

easy availability of guns is part of the problem. They put a stop to their own legislation.

Yesterday, the National Rifle Association scaled back its annual convention, which is to be held in 2 weeks. It will not admit it, but the NRA did it because of Littleton. It will not admit that it is simple common sense that rational gun control equals fewer Littletons, but in its collective heart, the NRA knows that that is true.

So in a small but significant way, the NRA has changed. Now we have to change. Congress has to wake up. America's mothers and fathers are looking to us. To my Democratic and Republican colleagues, many of whom have traditionally opposed gun restrictions, we can pass reasonable, targeted, measured laws that make guns safer and keep them away from kids but still respect people's right to bear arms.

I would like to mention several of these modest measures, measures that will make a great deal of difference and have little or no impact on the people in your State who hunt, who target shoot, who own guns for sport, collection, or protection.

We should pass the parts of either the Kennedy or the Durbin legislation which require adults to safely store their handguns and rifles in their homes. Nearly every day, some kid takes their parent's gun and does something horrible with it. Why? Because half the families who own guns do not lock them away or leave the gun unloaded. We can change that, and we should change that. No one will be harmed, and no one will be inconvenienced.

We have to ban the unlicensed sale of guns on the Internet. It is numbing what a kid can buy simply by going on line and searching gun web sites—handguns, semiautomatic weapons, ammunition feeders; everything is available with no questions asked. This morning, a parent came up to me and said he asked his son how kids get guns. His son answered, without a blink of the eye: "On the Internet."

I have a bill which will stop that. It will have no effect on law-abiding gun owners or licensed gun dealers. Ask yourself: Who needs to buy a gun with no questions asked? The answer is only two groups—kids and criminals. Let's pass this bill.

We should also bring public and private dollars together to develop smart guns. These are guns which contain a device that permits only the owner to fire the weapon. Imagine a gun that is useless when it is stolen, taken without authorization, or sold on the black market. It can be done. The technology is available. I will talk more in the next week about ways we can bring gun makers and the military together to develop a gun that is safe. This could transform the gun industry and make us all rest easier.

Finally, and in the meantime, let's make a strong, secure trigger-lock requirement on all guns. Every car has a seat belt; every gun should have a lock.

Mr. President, each of these measures will make schools, homes, and neighborhoods safer without denying a single law-abiding citizen the right to buy the gun of their choice. How can anyone oppose that?

In conclusion, every time we tune in and see another group of innocent children fleeing from school, we pray that it will be the last time. We can help make our prayers come true. America is waiting for us to do what is right and necessary to keep guns out of the hands of kids. Let's not let them down.

I yield back the remainder of my time.

THE PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. I thank the Chair.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 870 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

MTBE IMPORTS AFFECT U.S. ENERGY SECURITY

MR. DASCHLE. Mr. President, we are approaching the tenth anniversary of the birth of the reformulated gasoline (RFG) program. This initiative, enacted in 1990 as part of the Clean Air Act Amendments, established strict fuel quality standards for the nation's most polluted cities in order to reduce air pollution. It includes a minimum oxygen content requirement, which was intended to provide an opportunity for America to reduce its dependence on foreign oil through the use of domestically produced ethanol and MTBE.

Reformulated gasoline was introduced in the American marketplace in 1995. Today it accounts for approximately one-third of all gasoline sold in this country.

Congress had several objectives in establishing the RFG program: (1) to substantially reduce harmful air pollutants caused by fuel-related emissions, especially ground level ozone and air toxics; (2) to reduce imports of crude oil and petroleum products, especially those from unstable regions like the Middle East; and (3) to stimulate investment in domestic ethanol and ether plants, thus creating jobs and adding value to grains and other domestic raw materials.

The first objective has been not only met, it has been exceeded. In fact, EPA Administrator Carol Browner has called the RFG program "the most successful air pollution reduction program since the phase-out of lead in gasoline." The other two objectives also have been met, though not to the extent that many of us had hoped.

