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4 ``H.R. 4255, THE 'ACCOUNTABILITY IN GRANTS ACT OF 2012''

5 Tuesday, September 11, 2012

6 House of Representatives,

7 Subcommittee on Energy and Power

8 Committee on Energy and Commerce

9 Washington, D.C.

10 The Subcommittee met, pursuant to call, at 10:21 a.m.,
11 in Room 2123 of the Rayburn House Office Building, Hon. Ed
12 Whitfield [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Whitfield, Walden,
14 Terry, Burgess, Bilbray, Scalise, Olson, McKinley, Pompeo,
15 Griffith, Barton, Upton (ex officio), Rush, and Waxman (ex
16 officio).

17 Staff present: Gary Andres, Staff Director; Anita
18 Bradley, Senior Policy Advisor to Chairman Emeritus; Allison

19 Busbee, Legislative Clerk; Andy Duberstein, Deputy Press
20 Secretary; Cory Hicks, Policy Coordinator, Energy & Power;
21 Heidi King, Chief Economist; Ben Lieberman, Counsel, Energy &
22 Power; Mary Neumayr, Senior Energy Counsel; Phil Barnett,
23 Democratic Staff Director; Alison Cassady, Democratic Senior
24 Professional Staff Member; Greg Dotson, Democratic Energy and
25 Environment Staff Director; Caitlin Haberman, Democratic
26 Policy Analyst; and Karen Lightfoot, Democratic
27 Communications Director and Senior Policy Advisor.

|
28 Mr. {Whitfield.} I would like to call this hearing to
29 order this morning.

30 Today, we are going to have a legislative hearing on
31 H.R. 4255, the Accountability and Grants Act, which was
32 introduced recently. And I might say that all of us when we
33 are back home in our districts hear people talk all the time
34 about the federal debt. And as you know, it is now around
35 \$16 trillion. And they are always asking the question, why
36 is it that you all in Washington cannot seem to ever get
37 spending under control? And we all know that there is not
38 one piece of legislation that is going to solve that problem.
39 But this is one piece of legislation that many of us believe
40 is a small step in the right direction, and it does involve
41 real money, but in many ways I think we could say that it is
42 really a symbolic gesture that does save money.

43 Now, our friends on the other side of the aisle had a
44 memo that they sent out on this legislation and it says,
45 ``the data does not support the majority's assertions that
46 the Obama Administration has intensified grant-making from
47 EPA for international activities that do not benefit the
48 American people.'' Well, I would say, first of all, I
49 introduced this legislation and I never asserted that the
50 Obama Administration intensified grant-making for

51 international activities. I am simply saying that ever since
52 the Clean Air Act was written, this Section 1703 has been in
53 there allowing money to be spent for international purposes
54 through grants out of EPA. And the Bush Administration did
55 it, Obama Administration did it, the Clinton Administration
56 did it, so everyone is doing it.

57 But the purpose of this legislation is simply to take
58 one small step to show the American people that at this time
59 in our Nation's history when we have a \$16 trillion federal
60 debt that, yes, at least temporarily, let us stop
61 international grant-making through EPA. And I am not even
62 going to argue that there hasn't been some benefit in these
63 grants. But I would argue that, right now, one of the major
64 factors facing our country is a debt load that we cannot
65 continue with over the long-term. So if we cannot pass a
66 piece of legislation like this, then I would say our
67 opportunities of trying to curtail this debt is almost
68 hopeless.

69 So this bill is limited in scope and applies only to
70 grants and other financial assistance under Section 103 of
71 the Clean Air Act, which authorizes the administrator to
72 undertake certain research, investigation, and training.
73 Now, we know that the money has gone to the Chinese for swine
74 study, we know money has gone to the Ukraine, has gone to

75 Polish municipalities regarding landfill gas, we know it has
76 gone to Indonesia, we know a lot of it has gone to the United
77 Nations, and all of these projects may be perfectly fine, but
78 when we have this kind of debt, we are simply trying to make
79 a statement--let us curtail this for a period of time. And
80 that is what this legislation is designed to do.

81 And as we go through this hearing, we will get more into
82 the specifics of it. But I would reiterate once again
83 certainly not my purpose, not my intent to try to jump on the
84 Obama Administration for doing this. This is a government
85 program that has gone on for too long. At this time, we
86 think it should be halted. So that is what it is all about.

87 And at this time, I would yield to the distinguished
88 gentleman from Illinois, Mr. Rush.

89 [The prepared statement of Mr. Whitfield follows:]

90 ***** COMMITTEE INSERT *****

|

91 [H.R. 4255 follows:]

92 ***** INSERT 6 *****

|
93 Mr. {Rush.} Thank you, Mr. Chairman.

94 Well, I tell you, Mr. Chairman, in my 20 years in this
95 Congress, I have never seen nor heard of anything that is so
96 shallow, any legislation that appeared before any committee
97 in the Congress that is so shallow, so ill-informed, so
98 misplaced than this piece of legislation that we are wasting
99 the taxpayers' money on right now by even considering this
100 headline-grabbing attempt by your side to, one more time,
101 cast the Obama Administration in an ugly light.

102 Mr. Chairman, we have been having hearings and you seem
103 to know we are presiding again as one of the most ineffective
104 and unproductive sessions of this subcommittee in recent
105 years, and I thought that maybe over the summer, especially
106 when we are under a new decorum here, I thought that at least
107 we would have a different kind of attitude after the summer
108 recess.

109 But Mr. Chairman, I want to remind you that it has been
110 a year now and Republicans on this subcommittee have passed
111 message vote after message vote and they have brought up a
112 variety of useless deals expressing some kind of dislike over
113 the EPA, the Clean Air Act, and again the Obama
114 Administration. And this bill, I must remind you or predict
115 that it is headed straight to the legislative scrap pile, a

116 scrap heap where all legislation like this usually ends up.
117 And this bill is not aimed at producing not one job for the
118 American people or it is not aimed at moving our country's
119 energy policy forward not even one iota, one scintilla.

120 Today, we are having this hearing and trying to keep the
121 EPA from awarding grants or contracts or partnerships in
122 foreign countries that could be used to address global
123 issues, not just issues that we are not affected by. These
124 are global issues that most of this money goes toward, issues
125 like climate change. Mr. Chairman, climate change doesn't
126 just affect your constituents in Kentucky or my constituents
127 in Illinois. We are living in a global environment and
128 climate change affects all of us. Mercury emissions and
129 things, all of us, they don't have any kind of consideration
130 for national waters.

131 Mr. Chairman, again, we are trying to embarrass the
132 Administration and we are going about this absolutely wrong.
133 There are some facts--you might not want to hear them--but
134 there are some facts. You know, the data provided by the EPA
135 to this subcommittee shows that under President Obama, the
136 EPA grants have resulted in less spending abroad than in the
137 last year of the Bush Administration. Foreign expenditures
138 covered by the EPA grants total \$8.5 million in 2008 and
139 declined to \$6 million in 2011. Mr. Chairman, you might not

140 want the American people to know, but I am going to tell them
141 that most of this money of these grants, they don't go
142 outside of the shores of this Nation. This money is spent
143 right here at home at our universities, our research centers.
144 These grants help keep American scientists and American
145 students busy, keep them working. This is certainly not a
146 boondoggle for some foreign government.

147 Mr. Chairman, I think that we are really way off base
148 with this. This would be laughable if it was not so serious
149 in that we are wasting precious taxpayer dollars on this
150 shallow non-productive hearing on this bill that I guarantee
151 you will not see the light of day.

152 I yield back.

153 [The prepared statement of Mr. Rush follows:]

154 ***** COMMITTEE INSERT *****

|
155 Mr. {Whitfield.} Thank you very much, Mr. Rush.

156 At this time, I recognize the gentleman from Michigan,
157 Mr. Upton, for 5 minutes.

158 The {Chairman.} Well, thank you, Mr. Chairman.

159 Today, as we know, we are going to be discussing H.R.
160 4255, the ``Accountability in Grants Act of 2012,'' which
161 prohibits EPA from awarding grants to foreign countries under
162 the Clean Air Act.

163 Over the past 18 months, this committee has held
164 numerous hearings on various actions taken by the EPA, and
165 one recurring theme throughout our oversight is that the
166 Agency has strayed away from its core mission. In fact, EPA
167 is pursuing a wide-ranging agenda that is neither specified
168 nor required under the Clean Air Act. One example is the
169 Agency's war on coal. EPA has no statutory authority to set
170 America's energy policy, yet the Agency has embarked on a
171 multi-pronged agenda to regulate coal out of existence. We
172 will continue to push back hard against this anti-coal effort
173 to protect jobs and ensure Americans continue to have access
174 to affordable electricity.

175 But today, we are addressing another one of the Agency's
176 questionable activities--the sending of millions of dollars
177 in grants overseas, particularly those grants awarded under

178 Section 103 of the Clean Air Act. There is nothing in the
179 Clean Air Act directing the EPA to send tax dollars abroad,
180 and the American people would not be pleased to know we are
181 subsidizing foreign projects at a time when millions of
182 Americans are out of work and the national debt has now
183 eclipsed \$16 trillion.

