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1ST SESSION

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

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,*

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

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

4 (b) TABLE OF CONTENTS.—The table of contents for
5 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.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

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

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

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

20 (4) The Government of the United States has
21 actively worked with the Government of Brazil to de-
22 velop a strong biofuels partnership and to increase
23 the production and use of biofuels. On March 9,
24 2007, the Memorandum of Understanding Between

1 the United States and Brazil to Advance Coopera-
2 tion on Biofuels, was signed in São Paulo, Brazil.

3 (5) Brazil and the United States have led the
4 world in the production of ethanol. Deeper coopera-
5 tion on biofuels with other countries of the hemi-
6 sphere would extend economic, security, and political
7 benefits.

8 (6) The United States is committed to devel-
9 oping a biofuels partnership with the Government of
10 Brazil that benefits the welfare of the people of the
11 Western Hemisphere. According to the Latin Amer-
12 ican Energy Organization, the percentage of total
13 energy consumption in each of the following coun-
14 tries in the Western Hemisphere that originated
15 from imported crude oil and oil products in 2005
16 was—

17 (A) 2 percent in Argentina;

18 (B) 93 percent in Barbados;

19 (C) 7 percent in Bolivia;

20 (D) 13 percent in Brazil;

21 (E) 55 percent in Chile;

22 (F) 4 percent in Colombia;

23 (G) 56 percent in Costa Rica;

24 (H) 77 percent in the Dominican Republic;

25 (I) 20 percent in Ecuador;

- 1 (J) 76 percent in El Salvador;
 2 (K) 85 percent in Grenada;
 3 (L) 72 percent in Guatemala;
 4 (M) 100 percent in Guyana;
 5 (N) 93 percent in Haiti;
 6 (O) 81 percent in Honduras;
 7 (P) 91 percent in Jamaica;
 8 (Q) 10 percent in Mexico;
 9 (R) 98 percent in Nicaragua;
 10 (S) 100 percent in Panama;
 11 (T) 46 percent in Paraguay;
 12 (U) 39 percent in Peru;
 13 (V) 34 percent in Suriname;
 14 (W) 45 percent in Trinidad and Tobago;
 15 (X) 79 percent in Uruguay; and
 16 (Y) 0 percent in Venezuela.
- 17 (7) Private sector partnership and investment
 18 in all sources of energy is critical to providing en-
 19 ergy security in the Western Hemisphere. Several
 20 countries in the Western Hemisphere have acted to
 21 endanger the rule of law necessary for such invest-
 22 ment. Other countries in the Western Hemisphere
 23 have been unable to make reforms necessary to cre-
 24 ate sufficient investment climates for increased do-
 25 mestic production of energy.

1 **SEC. 3. DEFINITIONS.**

2 In this Act:

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

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

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

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

20 **SEC. 4. WESTERN HEMISPHERE ENERGY COOPERATION**
21 **FORUM.**

22 (a) ESTABLISHMENT.—The Secretary of State, in co-
23 ordination with the Secretary of Energy, shall establish
24 a regional-based ministerial forum to be known as the
25 Western Hemisphere Energy Cooperation Forum (re-
26 ferred to in this subsection as the “Energy Forum”).

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

2 (1) to strengthen relationships between the
3 United States and other countries of the Western
4 Hemisphere through cooperation on energy issues;

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

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

16 (4) to ensure that energy contributes to the eco-
17 nomic, social, and environmental enhancement of the
18 countries of the Western Hemisphere;

19 (5) to provide an opportunity for open dialogue
20 and joint commitments among Energy Forum coun-
21 tries and with private industry; and

22 (6) to provide participating countries the flexi-
23 bility necessary to cooperatively address broad chal-
24 lenges posed to the energy supply of the Western

1 Hemisphere to find solutions that are politically ac-
2 ceptable and practical in policy terms.

3 (c) ACTIVITIES.—The United States Government, in
4 cooperation with Energy Forum countries, shall seek to
5 implement—

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

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

14 (A) developing, deploying, and commer-
15 cializing technologies for sustainable renewable
16 fuels within the region;

17 (B) promoting production and trade in
18 sustainable energy, including energy from bio-
19 mass;

20 (C) facilitating investment, trade, and
21 technology cooperation in energy infrastructure,
22 petroleum products, natural gas (including liq-
23 uefied natural gas), energy efficiency (including
24 automotive efficiency), clean fossil energy, re-
25 newable energy, and carbon sequestration;

1 (D) promoting regional infrastructure and
2 market integration;

3 (E) developing effective and stable regu-
4 latory frameworks;