A major impediment to full realization of the potential of the RFG program has been the importation of massive volumes of MTBE, much of it subsidized by the Saudi Arabian government, into the United States. Domestic ethanol and MTBE producers have been harmed, and American plants have not

been built, largely due to the influx of subsidized product from offshore that makes potential investors unwilling to commit capital to U.S. ethanol and ether plants.

The winners in this situation are the Saudi government and a few multi-national corporations. The losers are U.S. corn farmers, butane suppliers and plant workers as well as American consumers who remain potential hostages to foreign energy suppliers.

Mr. President, the benefits of the RFG program have been substantial. However, as we prepare to enter Phase II of the program, it is incumbent upon policymakers to reflect upon whether it is achieving its potential in terms of air quality improvements and oil import reductions.

It seems clear that the answer to the first question is "yes." RFG is generating substantial air quality benefits and even exceeding the predictions that many had made when the original rules were written.

The answer to the second question, however, is a resounding "no." Imports of Saudi Arabian MTBE are growing, and the exclusionary effect of unfairly traded MTBE imports on ethanol usage in key markets such as California has become increasingly problematic.

On April 1, 1999, the International Trade Commission (ITC) held a public hearing on its Investigation No. 332-404, concerning MTBE imports and their impact on the domestic oxygenate industry. This inquiry is timely and important. It will cut through the rhetoric, provide policymakers with a clear picture of the nature and effect of MTBE imports on domestic production and U.S. energy security, and set a factual foundation for discussion of what, if anything, should be done about this situation.

With those objectives in mind, I commend to my colleagues attention the testimony presented before the ITC by Bob Dinneen, Legislative Director of the Renewable Fuels Association, and Todd Sneller, Executive Director of the Nebraska Ethanol Board, that underscores the damage that has been done by unfairly traded MTBE imports. Mr. Dinneen and Mr. Sneller present cogent analyses of the impact that increasing volumes of heavily subsidized MTBE are having on the domestic oxygenates industry. Their testimony should be a warning to us all.

I ask unanimous consent that the testimony of Mr. Dinneen and Mr. Sneller be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY OF BOB DINNEEN, LEGISLATIVE DIRECTOR, RENEWABLE FUELS ASSOCIATION

Mr. Chairman and members of the Commission, on behalf of the members of the Renewable Fuels Association, the national trade association for the domestic ethanol industry, I want to thank you for the opportunity to provide comments today on the Commission's investigation of MTBE. Ethanol and MTBE are competitive additives to gasoline that increase octane and oxygen to

fuels, resulting in dramatically reduced emissions. As such, the domestic ethanol industry is directly and negatively impacted by the importation of subsidized MTBE, and we commend the Commission's decision to investigate this issue.

Ethanol is a renewable fuel produced from corn and other agricultural feedstocks. Today, ethanol is the third largest user of corn, behind only feed and export markets. Virtually all ethanol consumed in the U.S. is produced domestically. Last year, the U.S. ethanol industry processed approximately 560 million bushels of grain into 1.4 billion gallons of fuel ethanol at 53 plants located in 20 states. A report completed for the Midwestern Governors' Conference, The Economic Impact of the Demand for Ethanol, concludes that the ethanol industry: increases net farm income more than \$4.5 billion; boosts total employment by 195,000 jobs; improves the balance of trade over \$2 billion; adds over \$450 million to state tax receipts; and results in a net savings to the Federal budget of more than \$3.5 billion.

Background: Since the twin oil supply shortages and price shocks of the 1970's, promoting increased energy security has been a national priority. Toward that end, beginning with the National Energy Security Act of 1979, the Congress has worked to stimulate the production and use of domestically-produced alternative fuels. As noted by the U.S. Senate Committee on Energy and Natural Resources:

"Increased dependence on oil imports means, inevitably, increased dependence on the nations of the Persian Gulf. The potential for economic disruption and war in the event of interruptions in Persian Gulf supplies will increase..."

"If the projected United States dependence on Persian Gulf oil materializes, not only will the probability of economic disruption and war increase, but policies available to the United States to deal with political turmoil in the world, including the Mideast, will be affected."—S. Rep. No. 72, 102nd Cong., 1st Sess. at p. 204.