184 While the practice of awarding such grants to foreign
185 recipients did not begin with this EPA, it is under this
186 Administration that foreign grant spending has nearly
187 doubled. The Agency doled out nearly \$12 million in foreign
188 grants in '09, 22 million in 2010, 28 million in 2011. It is
189 a disturbing trend that won't stop unless we do something
190 about it.

191 It is not merely an issue of money. In fact, many of
192 these foreign grants raise questions for reasons that go well
193 beyond the dollars and cents. Some of the grants go to
194 countries like China, Russia, Brazil who rank among the
195 largest foreign holders of U.S. treasury securities. In the
196 case of China, we are talking about a country that holds more
197 than a trillion dollars in U.S. debt, so we have the odd
198 situation of borrowing money from a country and then giving
199 back some of it in grants.

200 Several grants go to foreign countries to help their
201 industries deal with various pollution issues, but many of

202 these foreign energy producers and manufacturers are in
203 direct competition with their American counterparts. The
204 fact that the very same EPA that is strangling our domestic
205 industry with regulatory red tape is also sending checks that
206 assist foreign competitors raises questions as well. In
207 addition, many of these grants seem downright outlandish--
208 \$450,000 for the ``Breath Easy, Jakarta'' initiative.
209 Somehow this spending has got to come to an end.

210 The Accountability in Grants Act would prohibit any more
211 American tax dollars from being used under Section 103 of the
212 Clean Air Act for purposes outside of the U.S. In doing so,
213 the bill will save taxpayer dollars and force the
214 Administration to focus on actual responsibilities here at
215 home.

216 And I yield back to Mr. Barton.

217 [The prepared statement of Mr. Upton follows:]

218 ***** COMMITTEE INSERT *****

|
219 Mr. {Barton.} Well, thank you, Chairman Upton, and
220 thank you, Chairman Whitfield, for scheduling a legislative
221 hearing on H.R. 4255.

222 During the EPA budget hearing back last spring, we asked
223 a number of questions which were related to how the EPA was
224 spending taxpayer monies at what would appear to be breakneck
225 speeds. The economy is still struggling, although it is
226 somewhat better, this Congress is facing some of the most
227 difficult spending decisions in our history. As we all know,
228 very soon, we are going to have to take up a bill to
229 determine whether we want to allow the sequester to go
230 forward or if we want to change it in some way.

231 The Clean Air Act does allow EPA to issue grants to
232 projects both here in the United States and around the world.
233 Subcommittee staff have discovered that over 300 grants have
234 been given to projects around the world in the last number of
235 years. Since 2009, for example, we had almost \$1 million
236 that was given to China to study air pollution in that
237 country, \$200,000 to study something called ``clean cooking''
238 in Ethiopia, and \$300,000 went towards methane recovery in
239 Ecuador, just for example. We even sent almost \$8 million
240 for something called ``technical assistance'' in Russia.
241 Several million dollars have gone to international groups

242 such as United Nations. It is no wonder that the EPA's
243 budget has gone up almost 34 percent during the Obama
244 Administration and is now over \$10 billion per year.

245 I don't believe, Mr. Chairman, that this type of
246 spending reflects the priorities of the average American
247 voter that vote for us to come to Washington. I just
248 finished almost a dozen town hall meetings in my district
249 down in Texas during August. Not once did I have a
250 constituent stand up and tell me to spend more money for EPA
251 grants overseas.

252 So I am very glad, Mr. Chairman, that you put this
253 bill forward and I hope on a bipartisan basis we can move it
254 very expeditiously to full committee and then to the Floor.

255 With that, I yield back.

256 [The prepared statement of Mr. Barton follows:]

257 ***** COMMITTEE INSERT *****

|
258 Mr. {Whitfield.} Thank you very much.

259 At this time, I recognize the gentleman from California,
260 Mr. Waxman, for 5 minutes.

261 Mr. {Waxman.} Thank you, Mr. Chairman.

262 I note that the committee Republicans launched an
263 investigation into EPA's long-standing practice of awarding
264 grants for work abroad. This investigation was commenced
265 last summer and the Republicans released a staff report
266 saying that President Obama had doled out millions of dollars
267 to foreign recipients. But this report was seriously flawed.
268 Half of the grants they criticized President Obama for
269 awarding actually started under the George W. Bush
270 Administration.

271 So I wrote to Chairman Upton and Chairman Whitfield and
272 explained that their report was incorrect, asked them to
273 retract that report until they reviewed the facts more
274 carefully. What do they do? They ignore the letter just as
275 they have been ignoring a lot of letters. EPA then provided
276 the Committee with a comprehensive list of 500 grants awarded
277 in the last 10 years for projects with an international
278 component. Republicans have used this data to argue the
279 Obama Administration has increased grant funding for foreign
280 projects. In fact, almost half of these grants went to U.S.-

281 based university organizations, not foreign recipients, and
282 many had only the most minor international connection.

283 EPA calls a grant ``international'' if the grantee
284 spends any money abroad at all, even if it is just to fly to
285 a conference in a different country to get the perspectives
286 of international experts. One grant on the list went to the
287 University of Pittsburgh for research into air pollution in
288 New York City. EPA Administrator Jackson explained this to
289 the Committee last February. She testified that very little
290 of the money categorized as international actually went
291 abroad.

292 Well, after that hearing, we sent another letter to
293 Chairman Whitfield raising concerns about how the committee
294 Republicans were portraying EPA's international grant-making
295 activities. Again, we didn't get a response. So we decided
296 to ask EPA to tell us how much money the grantees actually
297 spent abroad. And based on that data, we found that EPA
298 grantees have spent less abroad on average in the Obama
299 Administration than they did during the last year of the Bush
300 Administration.

301 And I would like to introduce into the record a
302 supplemental memo that explains the reality of EPA's
303 international grants program. And I hope, Mr. Chairman,
304 without objection you will take that into the record.

305 Mr. {Whitfield.} Without objection.

306 [The information follows:]

307 ***** COMMITTEE INSERT *****

|
308 Mr. {Waxman.} This hearing and the bill we are
309 considering are a good illustration of what is wrong with
310 this committee. Facts don't seem to matter. This bill
311 proves that poor oversight leads to dumb legislation.

312 There is another problem with this bill. Its entire
313 premise is that the U.S. engagement with the rest of the
314 world on environmental issues is wrong. We don't have enough
315 money to send to those foreigners. That is the line we are
316 hearing from the other side of the aisle. Well, the United
317 States does not exist in a bubble. Pollution doesn't respect
318 national borders. Pollution does not need a passport. That
319 is why sustained U.S. international engagement by EPA and
320 other federal agencies is essential.

321 When we wanted EPA to crack down on U.S. emissions of
322 greenhouse gases, Republicans said it wouldn't do any good.
323 We need an international response. Unilateral climate change
324 would harm U.S. competitiveness. They say they want an
325 international solution, but when EPA makes a grant to build
326 global support for reducing emissions of methane or black
327 carbon, which contribute to climate change, the same Members
328 attack EPA for spending U.S. funds abroad. It is a cynical
329 Catch-22.

330 Committee Republicans ridicule ``Breath Easy, Jakarta''-

331 -this is their press release--for its name but ignore that
332 this modest \$15,000 will help the Indonesian city transition
333 away from leaded gasoline. They ignore the benefit of
334 providing funding for cleaner cookstoves so that poor women
335 and children in Haiti and other developing countries aren't
336 exposed to deadly indoor air pollution. Well, no one at Mr.
337 Barton's town hall meeting said they wanted it, but if they
338 knew about it, I would think they would support it. We want
339 to protect kids in other countries and help other countries
340 protect their population from air pollution that causes
341 mental retardation.

342 One of our greatest strengths as Americans is our
343 generosity to those in need. Sadly, we seem to regard
344 compassion to the needy as a weakness, not a virtue, on this
345 committee.

346 And I want to add, even though my time is expired, that
347 painting this room green does not make this committee green.
348 And I otherwise will privately tell the chairman how ugly I
349 think the walls are, but I don't want to say that publicly.

350 I yield back my time.

351 [The prepared statement of Mr. Waxman follows:]

352 ***** COMMITTEE INSERT *****

|
353 Mr. {Whitfield.} I didn't have anything to do with the
354 color of these walls. Well, thank you very much for your
355 opening statement.

356 Mr. Hooks, we genuinely appreciate your being with us
357 this morning, and I am reluctant to say that, not
358 infrequently, we have to delay hearings for one reason or the
359 other. And today, we are having a memorial service for the
360 9/11 victims in the Capitol that begins in a few minutes. So
361 we are going to recess this hearing until 11:30. And I hope
362 that is not too much of an inconvenience for you. But we do
363 look forward to your testimony.

364 And we will recess the hearing, then, until 11:30. And
365 I know we have other witnesses after that and I hope that you
366 all will bear with us because we do look forward to your
367 testimony. And we will reconvene at 11:30.

368 So at this time, the hearing is recessed.

369 [Recess.]

