations, such as Haiti. Grant*
 11 *funds shall be provided to grantees on an expedited*
 12 *basis upon approval of the eligible project.*

13 (2) *AUTHORIZATION OF APPROPRIATIONS.—*
 14 *There is authorized to be appropriated \$5,000,000 to*
 15 *the United States Agency for International Develop-*
 16 *ment for grants under this subsection.*

17 **SEC. 11. ENERGY PUBLIC DIPLOMACY.**

18 (a) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 19 *authorized to be appropriated \$5,000,000 to the Depart-*
 20 *ment of State for public diplomacy activities on renewable*
 21 *energy in the Western Hemisphere.*

22 (b) *LIMITATION.—Not less than 50 percent of any*
 23 *amount appropriated pursuant to paragraph (1) shall be*
 24 *used for education activities implemented through civil soci-*
 25 *ety organizations.*

1 **SEC. 12. REPORT.**

2 *The Secretary of State, in consultation with the Sec-*
3 *retary of Energy, shall submit an annual report to Congress*
4 *on the activities carried out to implement this Act.*

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S. 1007

A BILL

To direct the Secretary of State to work with the Government of Brazil and other foreign governments to develop partnerships that will strengthen diplomatic relations and energy security by accelerating the development of biofuels production, research, and infrastructure; to alleviate poverty, create jobs, and increase income, while improving energy security and protecting the environment.

SEPTEMBER 23 (legislative day, SEPTEMBER 17), 2008

Reported with an amendment