5 (F) developing renewable fuels standards
6 and renewable portfolio standards;

7 (G) establishing educational training and
8 exchange programs between Energy Forum
9 countries; and

10 (H) identifying and removing barriers to
11 trade in technology, services, and commodities;
12 and

13 (3) an energy for development initiative to pro-
14 mote energy access for underdeveloped areas
15 through energy policy and infrastructure develop-
16 ment, including—

17 (A) increasing access to energy services for
18 the poor;

19 (B) improving energy sector market condi-
20 tions;

21 (C) promoting rural development through
22 biomass energy production and use;

23 (D) increasing transparency of, and par-
24 ticipation in, energy infrastructure projects;

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

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

9 (d) IMPLEMENTATION.—It is the sense of Congress
10 that the Energy Forum—

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

12 (2) may meet on a subregional basis; and

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

16 (e) WESTERN HEMISPHERE ENERGY INDUSTRY
17 GROUP.—

18 (1) AUTHORITY.—The Secretary of State, in
19 coordination with the Secretary of Commerce and
20 the Secretary of Energy, shall approach the govern-
21 ments of other countries in the Western Hemisphere
22 to seek cooperation in establishing a Western Hemi-
23 sphere Energy Industry Group (referred to in this
24 subsection as the “Energy Group”). The Energy
25 Group should be coordinated by the United States

1 Government and should include representatives from
2 industries and governments in the Western Hemi-
3 sphere.

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

6 (A) increase public-private partnerships;

7 (B) foster private investment; and

8 (C) enable countries in the Western Hemi-
9 sphere to devise energy agendas compatible
10 with industry capacity and cognizant of indus-
11 try goals.

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

14 (A) promoting a secure investment climate;

15 (B) developing and deploying biofuels and
16 other alternative fuels and clean electrical pro-
17 duction facilities, including clean coal and car-
18 bon sequestration;

19 (C) developing and deploying energy effi-
20 cient technologies and practices in the indus-
21 trial, residential, and transportation sectors;

22 (D) investing in oil and natural gas pro-
23 duction and distribution;

24 (E) maintaining transparency of energy
25 production and reserves data;

1 (F) promoting biofuels research; and
2 (G) training and education exchange pro-
3 grams.

4 (f) OIL AND GAS WORKING GROUP.—

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

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

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

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

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

22 (1) coordinate efforts to promote the production
23 and use of biofuels among all interested countries,
24 giving preference to the countries in the Western
25 Hemisphere that are among the poorest and most

1 dependent on foreign sources of fuel (particularly
2 oil), including—

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

5 (B) collaborating on policy and regulatory
6 measures to—

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

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

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

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

23 (3) assess the feasibility of working with the
24 World Bank and relevant regional development
25 banks regarding—

- 1 (A) biofuels production capabilities; and
2 (B) infrastructure, research, and training
3 related to such capabilities; and
4 (4) develop a joint and coordinated strategy re-
5 garding the construction and retrofitting of pipelines
6 and terminals near major fuel distribution centers,
7 coastal harbors, and railroads.

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

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

20 (d) FUNDING SOURCES.—

21 (1) AUTHORIZATION OF APPROPRIATIONS.—
22 There are authorized to be appropriated for fiscal
23 year 2008—

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

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

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

4 (2) SUPPLEMENTAL FUNDING SOURCES.—The
5 Secretary of State shall work with the Government
6 of Brazil, the governments of partner countries, re-
7 gional development banks, the Organization of
8 American States, and other interested parties to
9 identify supplemental funding sources for the
10 biofuels feasibility studies described in section 6.

11 **SEC. 6. BIOFUELS FEASIBILITY STUDIES.**

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

15 (b) ANALYSIS OF THE ENERGY POLICY FRAME-
16 WORK.—The study conducted under subsection (a) shall
17 analyze—

18 (1) the energy policy of the partner country,
19 particularly the impact of such policy on the pro-
20 motion of biofuels; and

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

23 (c) ASSESSMENT OF DEMAND.—The study conducted
24 under subsection (a) shall assess, with respect to the part-
25 ner country—

1 (1) the quantitative and qualitative demand for
2 energy by families, villages, industries, public trans-
3 portation infrastructure, and other energy con-
4 sumers;

5 (2) the current and projected future energy
6 consumption by the heat, electricity, and transpor-
7 tation sectors;

8 (3) the demand for high-quality transportation
9 fuel;

10 (4) the local market prices for various energy
11 sources; and

12 (5) the employment, income generation, and
13 rural development opportunities from biofuel indus-
14 try.