370 Mr. {Whitfield.} Thank you very much for being with us
371 this morning, and we look forward to your testimony. And I
372 will recognize you for 5 minutes for your opening statement,
373 and then at the end of that time we will have questions for
374 you. And Mr. Rush is here but he is in the anteroom. He
375 will be right in but in the meantime we would like for you to

376 go on and get started.

|
377 ^STATEMENT OF CRAIG E. HOOKS, ASSISTANT ADMINISTRATOR, OFFICE
378 OF ADMINISTRATION AND RESOURCES MANAGEMENT, U.S.
379 ENVIRONMENTAL PROTECTION AGENCY

380 } Mr. {Hooks.} Chairman Whitfield, Ranking Member Rush,
381 and members of the subcommittee, Mr. Chairman, thank you for
382 the opportunity to testify today on H.R. 4255. This bill
383 would prohibit the EPA from awarding grants under the Clean
384 Air Act, Section 103, for any program, project, or activity,
385 outside of the United States.

386 Since 1972, administrations of both parties have used
387 international grants awarded by EPA to support public health
388 and environmental protection globally. These grants comprise
389 a very small percentage of EPA's grant budget and are
390 supported in part with appropriations from other agencies.
391 Most of this money is spent here in the United States. In
392 fact, from fiscal year 2008 through 2010, about 2/3 of the
393 total awarded through grants designated as international was
394 allocated for work here in the United States.

395 While EPA's investment in international grants is small,
396 these grants support efforts to reduce trans-boundary and
397 global environmental threats to the United States, reducing
398 the cost and increasing the effectiveness of the Nation's

399 environmental protection. They also serve broader U.S.
400 foreign policy and economic interest.

401 Section 103 grants are a key component of EPA's
402 international grant portfolio. Among the programs supported
403 with Section 103 grants that would be adversely impacted by
404 H.R. 4255 are the Partnership for Clean Indoor Air, or PCIA,
405 and the Partnership for Clean Fuels in Vehicles. These
406 programs were launched by the Bush Administration in 2002.

407 The PCIA addresses the burning of solid fuels for
408 household cooking and heating. Over half of the world's
409 population uses these fuels, which cause indoor air pollution
410 resulting in premature deaths of more than 2 million people
411 annually.

412 The PCFV reduces air pollution in developing and
413 transitional countries by promoting the use of lead-free and
414 low sulfur fuels and clean vehicles. These programs have
415 produced outstanding results. The PCIA through EPA grants
416 and other activities has enabled at least 9.3 million
417 households to adopt cleaner technologies and fuels improving
418 the health and livelihood of 52.4 million people in
419 developing countries. Similarly, the Partnership for Clean
420 Fuels in Vehicles has contributed to more than 180 countries
421 eliminating lead from fuels and opened international markets
422 to American manufacturers of advanced air pollution control

423 equipment.

424 This legislation would also inhibit EPA's ability to
425 address overseas emissions of toxic mercury pollution. When
426 mercury deposition is highest in the United States, domestic
427 sources are the largest contributors. However, mercury in
428 the atmosphere can be transported globally. In much of the
429 U.S., mercury from global sources dominates the deposition.
430 Furthermore, much of the marine fish that Americans consume
431 comes from waters far from our shores. Therefore, to fully
432 protect Americans from toxic effects of mercury
433 contamination, a global effort is required. EPA has provided
434 funding under Section 103 to the United Nations'
435 Environmental Program to support efforts to reduce mercury
436 use in products and manufacturing processes, as well as
437 mercury emissions in the atmosphere from a variety of
438 sources.

439 H.R. 4255 would also adversely impact the Global Methane
440 Initiative, or GMI, a program initiated under the Bush
441 Administration to reduce methane emissions. Methane is a
442 potent greenhouse gas and contributes to the formation of
443 tropospheric ozone, an air pollutant that is transported
444 across borders and causes significant health problems in the
445 U.S. and around the world. Under the GMI, EPA's Section 103
446 grants support work with 41 countries, international

447 financial institutions, and hundreds of private sector
448 organizations to reduce methane emissions. GMI grants have
449 directly provided over \$2.7 million in benefits to U.S.
450 companies, universities, and nonprofit organizations. These
451 grants have created significant market opportunities for U.S.
452 technologies, goods, and services. In total, U.S. support
453 for GMI has leveraged more \$398 million in additional
454 investment in methane-reducing projects around the globe.

455 Countries need adequate governmental structures to
456 enforce environmental standards. This can benefit U.S.
457 companies by helping to ensure that foreign companies are
458 subject to similar regulatory requirements. H.R. 4255 would
459 hinder our ability to promote strong governance that
460 continued award of Section 103 grants that assist U.S.
461 trading partners in developing effective institutions.

462 Finally, H.R. 4255 would inhibit international
463 scientific collaboration that strengthens the quality of EPA-
464 supported research by prohibiting travel of Section 103
465 grant-funded scientists to attend international meetings or
466 work with scientists at foreign institutions. Such a
467 limitation would conflict with well established international
468 collaboration practices of federal science agencies.

469 Section 103 grants play an important role in improving
470 the quality of the U.S. and the world environment providing

471 business opportunities for U.S. companies and supporting U.S.
472 foreign policy interests. The EPA believes that H.R. 42
473 would cripple the Agency's ability through grants to address
474 harmful air pollutants that affect both the global and
475 domestic environment.

476 Thank you for inviting me here today and I look forward
477 to answering any of your questions.

478 [The prepared statement of Mr. Hooks follows:]

479 ***** INSERT 1 *****

|
480 Mr. {Whitfield.} Thanks, Mr. Hooks, very much.

481 I will recognize myself for 5 minutes and then we will
482 give other Members an opportunity.

483 Has the EPA taken a formal position on opposing or
484 supporting the legislation? I know you said it would cripple
485 the Agency so I am assuming you are not going to support it,
486 but have you adopted a formal position of opposition to it?

487 Mr. {Hooks.} We have not adopted a formal opposition to
488 this proposed legislation, no, sir.

489 Mr. {Whitfield.} Okay. Now, these 103 grants have
490 certainly been in the Clean Air Act for many years, and as of
491 the end of last year, at least from the information I was
492 able to obtain from EPA, there was not any formal agenda or
493 procedure for determining how these grants would be made. Do
494 you all have a formal procedure adopted at EPA on how the
495 decision will be made on these grants?

496 Mr. {Hooks.} The majority of our grants are actually
497 awarded competitively. International entities have the
498 ability to compete for certain grants. In these instances,
499 they were awarded through a competitive process.

500 Mr. {Whitfield.} Okay. The reason I was asking the
501 question, we had received recently a grants policy issuance,
502 GPI 1204, award and administration of foreign grants, and I

503 was just wondering, is this an official document of EPA and
504 do you know what I am talking about or have you seen it?

505 Mr. {Hooks.} Yes, I do. We periodically actually
506 review our internal grant policies and create additional
507 guidance as necessary to ensure consistent management or
508 assistance agreements for all types of award recipients.
509 Separate and apart from the Subcommittee's investigation, we
510 had already identified updating our awards for entities as a
511 priority for this fiscal year.

512 Mr. {Whitfield.} Okay. Now, when we have looked at
513 Section 103 of the Clean Air Act and you read that in its
514 entirety, there is not any mention whatsoever of any grant
515 for international purposes. So what is the legal authority
516 of EPA for making these grants?

517 Mr. {Hooks.} Actually, I believe there is a couple of
518 authorities that provide our ability to award these grants.
519 We use Section 103(a) and Section 103(b), but in addition to
520 that, we actually refer to Section 102(f) of NEPA, the
521 National Environmental Policy Act.

522 Mr. {Whitfield.} So you do rely on 103(a) and 103(b) as
523 well?

524 Mr. {Hooks.} Correct.

525 Mr. {Whitfield.} What specific language?

526 Mr. {Hooks.} Well, maybe it is specific language by

527 omission as opposed to directly--it does not state directly
528 international entities. However, it does say that it directs
529 EPA to establish national research and development program,
530 including for any activities related to the prevention of
531 control of air pollution.

532 Mr. {Whitfield.} Yeah.

533 Mr. {Hooks.} Given the trans-boundary and international
534 nature of air pollution, we think it provides us the
535 authority to deal with air pollution issues at its source as
536 well.

537 Mr. {Whitfield.} Do you need the NEPA authority, then,
538 if you have 103(a) and (b)? Do you need NEPA authority?

539 Mr. {Hooks.} It is just an additional authority that we
540 use in this instance.

541 Mr. {Whitfield.} Okay. So under NEPA, then, there are
542 various federal agencies that have the authority--at least
543 that you all's position--to make these international grants?

544 Mr. {Hooks.} Correct.

545 Mr. {Whitfield.} Okay. Okay. In order for any of the
546 above statutes to apply internationally, they must be
547 supplemented by NEPA 102(a). Okay--102(f). All right. Now,
548 where is that executive order that we were looking at a while
549 ago? You know, as I said in my opening statement, you know,
550 one of the concerns that we have, it is not that the Obama

551 Administration is doing any more than anyone else, although
552 the total amount of grants from 2008 through 2011 is 78
553 million and in 2011 it was over 28 million, and in 2010 over
554 22 million, and I know not all of that has been identified as
555 specifically for international, but as we are dealing with
556 this debt, the reason we are focusing on this is that, you
557 know, I think it is helpful--I think it is healthy to look at
558 the agencies and they are spending--for example, China alone
559 through this program has received over 3 or \$4 million over
560 the last 2 or 3 years.