In 1990, the Congress extended its commitment to the development of domestic energy resources by passing the Daschle/Dole

amendment to the Clean Air Act requiring refiners to add certain levels of oxygen to new reformulated gasolines. A critical rationale for the oxygen requirement was the energy security benefits attributable to the increased use of ethanol and other domestically-produced oxygenates. At the time, more than 400,000 troops were stationed in the Persian Gulf, in large part to protect the free flow of oil from the Mideast. The U.S. Environmental Protection Agency estimated the oxygen requirements of the Clean Air Act would reduce energy imports by 500,000 to 800,000 barrels per day. Consider these statements by proponents of the RFG program:

"I support this amendment because it will reduce the toxic aromatics currently used to boost octane in gasoline; it will reduce ozone-forming automobile emissions; it will begin to reduce our dependence on imported oil; and it will enhance rural and farm economies. [136 Cong. Rec. S3522 (Statement of Senator Kent Conrad)(daily ed. March 29, 1990)]

"The second thing we ought to recognize is this is the only part of the bill that helps our extraordinary dependence on imported oil." [136 Cong. Rec. S3519 (Statement of Senator Tim Wirth)(daily ed. March 29, 1990)]

But the promise of increased market opportunities for ethanol in the RFG program has been undermined by the unanticipated and rising levels of MTBE imports. EPA data shows that despite the intention that ethanol market opportunities be significantly expanded in RFG, ethanol has actually garnered just 12% of the RFG market, primarily in Chicago and Milwaukee. In coastal RFG markets where MTBE is readily imported, ethanol has virtually no market penetration.

At the same time, the RFG program has proven a boon to imported MTBE. MTBE imports have risen from just 30 million gallons in 1990 to more than 1.4 billion gallons in 1998. Moreover, the majority of MTBE imports are from Saudi Arabia and other OPEC countries. In 1997, 70% of U.S. imports of MTBE came from Saudi Arabia and other OPEC countries. Imports now represent a

third of U.S. MTBE consumption, and is roughly equal to U.S. merchant production.

To respond to these alarming levels of MTBE imports, particularly from Saudi Arabia Senate Democratic Leader Tom Daschle (SD) has introduced legislation that would require the Commerce Department to investigate, under Section 702 of the Tariff Act of 1930, whether Saudi Arabia has provided unfair subsidies to its exporters of MTBE, giving them an unfair market advantage in the U.S. oxygenate market. If it is determined to be so, S. 2391 would impose an import fee large enough to offset the subsidies. The RFA supporters S. 2391, as MTBE imports have increased U.S. dependence on foreign supplies at the expense of domestic oxygenate producers.

The following is a break-down of 1998 MTBE production and imports:

1998 MTBE PRODUCTION

Source	Production b/d	Annual gals (billion)
Merchant Plants	103,000 b/d	1.5
Captive Plants ¹	102,000 b/d	1.5
Imports	90,000 b/d	1.4
Total	295,000 b/d	4.4

¹ A captive plant refers to MTBE produced at refineries, used by those refineries for octane trimming and is not available for merchant oxygenate or octane markets.

Source: Energy Information Administration.

In the absence of such precipitous MTBE import level, the domestic ethanol industry would have been able to double in size—creating more domestic jobs, providing increased rural economic development and further enhancing our balance of trade.

MTBE DUTY RATES

An important issue for the Commission to consider is the variable duty rates paid on MTBE. There are currently three classifications of the Harmonized Tariff Schedule (HTS) under which MTBE may be imported: as a motor fuel (2710.00.15); as MTBE (2909.19.14); or as a gasoline additive (3811.90.00). Each classification has a different duty rate. Current HTS duty rates for each classification are as follows:

Product	HTS classification	General rate of duty
Motor Fuel (RFG)	2710.00.15 52.5¢/bbl (1.25¢/gal).	
MTBE	2909.19.14 5.5% ad valorem (approx. 5¢/gal).	
Gasoline Additives	3811.90.00 2.2¢/kg & 10.8% ad valorem (approx. 11.6¢/gal) ¹ .	