15 (d) ASSESSMENT OF RESOURCES.—The study under
16 subsection (a) shall—

17 (1) assess the present and future biomass re-
18 sources that are available in each geographic region
19 of the participating country to meet the demand as-
20 sessed under subsection (c);

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

23 (3) include a plan for developing new, sustain-
24 able biomass resources in the country, including

1 wood, manure, agricultural residues, sewage, and or-
2 ganic waste.

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

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

8 (A) technologies for the conversion of bio-
9 mass crops and agroforestry residues in pellets
10 and briquettes;

11 (B) low-pollution stoves;

12 (C) biogas production;

13 (D) charcoal and activated coal production;

14 (E) biofuel production;

15 (F) combustion and co-combustion tech-
16 nologies;

17 (G) the availability of biofuels technologies
18 in various geographic regions; and

19 (H) the economic viability of biomass tech-
20 nologies; and

21 (2) compare such technologies and systems to
22 conventional energy supplies with respect to cost-ef-
23 fectiveness, maintenance, social acceptability, and
24 the impact on development.

1 (f) ENVIRONMENTAL ASSESSMENT.—The study
 2 under subsection (a) shall assess—

3 (1) the likely impacts of increased biomass har-
 4 vesting and production, and biofuels production and
 5 use on environmental sustainability, including effects
 6 on carbon emissions; and

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

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

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

14 (1) IN GENERAL.—The study under subsection
 15 (a) shall identify and evaluate policy options to pro-
 16 mote biofuel production and use, after taking into
 17 account—

18 (A) the existing energy policy of the coun-
 19 try; and

20 (B) the technologies available to convert
 21 local biomass resources into biofuels.

22 (2) COORDINATION.—In conducting the evalua-
 23 tion under paragraph (1), the participating country
 24 shall involve local, national, and international public

1 and private institutions with responsibility or exper-
2 tise in biofuel production and use.

3 (3) PRINCIPAL ISSUES.—The study shall ad-
4 dress—

5 (A) potential biomass in the country and
6 barriers for the production of biofuels from
7 such biomass products;

8 (B) strategies for creating a market for
9 biomass products in the country;

10 (C) the potential contribution of biofuels in
11 the country;

12 (D) environmental sustainability issues and
13 the mitigating effect of increased biofuel pro-
14 duction and use on carbon emissions;

15 (E) the potential contribution of biofuels to
16 economic development, poverty reduction, and
17 sustainability of energy resources;

18 (F) programs for the use of biofuels in the
19 transportation sector;

20 (G) economic cooperation across inter-
21 national borders to increase biofuel production
22 and use;

23 (H) technology collaboration and joint ven-
24 tures and technological, cultural, and legal bar-

1 riers that may impede such technological co-
2 operation; and

3 (I) the economic aspects of the promotion
4 of biofuels, including job creation, financing and
5 loan mechanisms, credit mobilization, invest-
6 ment capital, and market penetration.

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

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

11 The Secretary of State, in coordination with the Sec-
12 retary of the Treasury, shall renew negotiations on a bilat-
13 eral tax treaty with Brazil.

14 **SEC. 8. MULTILATERAL DEVELOPMENT BANKS.**

15 The Secretary of the Treasury shall inform the man-
16 agements of the international financial institutions and
17 the public that it is the policy of the United States that
18 assistance by such institutions should encourage develop-
19 ment of renewable energy sources, including energy de-
20 rived from biomass.

21 **SEC. 9. CARBON CREDIT TRADING MECHANISMS.**

22 (a) IN GENERAL.—The Secretary of State shall work
23 with interested governments in the Western Hemisphere
24 and other countries to organize regional and hemispheric
25 carbon trading mechanisms under the United Nations

1 Framework Convention on Climate Change and existing
2 trade and financial agreements to—

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

5 (2) use greenhouse gas-reducing farming prac-
6 tices;

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

10 (4) jointly fund climate mitigation studies in
11 vulnerable areas in the Western Hemisphere.

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

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

16 (a) FINDINGS.—Congress makes the following find-
17 ings:

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

22 (2) Credible contingency plans to respond to en-
23 ergy shortages may serve as deterrents to the ma-
24 nipulation of energy supplies by export and transit
25 countries.

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

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

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

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

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

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

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

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

11 (D) emergency demand restraint measures;

12 (E) energy switching preparedness and al-
13 ternative energy production capacity;

14 (F) ongoing demand intensity reduction
15 programs; and

16 (G) measures to strengthen sea lane and
17 infrastructure security.