561 Mr. {Hooks.} Um-hum.

562 Mr. {Whitfield.} And as you know, we are borrowing a
563 lot of money from China to turn around and give them money
564 back.

565 So my time is expired, but at this time I recognize Mr.
566 Rush for 5 minutes.

567 Mr. {Rush.} Thank you, Mr. Hooks. Let us talk about
568 China and the Obama Administration in terms of sending checks
569 to China. Can you tell me for the record were the majority
570 of the funds from the international grants remain inside the
571 U.S. or most of the money is sent overseas?

572 Mr. {Hooks.} Right, the majority of our international
573 grants as they have been defined are spent here in the United
574 States.

575 Mr. {Rush.} By whom and for what?

576 Mr. {Hooks.} Principally, through private industry. It
577 can also go to universities and nonprofits. The majority go
578 to universities and nonprofits.

579 Mr. {Rush.} For what?

580 Mr. {Hooks.} To do a variety of things through a
581 variety of very outstanding programs. The Global Methane
582 Initiative which was launched back in 2004 is designed to
583 reduce the amount of methane in our environment. The Clean
584 Fuels and Vehicles Program designed to reduce leaded gasoline
585 and low sulfur fuels. And Partnership for Clean Indoor air
586 is designed to reduce the amount of exposure to wood stoves.

587 Mr. {Rush.} Um-hum. Are you aware of any other nations
588 having similar international obligation or international
589 needs as it relates to pollution, any other nation that sends
590 money similar to what we do?

591 Mr. {Hooks.} Sure. I think that has been one of the
592 beauties about these programs is the international component
593 associated with them. Right now, there are 41 countries that
594 participate in the Global Methane Initiative. I think there
595 are over 115 countries that are participating with the Clean
596 Indoor Air initiative. And I am not sure exactly how many
597 countries are participating with the Clean Fuels and Vehicles
598 Program. But it is an international group of countries that

599 are now participating and based largely in part on U.S.'s
600 leadership.

601 Mr. {Rush.} And if this bill were to pass, which I
602 doubt very seriously, but if by some chance it passed the
603 Senate, got to the President and if he signs it, this bill
604 becoming a law, what would the impact of that be in terms of
605 our international stature, particularly as it relates to
606 pollution?

607 Mr. {Hooks.} Well, EPA is certainly viewed as the
608 international leader in terms of government entities. And so
609 the rest of the world does turn to the EPA for its leadership
610 advice and counsel. I think, you know, if this legislation
611 were to pass, clearly, we would not be able to participate in
612 programs such as these. But I think it would also have a
613 very chilling effect in terms of our research, in terms of
614 the research that we conduct. It would prohibit a university
615 professor, if you will, going to Canada to participate in an
616 international meeting. And much of the international work
617 and scientific and technical work that we do is in large part
618 based on an international effort in putting the best minds
619 and putting the best science towards our environmental
620 decision-making.

621 Mr. {Rush.} Thank you. What is the total percentage of
622 EPA funds allocated to this program?

623 Mr. {Hooks.} For our international grant activities, it
624 is less than 1 percent of our EPA budget.

625 Mr. {Rush.} But because we spend that less than 1
626 percent, then we have credibility in terms of the voice of
627 the American people being heard and felt as it relates to
628 global issues around the environment in this instance,
629 including air pollution. Is that right?

630 Mr. {Hooks.} That would definitely be correct. Again,
631 like I said earlier, the rest of the country does look to EPA
632 for its leadership, not only in our ability to promote
633 capacity-building and governance, but also they look to the
634 United States Government for our technology as well. When we
635 have the ability to go into these foreign countries, impart
636 our knowledge, we actually can bring our technologies with
637 us. For example, when the Partnership for Clean Fuels in
638 Vehicles, you know, the fact that most of the continent of
639 Africa is no longer using leaded fuel or is on target to no
640 longer use leaded fuel, that enables our initial control
641 technology to come into play. Catalytic converters would be
642 a perfect example.

643 Mr. {Rush.} Right. Well, I only have one more second.
644 Let me say, I just cannot believe that if this bill passed,
645 it kind of reminds me of a gag rag that we are muffling or
646 gagging the voice of the American people as it relates to our

647 environmental leadership, our strong voice that has been here
648 present for the world. We lead the world in terms of
649 environmental issues and matters. We are going to tie a gag
650 rag around that voice, silence that voice as it relates to
651 the American people if this bill passes.

652 So thank you so very much.

653 Thank you, Mr. Chairman.

654 Mr. {Whitfield.} At this time, I recognize the
655 gentleman from Nebraska, Mr. Terry, for 5 minutes.

656 Mr. {Terry.} Thank you, Mr. Chairman.

657 My mind started racing during this colloquy with Mr.
658 Rush. In your statement you said that this bill would
659 ``cripple'' the Agency's ability through grants to address
660 harmful air pollutants that affect both global and domestic
661 environment. And in your colloquy here--

662 Mr. {Hooks.} Um-hum.

663 Mr. {Terry.} --you had mentioned also that this is
664 about--well, it is less than 1 percent of the budget. It
665 seems like an extreme exaggeration, then, to reach a
666 conclusion if 1 percent of the EPA's budget was eliminated,
667 that that would equal 100 percent of all new technologies and
668 research like the catalytic converter. So was the catalytic
669 converter a result of foreign grants?

670 Mr. {Hooks.} No, that was the result of the--

671 Mr. {Terry.} That is my point. I think in this
672 colloquy you were leaving us with the impression purposely
673 that there would be no new technologies, and I think that is
674 so much of an exaggeration that it probably impacted your
675 credibility. But I wanted to talk about how much of that 1
676 percent is going to the UN. As I understand, some of that
677 money is going to the United Nations Environmental Program,
678 is that correct?

679 Mr. {Hooks.} That is correct.

680 Mr. {Terry.} Do you have the amount?

681 Mr. {Hooks.} I don't have that with me.

682 Mr. {Terry.} But in general, then, could you tell me
683 once we provide those funds to UNEP, do we have any control
684 over where those dollars go?

685 Mr. {Hooks.} In the award of these grants, we actually
686 manage and track these grants the same way that we would a
687 grant here in the United States. They would be subject to
688 the same pre-award processing and requirements in terms of
689 reporting as our U.S. entities if they were to receive a
690 grant.

691 Mr. {Terry.} You are sure that UNEP is, then, providing
692 you with the documentation to show how those dollars are
693 being used once the grant has been issued to UNEP.

694 Mr. {Hooks.} Yeah, one of the requirements is that

695 grantees supply--

696 Mr. {Terry.} Okay.

697 Mr. {Hooks.} --us with--

698 Mr. {Terry.} So those documents would be easy--could
699 you provide those to the Committee because I would like to
700 see how they are actually using those dollars and how we are
701 tracking those.

702 Mr. {Hooks.} Yes, sir.

703 Mr. {Terry.} So do you know offhand, though, I am
704 really kind of confused. As I understand, the dollars just
705 go to UNEP and then the grant is issued, but how do you
706 follow up? Then, after that, UNEP sends you the documents
707 probably outlined in the grant?

708 Mr. {Hooks.} It is going to be--well, I would have to
709 actually get back to you specifically on--

710 Mr. {Terry.} Okay. If you would do that.

711 Mr. {Hooks.} I can do that.

712 Mr. {Terry.} All right. All right, I have no further
713 questions, Mr. Chairman.

714 Mr. {Whitfield.} All right, thanks, Mr. Terry.

715 At this time, I recognize the gentleman from West
716 Virginia, Mr. McKinley, for 5 minutes.

717 Mr. {McKinley.} Thank you, Mr. Chairman.

718 I would like to follow up just a little bit more on that

719 question, maybe make sure I heard correctly. When grants and
720 others are given to the countries, universities, wherever, I
721 am curious about the follow-up, particularly there were
722 several--well, take some of the more serious ones was the
723 demonstration project for the abatement of nitrous oxide
724 emissions using--anyway, it was a demonstration project.
725 What did we do? Did we follow up?

726 Mr. {Hooks.} What particular--

727 Mr. {McKinley.} This was with Taiwan, funded in '02. I
728 am just curious. Do we have a set pattern of following up to
729 see that, once money has been given to something, we have a
730 procedure to see what they have done with it?

731 Mr. {Hooks.} Once EPA makes an international grant
732 award, we carefully monitor the grant. This includes
733 administrative and programmatic post-award monitoring--

734 Mr. {McKinley.} Well, what happens afterwards, if we do
735 a pilot project that ends in a couple years or whatever, do
736 we follow back up again to see was this just a one-shot deal?
737 Or do we make that a condition? Is that a condition of the
738 grant that they are going to continue to fund this project?

739 Mr. {Hooks.} No, sir.

740 Mr. {McKinley.} Okay. So things like--there is a
741 series of them like that that we are just giving money away
742 and we are not following up that pilot project and clean

743 projects and processes in Norway. The Diesel Retrofit
744 Demonstration Project in Thailand, did we follow up to find
745 out are they continuing to work with diesel fuels in that
746 country or is this just a one-shot deal?