¹ Assumes \$0.90 cost and .74 kg. weight of MTBE.

It is becoming clear the MTBE is increasingly being imported under the HTS classification for motor fuel. According to the Energy Information Administration, 66,000 b/d of MTBE was imported last year. But an additional 24,000 b/d of MTBE was imported in finished RFG. (Assumes MTBE at 11% by volume to meet federal 2.0 wt.% oxygen requirement in RFG.) This compares to 74,000 b/d as MTBE and 18,000 b/d as RFG in 1997. Thus, the trend is to import more MTBE as finished RFG, and pay the reduced duty. Moreover, according to DeWitt & Company, an MTBE industry trade publication and research group, the actual amount of MTBE imported in finished gasoline could be much higher. That is possible because importers could overblend MTBE for shipment and blend down to meet U.S. RFG oxygen specifications at the gasoline terminal. It is, in effect, a means of circumventing the duty on MTBE. It should be stopped.

MTBE IMPORTS

Year	MTBE	MTBE in RFG (assumes 11% by volume)	Total
1997	74,000 b/d	18,000 b/d +	92,000 b/d +

MTBE IMPORTS—Continued

Year	MTBE	MTBE in RFG (assumes 11% by volume)	Total
1998	66,000 b/d +	24,000 b/d +	90,000 b/d +

Thus, under current law refiners importing MTBE in RFG are short-changing the Treasury at least \$16.5 million annually (24,000 x \$0.90 x .05 x 42 [42 gallons/barrel] x 365) by importing MTBE under the motor fuel classification.

OXYGENATE TYPE ANALYSIS 1997 RFG SURVEY DATA

Area	Percent of samples with majority of oxygen from ¹				
	MTBE	Ethanol	ETBE	TAME	Combo/other ²
Atlantic City, NJ	97.47	1.27	0.00	1.27	0.00
Baltimore, MD	98.94	0.00	0.00	1.06	0.00
Boston-Worcester, MA	95.93	1.74	0.00	2.33	0.00
Chicago-Lake Co., IL, Gary, IN	5.84	94.16	0.00	0.00	0.00
Dallas-Fort Worth, TX	100.00	0.00	0.00	0.00	0.00
Hartford, CT	98.44	1.56	0.00	0.00	0.00
Houston-Galveston, TX	92.73	0.00	0.00	6.57	0.69
Los Angeles, CA	100.00	0.00	0.00	0.00	0.00
Louisville, KY	74.75	25.25	0.00	0.00	0.00
Manchester, NH	100.00	0.00	0.00	0.00	0.00

OXYGENATE TYPE ANALYSIS 1997 RFG SURVEY DATA—Continued

Area	Percent of samples with majority of oxygen from ¹				
	MTBE	Ethanol	ETBE	TAME	Combo/other ²
Milwaukee-Racine, WI	4.60	95.40	0.00	0.00	0.00
NY-NJ-Long Is.-CT	98.93	1.07	0.00	0.00	0.00
Norfolk-Virginia Beach, VA	100.00	0.00	0.00	0.00	0.00
Phila.-Wilm., DE-Trenton, NJ	98.69	0.65	0.00	0.98	0.00
Phoenix, AZ	49.18	50.82	0.00	0.00	0.00
Portland, ME	100.00	0.00	0.00	0.00	0.00
Poughkeepsie, NY	97.76	2.24	0.00	0.00	0.00
Rhode Island	98.82	1.18	0.00	0.00	0.00
Richmond, VA	100.00	0.00	0.00	0.00	0.00
Sacramento, CA	100.00	0.00	0.00	0.00	0.00
San Diego, CA	100.00	0.00	0.00	0.00	0.00
Springfield-MA	98.20	1.80	0.00	0.00	0.00
Washington, D.C. area	98.07	0.00	0.00	1.54	0.39

¹ RFG Survey samples taken at retail gasoline stations. Categorization based on the oxygenate providing more than 50% by weight of total oxygen in a sample.

² The "Other" category is composed of samples containing combinations of oxygenates with no single oxygenate providing more than 50% of total oxygen.