18 (3) MEMBERSHIP.—The Secretary shall seek to
19 include in the Western Hemisphere energy crisis re-
20 sponse mechanism membership for each major en-
21 ergy producer and major energy consumer in the
22 Western Hemisphere and other members of the
23 Western Hemisphere Energy Cooperation Forum es-
24 tablished pursuant to section 4(a).

25 (4) STUDIES.—

1 (A) SUPPLY VULNERABILITY STUDY.—The
 2 Secretary of Energy shall—

3 (i) conduct a study of supply
 4 vulnerabilities for natural gas in the West-
 5 ern Hemisphere; and

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

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

17 (c) INTERNATIONAL ENERGY PROGRAM APPLICA-
 18 TION PROCEDURE.—

19 (1) AUTHORITY.—The President should place
 20 on the agenda for discussion at the Governing Board
 21 of the International Energy Agency, as soon as prac-
 22 ticable, the merits of establishing an international
 23 energy program application procedure.

24 (2) PURPOSE.—The purpose of the procedure
 25 described in paragraph (1) is to allow countries that

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

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

15 **SEC. 11. ENERGY FOREIGN ASSISTANCE.**

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

22 (b) DEVELOPMENT STRATEGY REVIEW.—The Ad-
23 ministrator shall review country assistance strategies to
24 increase assistance for renewable energy activities. Results

1 of this review shall be reported to Congress no later than
2 180 days following passage of this act.

3 (c) EXPEDITED SUSTAINABLE ENERGY GRANTS.—

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

10 (2) AUTHORIZATION OF APPROPRIATIONS.—

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

14 **SEC. 12. ENERGY PUBLIC DIPLOMACY.**

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

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

23 **SEC. 13. ENERGY TRADE.**

24 (a) FINDINGS.—Congress makes the following find-
25 ings:

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

4 (A) help support a growing energy indus-
5 try;

6 (B) create jobs that benefit development
7 and alleviate poverty;

8 (C) increase energy security through sup-
9 ply diversification; and

10 (D) strengthen relations among countries
11 in the Western Hemisphere through closer co-
12 operation and understanding.

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

19 (3) The United States should implement a plan
20 to open its markets to trade in biofuels. This plan
21 should—

22 (A) encourage expanded investment and
23 innovation in the biofuels industry in the
24 United States; and

1 (B) revise Federal incentives for the do-
 2 mestic production of biofuels so they do not fi-
 3 nance biofuels investment abroad.

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

7 (1) tariffs, duties, and other restrictions on
 8 trade in biofuels in the Western Hemisphere, includ-
 9 ing the United States;

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

12 (3) the impacts on United States foreign policy
 13 resulting from the restrictions referred to in para-
 14 graph (1);

15 (4) the effect of restrictions referred to in para-
 16 graph (1) on United States obligations to the World
 17 Trade Organization;

18 (5) the probable impacts on the economy and
 19 biofuels industry of the United States of—

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

22 (B) removing all duties and tariffs on
 23 biofuels imports and making various revisions
 24 to the tax credits for ethanol production in the
 25 United States, including shifting the blend cred-

1 it to be a producers credit and replacement of
 2 the current credit with a variable credit scheme;

3 (C) removing all duties and tariffs and in-
 4 creasing the renewable fuels standard mandate
 5 to 30,000,000,000 gallons by 2020 and
 6 60,000,000,000 gallons by 2030, including ex-
 7 tending the renewable fuels standard, with revi-
 8 sions favoring the use of next generation
 9 biofuels and domestic production; and

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

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

17 (c) ETHANOL QUOTAS.—The Secretary of Commerce
 18 shall conduct a study examining the likely impacts and
 19 feasibility of—

20 (1) introducing a new, duty-free quota for
 21 biofuels that is imported from countries receiving
 22 normal trade relations treatment from the United
 23 States that is equal to 15 percent of the biofuels
 24 consumed annually in the United States;

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

8 (3) creating a separate quota for any other
 9 country receiving normal trade relations treatment
 10 from the United States.

11 **SEC. 14. WESTERN HEMISPHERE HYDROCARBON PRODUC-**
 12 **TION.**

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

20 (b) NATURAL GAS STUDY.—

21 (1) STUDY.—The Secretary of Commerce, in
 22 consultation with the Secretary of Energy, shall con-
 23 duct a study of—

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

1 (B) future natural gas demand and supply
2 projections.

3 (2) REPORT.—The Secretary of Commerce shall
4 submit a report to Congress that contains rec-
5 ommendations for the integration of the natural gas
6 sector, including developing a liquefied natural gas
7 infrastructure.

8 (c) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated \$1,000,000 for fiscal
10 year 2008 to carry out this section.

11 **SEC. 15. REPORT.**

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

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