747 Mr. {Hooks.} I don't know specifically about the
748 particular projects you might be referencing to, but I can
749 tell you just in terms of scientific growth, you know, we
750 learn from these projects. One of the great benefits in
751 terms of what we might be piloting or demonstrating in a
752 particular country is that we have the ability to take the
753 lessons learned and transfer that to other regions.

754 Mr. {McKinley.} But when we fund these other projects,
755 if they just die on the vine, if they are just a one-shot
756 deal, I am just curious, what American project that maybe
757 could have put some people to work here and researchers,
758 something in America that lost out in the competitive
759 research? And I look at this one that we did a field survey
760 of endangered whale population offshore of Russia. What
761 American project lost out to that?

762 Mr. {Hooks.} Well, I am not sure if that is a Clean Air
763 Act--

764 Mr. {McKinley.} Clean Air Act has to do with whales?

765 Mr. {Hooks.} I am not sure if that is a Clean Air act.
766 There are other authorities--

767 Mr. {McKinley.} No, this is your list that you all
768 provided all the--I am just curious about that, but obviously
769 you don't have the answer for that.

770 Mr. {Hooks.} Well, I believe that we supplied the
771 Committee all of our international--

772 Mr. {McKinley.} I am just curious with all this money
773 we are spending overseas, whether it is 30 million or \$5
774 million, when the EPA itself recognizes that the biggest
775 detriment to healthcare in America is indoor air quality--in
776 its own website, the EPA publishes that it is 96 times worse
777 indoors than outdoors--but yet we are spending money on--I
778 don't know what we are doing in America to focus on indoor
779 air quality. I don't see much at all on that, and that is
780 the issue that we know when we have the asthma attacks, we
781 have other issues they are talking about, why aren't we
782 educating our American people on where our air quality's
783 issues are rather than worrying about the endangered whales
784 off Russia?

785 Mr. {Hooks.} Well, as it relates to air quality, air
786 pollution is an international problem. It has been fairly
787 well documented that certainly pollution from Asia is
788 deposited here in this country, the same as pollution that is
789 generated here in this country goes across the Atlantic and
790 gets deposited in Europe. International air pollution

791 problems is an international--

792 Mr. {McKinley.} I am not denying that but I am just
793 saying at this time when we can't afford it, I think I would
794 rather spend my money taking care of American citizens and
795 educating American folks about indoor air quality or whatever
796 it is than worrying about some of these others.

797 So what I am hearing wrapping up, we don't have
798 necessarily or you are not aware of a follow-up program to
799 find out after we do a demonstration project, after we do a
800 start-up, there is no follow-up to see that they continue
801 with that. We don't have a prioritization of where we are
802 going to spend money on indoor air quality in America but we
803 are sure spending a lot of money dealing with indoor air
804 quality overseas. And lastly is that apparently we are
805 losing out. Some of our American companies are losing out in
806 applications to foreign governments. I would be curious how
807 many American applications were lost in the shuffle.

808 Mr. {Hooks.} Well, I need to go back to one of the
809 advantages of these grants is actually creating market
810 opportunities for U.S. industry here in this country. The
811 Global Methane Initiative, while the EPA component--it is a
812 multiple-agency component, by the way. In fact, the majority
813 of the money that has been distributed through these Section
814 103 grants has actually not come from EPA; it has actually

815 come from the Department of State and USAID and other
816 agencies as well.

817 For example, I know that Caterpillar was able to sell 62
818 megawatt generators to a coalmine in China for \$100 million.
819 MEGTEC, which is another large U.S. subsidiary here in this
820 country was able to sell some thermal oxidizers for millions
821 of dollars as well to overseas countries. It is, you know,
822 putting our foothold into these countries that actually is
823 good for U.S. industry as well.

824 But as I said before, air pollution does not respect
825 geopolitical boundaries. I think that was maybe stated in
826 one of the opening statements. It does not respect
827 geopolitical boundaries. So U.S. monies that can be spent at
828 the source of pollution I think is a good use of our money
829 because ultimately that deposition can impact our U.S.
830 shores.

831 Mr. {Whitfield.} Gentleman's time is expired.

832 You know, Mr. Hooks, I may just make one comment here.
833 You were talking about Caterpillar selling equipment,
834 coalmines in China. As a result of EPA, we can't even build
835 a new coal-powered plant in America, so it is nice that you
836 all like to see equipment going to China so they can mine
837 coal.

838 I recognize the gentleman, Mr. Pompeo from Kansas, for 5

839 minutes.

840 Mr. {Pompeo.} Thank you, Mr. Chairman. I am going to
841 follow up on that.

842 You know, we have had multiple hearings on energy
843 initiatives here in America and it is great to see you talk
844 about how pollution from Asia impacts us here. I will tell
845 you that the very policies that the Environmental Protection
846 Agency has put in place has driven that production, coal-
847 fired power plants, all those things, out of America, all of
848 this manufacturing out of America and then the pollution
849 comes back. Actually, in the very first hearing as a Member
850 of Congress I asked Ms. Jackson about that and she pooh-
851 poohed the idea that this pollution was coming here and that
852 they don't live under the same regulatory environment that we
853 do and don't have the same rules for their processes, so it
854 is fascinating to hear you sort of argue the other side of
855 the coin inside the Administration. I would suggest maybe a
856 little meet between the two of you.

857 But I want to get to a couple of things that you said.
858 Does the competition for international grants compete with
859 the domestic grants?

860 Mr. {Hooks.} Yes.

861 Mr. {Pompeo.} So they are in the same pool?

862 Mr. {Hooks.} Yes, sir.

863 Mr. {Pompeo.} And what part of that is the fact that it
864 is not in the United States, that it is how much of a piece
865 of the criteria is the fact that it is a non-U.S. applicant
866 versus a U.S. applicant? What piece of the criteria is that?

867 Mr. {Hooks.} Can you restate the question again? I am
868 sorry.

869 Mr. {Pompeo.} Yeah, so they are in the same pool
870 competing for the same grant money, American taxpayer money,
871 and when you are deciding whether to send it to Kentucky or
872 Botswana, how much of the fact that it is not in America does
873 that impact your decision-making process?

874 Mr. {Hooks.} Well, bear in mind the majority of our
875 international grant money would go to like the University of
876 Kentucky--

877 Mr. {Pompeo.} Um-hum.

878 Mr. {Hooks.} --where a Kentucky professor or graduate--

879 Mr. {Pompeo.} The majority. Those that don't, let us
880 talk about those that don't go to a U.S. institution. Is it
881 a factor that it is a non-U.S. entity? Is that weighed in
882 the merit process or is it just blind? You don't even know
883 if it going to Oregon or Denmark?

884 Mr. {Hooks.} Well, we would know where the grant
885 proposal--where the monies were ultimately--

886 Mr. {Pompeo.} So do you use it a factor in the

887 decision-making process?

888 Mr. {Hooks.} Ultimately, the criteria that we are going
889 to use is how does it impact the human health and the
890 environment here in the United States--

891 Mr. {Pompeo.} Right, so it doesn't matter--

892 Mr. {Hooks.} --but there are other criteria.

893 Mr. {Pompeo.} --the country that it is going to. If it
894 has got a higher net benefit on an environmental basis, then
895 it goes to Denmark as opposed to Oregon. You don't weigh the
896 fact that it is a non-U.S. entity directly?

897 Mr. {Hooks.} The first criteria that we are going to
898 use is the impact--

899 Mr. {Pompeo.} Right.

900 Mr. {Hooks.} --and the benefit to the environmental
901 quality of the United States.

902 Mr. {Pompeo.} Makes sense. You talked about sort of
903 nation-building and national security. Do you coordinate
904 with the State Department before making these grant awards?

905 Mr. {Hooks.} Yes, we do.

906 Mr. {Pompeo.} And the Department of Defense?

907 Mr. {Hooks.} Not the Department of Defense.

908 Mr. {Pompeo.} So just the State Department?

909 Mr. {Hooks.} Yes, sir.

910 Mr. {Pompeo.} Got it. How many offices within EPA

911 actually distribute grants for activities that occur overseas
912 other than under this particular program?

913 Mr. {Hooks.} I don't know specifically but certainly
914 our Office of Research and Development, obviously the Air
915 Program. But I would have to check--

916 Mr. {Pompeo.} Are they coordinated? That is, are you
917 all saying, you know, the State Department says we don't
918 really want to deal with this nation. I think we won't give
919 them a grant. Are you guys coordinated or is it completely
920 stove-piped so you all don't know what is going on in the
921 other parts of EPA, let alone other parts of the
922 Administration?

923 Mr. {Hooks.} No, it is coordinated. Before we award a
924 grant, it would be coordinated with our Office of
925 International and Tribal Affairs. Once it meets their
926 criteria, it would be sent through the State Department
927 provided it met their criteria. Provided that they
928 concurred, we would fund it. If either one of those entities
929 were to not concur, if it was inconsistent with our foreign
930 policy, then it would not be funded.

931 Mr. {Pompeo.} Okay. I will just close here. I have to
932 tell you that when I go home, much like you, before I go home
933 and talk to folks, when you are \$16 trillion in the hole, to
934 justify programs like this is an incredibly difficult sell.