COMMENTS SUBMITTED BY: TODD C. SNELLER,
ADMINISTRATOR, NEBRASKA ETHANOL BOARD

BACKGROUND

The Nebraska Ethanol Board is a state agency established in 1971 by Nebraska statute. The board is directed to assist the private sector in establishing ethanol production facilities; promote air quality improvement programs; establish marketing procedures for ethanol based fuels; and sponsor research related to the use of ethanol fuels.

In 1988 the board entered into an agreement for research and development of ethanol based ethers and fuels containing combinations of alcohol/ether mixtures. Partnership in this effort was with American Eagle Fuels (AEF), a private corporation. The board and AEF expended more than \$2 million to develop a small commercial scale facility capable of producing ethyl tertiary butyl ether (ETBE). ETBE was produced at the facility near Lincoln, Nebraska and small quantities of the product were sold in Japan, Europe and the United States for experimental purposes. At the same time, the board engaged in an extensive cooperative testing program with Sun Refining Company and other parties to examine the properties of ethanol/ether combinations. This work was intended to form the basis for an application to the U.S. EPA that would seek approval for higher concentrations of ethanol/ether mixtures to be blended in gasoline for commercial sale.

The board's investment in research and development of ETBE was based on the expectation that ethanol and ETBE would play a significant role in oxygenated and reformulated fuel programs required under the Clean Air Act Amendments of 1990. Discussions during debate on CAA amendments, and recorded floor debate in the Senate, clearly reflect the expectation that ethanol and ETBE use would increase significantly as a result of the oxygenate requirements included among the 1990 amendments to the Act.

IMPACT OF MTBE

Despite expectations that ethanol and ETBE would capture a significant share of the oxygenated fuel market, experience in the marketplace differed significantly from early expectations. In one of the first oxygenated fuel markets, the Colorado Front Range, the oxygenate most often used at the outset of the Colorado program was MTBE. In the initial years of the program, MTBE use constituted as much as 95% of the oxygenated fuel sold during the carbon monoxide abatement program. This occurred despite the fact that ethanol could easily be transported by rail and truck from Nebraska and other locations at rates competitive with gasoline. In other oxygenated fuel program areas in the Midwest, such as Milwaukee, MTBE quickly captured the market for oxygenated gasoline despite the proximity of such areas to large ethanol production facilities. In oxygenated fuel program areas outside the Midwest, the aggressive marketing of low priced MTBE allowed virtual market control. Price was clearly a key and MTBE was available at rates equal to or below the cost of gasoline.

The experience in reformulated gasoline market areas was similar to the carbon monoxide abatement program. A review of U.S. EPA market surveys of RFG areas for 1995-97 clearly illustrates the trend toward MTBE. Early surveys show modest use of ethanol in a few metropolitan areas and nominal use of ETBE in fewer areas. However, the data show a clear trend toward MTBE use following the first year of the federal RFG program. The trend generally continues, with few exceptions, in 1999.

The technical attributes of ETBE are well documented. Compared to MTBE, ETBE is

superior in virtually all areas except price. ETBE, in the opinion of many refiners and auto makers, is the perfect oxygenate because "it acts like gasoline". Octane and distillation properties, low vapor pressure characteristics, and ability to reduce aromatic and sulfur levels while maintaining other performance qualities of gasoline make ETBE an excellent component for cleaner burning gasoline. However, economics in the highly competitive world of petroleum refining and marketing is the key criteria in most oxygenate purchasing transactions. MTBE has a distinct advantage in pricing due, in large part, to the low cost of methanol.