935 It is not something that I can support. You all talk about
936 it being bipartisan; this began in a previous administration.
937 That may well be. I am neutral as to who is making this poor
938 decision, whether it is a Democrat or Republican
939 administration. It is of no importance to me. This program
940 whose time, if it was ever here, is certainly gone now.

941 And I yield back the balance of my time.

942 Mr. {Whitfield.} At this time, I recognize the
943 gentleman from Virginia, Mr. Griffith, for 5 minutes.

944 Mr. {Griffith.} Thank you, Mr. Chairman.

945 Thank you so much for being here today, Mr. Hooks. You
946 would agree with me that Virginia is more important than
947 Kazakhstan, would you not?

948 Mr. {Hooks.} I would agree that--

949 Mr. {Griffith.} At least to our government?

950 Mr. {Hooks.} To our government, yeah.

951 Mr. {Griffith.} All right. And you would also agree,
952 would you not, that China is not doing enough to clean up
953 their air pollution and that you would like to see them
954 moving at a faster pace, is that not correct?

955 Mr. {Hooks.} That would be correct.

956 Mr. {Griffith.} So then I question why you would not or
957 why the EPA would not support withholding money from any
958 country that is not moving fast enough or as fast as the

959 United States at cleaning up its air pollution, because I
960 note that in a Virginian pilot article of yesterday that the
961 EPA in regard to the Chesapeake Bay has held back Virginia's
962 money--1.2 of the \$2.4 million granted originally to Virginia
963 to help it clean up the Bay--and I understand I am talking
964 about water but I was glad to hear that you all are
965 coordinated so I want you to take this message back--that you
966 are withholding that money because you don't think Virginia
967 is moving fast enough on stormwater management. And one of
968 the problems that Virginia is having with that, of course, is
969 that the cities that are required to do more on stormwater
970 management on the waters that fall on their streets are
971 Norfolk, Virginia Beach, Chesapeake, Portsmouth, Newport
972 News, and Hampton, and while I don't represent those areas, I
973 certainly feel their pain.

974 And they say that it would be expensive and they are
975 having a hard time coming up with the money because they have
976 thrown up their hands--I am quoting from the article now--
977 ``local governments across Virginia have thrown up their
978 hands at the prospect of financing stormwater upgrades amid
979 budget crises and layoffs'' and yet we are sending money to
980 other countries but we are holding back the money to
981 Virginia. And I hope--and I am not going to ask you for a
982 response because I know it puts you at odds and the water

983 side of it is not your deal, but I hope that somebody at the
984 EPA recognizes the conflict there. We are going to hold back
985 Virginia's money. We are going to make it even harder on
986 localities that are struggling now to deal with stormwater
987 management. At the same time, we are sending money to places
988 like China, Kazakhstan--and there are a lot of different
989 places that we have sent money to--and it just seems when we
990 are having issues with money in this country that maybe we
991 ought to care more about the Bay than we do necessarily what
992 is going on in some small project in China.

993 Moving on, I will also note that I agreed with and here--
994 here'd the chairman's comments in regard to coalmining. We
995 lost another 620 miners last week who were laid off in my
996 district in on small town alone, and yet I noticed that one
997 of--and it is true that some of these were started in the
998 previous administration, so I am not trying to pick on the
999 Administration, but explaining why I think this bill has some
1000 merit and why we should take a look at it, we are helping the
1001 Chinese figure out how to--it is technical assessment of
1002 coalmine gas recovery and utilization in China. Well, the
1003 Chinese don't seem to be having any problem competing with us
1004 on all kinds of different levels, and I don't understand why
1005 we are giving them grants to help them in their industries.
1006 Now, can you explain that to me?

1007 Mr. {Hooks.} Well, one of the purposes of the grant is
1008 actually for governance and capacity-building. One of the
1009 things that we are trying to do in these foreign countries as
1010 they approach us for our advice and expertise is how do they
1011 raise the environmental standards that we have here in this
1012 country. If we are successful at what we are doing, if we
1013 can raise the environmental standards and environmental
1014 requirements in the governance of other countries, that puts
1015 our U.S. industry at a more equal footing in terms of our
1016 ability to compete.

1017 Mr. {Griffith.} And I am wondering that was \$180,000
1018 and I am wondering if you all have given any mining
1019 operations in the United States \$180,000 to help them with
1020 technical assessment of coalmine gas recovery and
1021 utilization? Because what my companies tell me generally is
1022 is that you all come in and tell them they got to do it; they
1023 have to spend the money or they get fined. So it looks like
1024 to me we are taking money out of the mines, you know, out of
1025 the pockets of the mines in the United States while we are
1026 giving money to help the Chinese mines figure out their
1027 problems.

1028 Mr. {Hooks.} Well, bear in mind, we have actually
1029 worked--

1030 Mr. {Griffith.} Let me ask this question because my

1031 time is running out.

1032 Mr. {Hooks.} Okay.

1033 Mr. {Griffith.} Have you given any \$180,000 grants to
1034 the United States mines to help them with this same type of
1035 thing?

1036 Mr. {Hooks.} We work extensively with the U.S. Mining
1037 Commission on voluntary programs such as coalmine methane
1038 reduction. We understand it can be used as an energy source
1039 and it is also--

1040 Mr. {Griffith.} I use Mr. Dingell's--

1041 Mr. {Hooks.} --very explosive--

1042 Mr. {Griffith.} Yes or no, have you given any grants of
1043 a similar size, \$180,000 or more to U.S. mining concerns in
1044 regard to helping them mine coal?

1045 Mr. {Hooks.} I do not know. I am not saying that we
1046 haven't. I am just not aware of any personally.

1047 Mr. {Griffith.} All right. You don't have a list of
1048 those. Can you get me a list of all of those?

1049 Mr. {Hooks.} Of where we worked with the U.S. mining
1050 industry?

1051 Mr. {Griffith.} Where you have given grant money to
1052 help U.S. coalmines figure out better ways to give them money
1053 to help them put the equipment in or whatever is necessary
1054 like you did the Chinese? And I am looking at page 17 of

1055 your report--``technical assessment of coalmine gas recovery
1056 and utilization.''

1057 Mr. {Hooks.} I will see what we have in our files.

1058 Mr. {Griffith.} And like some of the others have said,
1059 I am glad that you recognize it is an international problem.
1060 One of our concerns has been that we think we are sending
1061 jobs with so many different regulations coming from so many
1062 different parts of the EPA and other agencies at one time and
1063 we are actually sending a lot of jobs overseas. And as you
1064 recognize, we are reaping back pollution and we think we need
1065 a better-paced set of regulations and more reasonable
1066 regulations.

1067 Thank you, Mr. Chairman. I yield back.

1068 Mr. {Whitfield.} The gentleman's time is expired.

1069 Mr. Hooks, I want to thank you very much for being with
1070 us this morning. In concluding, we would appreciate if you
1071 would get back to the Committee with a list of grants that
1072 have been made to U.S. coalmining companies.

1073 Mr. {Hooks.} Bear in mind, some of our grants go to
1074 universities or other institutions and they in turn work with
1075 other entities.

1076 Mr. {Whitfield.} Yeah, but we would like a list of any
1077 direct grants you have given to coalmining companies.

1078 Mr. {Hooks.} Yeah, we wouldn't have the authority to

1079 actually give a grant to a mining company.

1080 Mr. {Whitfield.} All right. Okay. Then I would like
1081 for you to do this. I am going to give you a grant number,
1082 grant number 83299401 and 83505801. Those were two grants
1083 that the EPA through 103 grants gave to the China Coal
1084 Information Institute. And I would like for you to provide
1085 the Committee a synopsis of the information or benefit to the
1086 taxpayers from those two grants. Thank you.

1087 Mr. {Hooks.} Yes, sir. Thank you.

1088 Mr. {Whitfield.} That concludes the questions.

1089 Mr. Hooks, thank you again for being with us. And at
1090 this time--

1091 Mr. {Hooks.} Thank you, Mr. Chairman.

1092 Mr. {Whitfield.} Did you have a question? No. Okay.

1093 At this time, I would like to call up those on panel
1094 two, our witnesses on the second panel. And we have with us
1095 Mr. Daniel Simmons, who is the Director of Regulatory and
1096 State Affairs for the Institute for Energy Research. We have
1097 Dr. Andrew Light, Senior Fellow, Center for American Progress
1098 Action Fund; Associate Director, Institute for Philosophy and
1099 Public Policy at George Mason University. We have Ms. Elisa
1100 Derby, Senior Program Officer, Winrock International; Co-
1101 coordinator for the Partnership for Clean Indoor Air. And we
1102 have Dr. David Kreutzer, Research Fellow in Energy Economics

1103 and Climate Change at the Heritage Foundation.

1104 So I would like to welcome all four of you to the
1105 Committee. We appreciate very much your taking time to join
1106 us to discuss H.R. 4255 and your views on the legislation.