Methanol and MTBE are global commodities and as such respond to pricing strategies of the largest producers of these products. The public announcement of King Fahd's 1992 royal decree was clearly a confirmation that a significant incentive was being instituted in the pricing of methanol and related components of MTBE. This incentive has been calculated to provide raw material price discounts at levels thirty percent below world prices. The impact of this decree has been apparent over the past seven years. MTBE production from Saudi Arabian plants has increased rapidly and steadily, to nearly 100,000 barrels per day according to published reports. That volume constitutes nearly half of total U.S. MTBE demand. Due to this low cost, made possible by the Saudi Arabian subsidy, a significant volume of the MTBE used in the U.S. today is imported directly or indirectly from plants in Saudi Arabia. As a result, ETBE cannot possibly be competitive with this product on a cost basis, despite the obvious technical advantages of ETBE. In addition, domestic MTBE producers are keenly aware of this pricing differential and the adverse impact it has on domestic supply and price.

CONCLUSION

The result of the Saudi Arabian subsidy is clear. Domestic ethanol and MTBE producers are disadvantaged and oxygenates from domestic production facilities are often displaced by low cost MTBE imports from Saudi Arabia. The intent of Congress has been thwarted by imported MTBE use in the oxygenate programs which were intended to stimulate a domestic industry. U.S. grain producers who were told of the predictions for increased corn and grain sorghum use via ethanol and ETBE plants have not seen that domestic market materialize in the substantial way predicted in 1990. The U.S. balance of trade, already reeling from a high level of imported petroleum products, is further exacerbated by increased imports of MTBE from off shore plants. Oxygenate pricing, pegged to the lower cost MTBE imports from Saudi Arabia, reduces revenue and return on investment of domestic oxygenate producers, thereby discouraging investment in new or expanded plants in the United States. As a result, the oxygenated fuel provisions of the Clean Air Act are not generating domestic economic benefits to the extent possible. The mechanism generating these adverse impacts, instituted following the 1992 royal decree, must be removed or offset to protect domestic economic interests.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, April 21, 1999, the federal debt stood at \$5,630,289,872,162.63 (Five trillion, six hundred thirty billion, two hundred eighty-nine million, eight hundred seventy-two thousand, one hundred sixty-two dollars and sixty-three cents).

One year ago, April 21, 1998, the federal debt stood at \$5,518,978,000,000 (Five trillion, five hundred eighteen billion, nine hundred seventy-eight million).

Five years ago, April 21, 1994, the federal debt stood at \$4,555,161,000,000 (Four trillion, five hundred fifty-five billion, one hundred sixty-one million).

Ten years ago, April 21, 1989, the federal debt stood at \$2,754,358,000,000 (Two trillion, seven hundred fifty-four billion, three hundred fifty-eight million) which reflects a doubling of the debt—an increase of almost \$3 trillion—\$2,875,931,872,162.63 (Two trillion, eight hundred seventy-five billion, nine hundred thirty-one million, eight hundred seventy-two thousand, one hundred sixty-two dollars and sixty-three cents) during the past 10 years.

COMMEMORATION OF THE ARMENIAN GENOCIDE

Mr. REED. Mr. President, I rise to commemorate the 84th anniversary of the Armenian Genocide.

This weekend, members of Armenian communities around the world will gather together to remember the spring morning of April 24, 1915, when the Ottoman Empire and the successor Turkish nationalist regime began a brutal policy of deportation and murder. Over the next eight years, 1.5 million Armenians would be massacred at the hands of the Turks and another 500,000 would have their property confiscated and be driven from their homeland.

Despite having already undergone such terrible persecution and hardship, the people of the Armenian Republic still suffer today. The peace talks have regrettably made little progress toward the resolution of the Karabagh conflict. Turkey continues to blockade humanitarian aid to Armenia.

However, the Armenian people look hopefully to the future. Their quest for peace and democracy continues to inspire people around the world. On May 30th, Armenia will again hold democratic elections. Armenians who have emigrated to other countries, especially those in my home state of Rhode Island, bring their traditions with them. They enrich the culture and contribute much to the society of their new homelands.

Although each year's commemoration of the Armenian genocide is important, I believe this year's observance is particularly significant—because of the crisis in Kosovo. Each night the television shows images of hundreds of thousands of refugees forced from their homes and each morning the paper is filled with stories of innocent civilians robbed and killed. These stories and images are heartwrenching—but the people of Kosovo have not been abandoned. The nineteen nations of NATO are united in their resolve that another genocide will not be tolerated.