1107 And Mr. Simmons, we would like to start with you and you
1108 will be recognized for 5 minutes for your opening statement.

|
1109 ^STATEMENTS OF DANIEL R. SIMMONS, DIRECTOR OF REGULATORY AND
1110 STATE AFFAIRS, INSTITUTE FOR ENERGY RESEARCH; ANDREW LIGHT,
1111 SENIOR FELLOW, CENTER FOR AMERICAN PROGRESS ACTION FUND,
1112 ASSOCIATE DIRECTOR, INSTITUTE FOR PHILOSOPHY AND PUBLIC
1113 POLICY, GEORGE MASON UNIVERSITY; ELISA DERBY, SENIOR PROGRAM
1114 OFFICER, WINROCK INTERNATIONAL, CO-COORDINATOR, PARTNERSHIP
1115 FOR CLEAN INDOOR AIR; AND DAVID W. KREUTZER, RESEARCH FELLOW
1116 IN ENERGY ECONOMICS AND CLIMATE CHANGE, THE HERITAGE
1117 FOUNDATION

|
1118 ^STATEMENT OF DANIEL R. SIMMONS

1119 } Mr. {Simmons.} My name is Daniel Simmons. I am the
1120 director of Regulatory Affairs at the Institute for Energy
1121 Research.

1122 It is difficult for me to see the value of EPA providing
1123 taxpayer funding grants to organizations and governments
1124 outside the United States for things such as ``good
1125 governance capacity-building'' in Jordan or ``regulatory
1126 dialogue'' on landfill gas in Brazil. Part of the reason the
1127 United States is now over \$16 trillion in debt is because the
1128 Federal Government has little spending discipline. Compared
1129 to \$16 trillion, these grants are small, but the grants are

1130 symptomatic of out-of-control spending by the Federal
1131 Government. When individuals have money and debt problems,
1132 the commonsense solution is to cut back on unnecessary
1133 spending. It is only fair to ask the Federal Government to
1134 do the same. Taxpayer dollars should be spent on projects
1135 that have an obvious benefit to the American people and these
1136 foreign grants do little, if anything, to benefit Americans.

1137 If EPA would like to improve environmental quality at
1138 home and abroad, a far more productive approach would be to
1139 promote environmental improvements through economic growth.
1140 Years of research shows that economic growth promotes
1141 environmental protection. As noted previously, Section 103
1142 does not provide explicit authority for EPA to award these
1143 grants to foreign entities, only to ``establish a national
1144 research and development program. But Section 103 also does
1145 not provide an explicit limitation, and therefore, EPA for
1146 years has been awarding these sorts of grants.

1147 When faced with these questions, I would hope that EPA
1148 would look to the federal regulatory philosophy that is laid
1149 out in Executive Order 12866, which was originally signed by
1150 the Clinton Administration and reaffirmed by the Bush
1151 Administration and again reaffirmed by the Obama
1152 Administration. And in pertinent part, the Executive Order
1153 says that federal agencies should promulgate only such

1154 regulations as are required by law, are necessary to
1155 interpret the law, or are made necessary by compelling public
1156 need. And it is difficult to see for these grants that they
1157 are required by law or necessary or what the compelling
1158 public need is, at least for American citizens. And these
1159 grants, there is a large number of them that are definitely
1160 of dubious value for Americans.

1161 For example, on March 22 of this year, EPA awarded a
1162 grant with the following description: ``the goal of this
1163 project is to increase environmental public participation
1164 through a pilot project in Dominican Republic. ALIANZA will
1165 work with stakeholders and appropriate governmental
1166 authorities to ensure the pilot project expected results are
1167 successfully accomplished.'' Now, I have no idea what in the
1168 world it means to ``increase environmental public
1169 participation'' and what value that is for the American
1170 people. Pollution may cross boundaries but this isn't about
1171 that. This is about ``increasing environmental public
1172 participation.''

1173 And if EPA wants to promote environmental protection,
1174 economic growth is a far better alternative, but as we have
1175 seen from EPA, a number of the regulations that they have
1176 been promoting lately does not promote economic growth. One
1177 example is the Mercury and Air Toxics Standards Rule. The

1178 point of this rule, allegedly, is to reduce mercury.
1179 However, the rule cost \$10 billion a year according to EPA
1180 and results in a maximum--according to EPA--of \$6 billion in
1181 benefits from the reduction of mercury. In other words, this
1182 is a net cost to the American economy, and honestly the
1183 economy of the world, of \$10 billion a year. You can buy a
1184 lot of anaerobic digesters in China or Brazil or where-have-
1185 you with \$10 billion. And the Mercury and Air Toxics
1186 Standards is just one example, but it is representative of
1187 EPA's current regulatory philosophy.

1188 Far more benefits could be achieved both environmental
1189 and economic if EPA were more circumspect in its regulation.
1190 The American people want Congress to balance the budget and
1191 get America's fiscal house in order. One key to doing this
1192 is to reduce spending on things that are obviously
1193 unnecessary. It is not obvious what the value is to the
1194 American people of international grants issued under the
1195 Clean Air Act, Section 103.

1196 I thank you for your time and I will be happy to answer
1197 any questions.

1198 [The prepared statement of Mr. Simmons follows:]

1199 ***** INSERT 2 *****

|
1200 Mr. {Whitfield.} Thank you very much, Mr. Simmons.

1201 And Dr. Light, you are recognized for 5 minutes.

|
1202 ^STATEMENT OF ANDREW LIGHT

1203 } Mr. {Light.} Thank you, sir.

1204 Chairman Whitfield, Representative Rush, honored
1205 Members, I appreciate the invitation to testify on H.R. 4255.
1206 In these brief remarks, I will focus on that part of my
1207 written testimony which offers evidence for House Section 103
1208 grants to foreign partners help to protect the health of
1209 Americans, fulfill our foreign policy objectives, ensure
1210 American competitiveness, and deliver on our ability to solve
1211 global environmental problems. I will give examples for each
1212 point. My written testimony has many others.

1213 Point one: these grants help to protect the health and
1214 safety of Americans. Mr. Simmons called into question the
1215 utility of these grants for Americans. In fact, funding for
1216 studies and projects abroad directly help to protect us. For
1217 example, interdisciplinary team led by Susan Annenberg at the
1218 University of North Carolina demonstrated in 2009 that
1219 reductions in air pollution in other countries will result in
1220 significantly reduced mortality rates here in the United
1221 States. Looking at the impacts of ozone pollution alone in
1222 their study--a target of many of these grants--they estimate
1223 foreign emission reductions contribute about 30 percent of

1224 the total avoided mortalities in North American with almost
1225 3/4 of those in the United States. Increasing these measures
1226 abroad will save more American lives.

1227 Point two: these grants help the United States to meet
1228 critical foreign policy objectives. In a moment, Ms. Derby
1229 will describe the importance of Winrock's work with the
1230 Partnership for Clean Indoor Air and the Global Alliance for
1231 Clean Cookstoves, including the lifesaving benefits these
1232 projects have provided for millions of people. But the Clean
1233 Cookstoves initiative does more than prevent indoor air
1234 pollution; it reduces the vulnerability of women in African
1235 conflict zones by decreasing their time gathering fuel, which
1236 in turn increases their social mobility. This may not seem
1237 like much but it is quite a lot for them given their daily
1238 lives. More is provided here than a new appliance. These
1239 cookstoves assist in creating a fundamental element of
1240 democracy, namely, a safe, free environment where they can
1241 have a chance at success, which in turns strengthens our
1242 relationship with these countries.

1243 Point three: these grants help to ensure competitiveness
1244 for American companies, as many have already argued. Support
1245 for multilateral organizations that raise ambition for
1246 tighter pollution-protection measures abroad, including
1247 cooperation with organizations like UNEP, the OECD, and

1248 others help to ensure the developing countries are applying
1249 similar pollution standards that we do at home. Programs
1250 like the Partnership for Clean Fuels in Vehicles, as we heard
1251 in the first panel, help U.S. companies abroad because equal
1252 regulation on air pollution creates a level playing field for
1253 American companies to be competitive when manufacturers in
1254 other countries are being held to the same standards.

1255 Point four: these grants are critical for applying
1256 global solutions to global challenges. And I will spend a
1257 bit more time on this one. The Global Methane Initiative
1258 mentioned earlier by Assistant Administrator Hooks certainly
1259 helps to reduce the impact of this powerful greenhouse gas,
1260 as he said. But the impacts go much further and help to
1261 explain why all countries have an interest in cooperatively
1262 taking on these challenges and are doing so now. Methane,
1263 along with black carbon, hydrofluorocarbons, and tropospheric
1264 ozone are what we call short-lived climate pollutants. Not
1265 only do these gases have more warming potential than carbon
1266 dioxide, some of them are potentially deadly. Each year,
1267 millions of people die prematurely from black carbon or soot.
1268 These gases are also responsible for extensive crop losses
1269 each year.

1270 Regardless of one's views on the reality of climate
1271 change--we don't have to agree on that--addressing these non-

1272 CO₂ pollutants is both cost-effective and yields multiple
1273 health and economic benefits. For example, this year, a
1274 study published in ``Science'' by an international team led
1275 by NASA's Drew Shindell estimated the effects of 14 very
1276 straightforward methane and black carbon control measures.
1277 Implementation of these measures would avoid up to 4.7
1278 million annual premature deaths worldwide and increase crop
1279 yields annually by 30 to 135 million metric tons starting in
1280 2030 and beyond, including 6.3 proven million tons of crops
1281 in the United States.

1282 The costs for these programs are minimal. Reducing a
1283 metric ton of methane costs around \$250 while the benefit
1284 ranges from 700 to \$5,000. Already U.S. investments in the
1285 Global Methane Initiative have leveraged 398 million in
1286 additional investment, or almost three times as much as all
1287 103 grants to foreign recipients since the year 2000.
1288 Developing countries simply cannot leverage private finance
1289 in the way U.S. dollars can, and that is why we need
1290 cooperation on these efforts moving forward.

1291 Now, for those who are concerned with global warming,
1292 this suite of measures reduces total projected warming by
1293 half a degree Celsius. Given that the current
1294 internationally accepted goal is to try to stabilize
1295 temperature increase caused by humans at 2 degrees Celsius

1296 over preindustrial levels and given that humans have already
1297 pushed the temperature up almost 1 degree, we can't afford
1298 not to do this.

1299 The measure studied in the Shindell paper include
1300 reducing methane leakage from coalmining, oil and gas
1301 production, landfills, wastewater, livestock manure, and rice
1302 paddies. The black carbon measures cover diesel vehicles,
1303 clean-burning biomass, and things like cookstoves, in other
1304 words, exactly the same kinds of programs that the Section
1305 103 grants are funding right now.

1306 Provision of these funds is not proof that developing
1307 countries will not work towards reducing emissions on their
1308 own, as some have argued. Instead, it shows that an
1309 ambitious approach focused on sharing knowledge on multiple
1310 fronts helps to build momentum toward a common end that will
1311 benefit everyone. Developing countries are already working
1312 to reduce these pollutants for the same reason we are--to
1313 save lives, grow more food, and give their children a chance
1314 at a better future.

1315 To briefly conclude, given the abundant benefits
1316 demonstrated here of cooperation with foreign partners in
1317 projects outside of the United States and given the absolute
1318 necessity for international cooperation to adequately address
1319 problems that cannot effectively be stopped at anyone's

1320 borders, it would be irresponsible to limit EPA as this bill
1321 proposes.

1322 Of course I agree that we need to reduce budgets across
1323 the board in the Federal Government. No one could argue
1324 otherwise. But if we must trim 103 grant programs, better to
1325 use a scalpel than a sledgehammer.

1326 [The prepared statement of Mr. Light follows:]

1327 ***** INSERT 3 *****

|
1328 Mr. {Whitfield.} Ms. Derby, you are recognized for 5
1329 minutes.

|
1330 ^STATEMENT OF ELISA DERBY

1331 } Ms. {Derby.} Chairman Whitfield, Representative Rush,
1332 distinguished members of the committee, thank you for
1333 inviting me here today. My name is Elisa Derby. I am a
1334 senior program officer at Winrock International and I manage
1335 Winrock's household energy programs.

1336 Winrock International is a nonprofit organization that
1337 works with people in the United States and around the world
1338 to empower the disadvantaged, increase economic opportunity,
1339 and sustain natural resources. Winrock is headquartered in
1340 Little Rock, Arkansas, the State of our namesake, former
1341 governor Winthrop Rockefeller. I am pleased to be here today
1342 to discuss Winrock's partnership with the U.S. Environmental
1343 Protection Agency related to clean, efficient cooking
1344 practices. Winrock is one of the grantees being discussed
1345 today.

1346 I will summarize my testimony for you today to maximize
1347 time for your questions. My complete testimony has been
1348 submitted for the record. I hope this testimony helps
1349 committee members understand the work we have done and the
1350 people it has benefitted.

1351 Some 3 billion people worldwide burn solid fuels like

1352 wood, animal dung, crop residues, coal, and charcoal for
1353 cooking and heating in open fires or rudimentary stoves,
1354 releasing toxic smoke into their homes. Nearly 3 million
1355 people, primarily women and children in poor countries, die
1356 prematurely each year from exposure to indoor smoke from
1357 burning solid fuels, more than from either AIDS or malaria.
1358 Pneumonia, also closely associated with exposure to indoor
1359 smoke, is the number one killer of children worldwide and
1360 kills more children than AIDS, malaria, and tuberculosis
1361 combined. Exposure to indoor smoke it also associated with
1362 various cancers, cataracts, tuberculosis, asthma attacks,
1363 babies born with low birth weight or stillborn, and early
1364 infant death.

1365 Time and money spent on gathering and buying fuel
1366 perpetuates the cycle of family poverty. While I am not an
1367 expert on this issue, we do know that there are direct links
1368 between international poverty and U.S. national security.
1369 The inefficient burning of wood and charcoal also increases
1370 pressures on local natural resources and contributes to
1371 emissions of greenhouse gases and black carbon. In short,
1372 the simple task of cooking family meals has serious negative
1373 health and socioeconomic implications for half the world's
1374 population and serious negative environmental impacts locally
1375 and globally.

1376 Fortunately, there are clear solutions to these
1377 problems. Winrock, EPA, and a host of national,
1378 international, and private sector partners have worked to
1379 promote low-cost but clean and efficient approved cookstoves
1380 to address these problems since 2002 under the Partnership
1381 for Clean Indoor Air--which we will refer to as PCIA--
1382 launched as a presidential initiative of George W. Bush and
1383 led by EPA, and now, through ongoing work of the Global
1384 Alliance for Clean Cookstoves, EPA, and other U.S. government
1385 agencies.

1386 I personally have witnessed the damaging health and
1387 safety effects of indoor air pollution in homes I have
1388 visited in Latin America and Asia and the impact that a
1389 clean, efficient cookstoves can have on their lives. Women
1390 have shared with me that with an improved cookstove, they
1391 cough less and their children stay healthier. They say they
1392 have more time to spend with their children and more money
1393 for food and school as a result of their reduced fuel needs
1394 of the improved stoves. They are horrified to realize that
1395 the soot coating their walls and ceiling from their old stove
1396 was also coating their children's lungs.

1397 As a recognized global leader and expert in indoor air
1398 quality, EPA's involvement in this work has lent important
1399 prestige to the improved cookstoves sector that has enabled

1400 tremendous accomplishments and growth and development of the
1401 sector over the past 8 years that would not have been
1402 possible otherwise. Over the 6 years that we monitored PCIA
1403 partner achievements, PCIA partners reported selling and
1404 distributing more than 9.3 million improved stoves
1405 benefitting approximately 52 million people around the world.

1406 Winrock takes seriously our important role as stewards
1407 of U.S. taxpayer dollars. As such, we are firmly committed
1408 to cost-effective and efficient use of funds and always
1409 require significant participant cost-share for all travel
1410 scholarships used to bring participants to our high-impact
1411 and low-cost technical trainings. Participants that receive
1412 airfare support are responsible for all other travel costs,
1413 including meals and lodging. The overwhelming majority of
1414 the grant funding that Winrock has received from EPA for this
1415 partnership was spent here in the United States. At no time
1416 have any funds been transferred to any foreign government or
1417 other foreign entity.

1418 We believe that the work EPA has funded to date related
1419 to clean and efficient cookstoves has been pioneering and
1420 vital to the sector, and we have been proud to play a role in
1421 these achievements. Ultimately, this effort will lead to
1422 more people using better technologies and practices, reducing
1423 their exposure to indoor smoke, and thereby improving their

1424 health, livelihood, and quality of life.

1425 I appreciate the opportunity to make this presentation

1426 and I am happy to answer any questions you may have.

1427 [The prepared statement of Ms. Derby follows:]

1428 ***** INSERT 4 *****

|
1429 Mr. {Whitfield.} Thank you, Ms. Derby.
1430 Mr.--
1431 Mr. {Kreutzer.} Kreutzer.
1432 Mr. {Whitfield.} Kreutzer. Dr. Kreutzer, you are
1433 recognized for 5 minutes.

|
1434 ^STATEMENT OF DAVID W. KREUTZER

1435 } Mr. {Kreutzer.} My name is David Kreutzer. I am
1436 research fellow in energy economics and climate change at the
1437 Heritage Foundation. The views I express in this testimony
1438 are my own and should not be construed as representing any
1439 official position of the Heritage Foundation.

1440 Chairman Whitfield and Ranking Member Rush and other
1441 members of the committee, I want to thank you for inviting me
1442 to address you on the issue of EPA grants to foreign
1443 recipients.

1444 Though there may well be legitimate concerns about the
1445 appropriateness of funding environmental activities abroad,
1446 especially given our national debt and the fraction of our
1447 debt that is held by one of the leading recipient countries,
1448 a greater concern is what this tells us about our
1449 government's vision for much more significant obligations.
1450 That the EPA funds environmental programs in foreign
1451 countries is a clear sign that these countries are unwilling
1452 to fund these programs themselves. Though there are serious
1453 disagreements about the impact of CO2 emissions, climate
1454 skeptics, climate activists, the EPA, and others all agree
1455 the growth of CO2 emissions over the next century will come

1456 predominantly if not entirely from the developing countries.

1457 For example, in 2002, China's CO2 emissions were 40
1458 percent less than those in the United States while this year
1459 they are at least 50 percent greater. And this trend is
1460 likely to continue with CO2 emissions coming from the
1461 developing world are growing much faster than they will from
1462 the developed world.

1463 Even accepting the Intergovernmental Panel on Climate
1464 Change's high-end estimate of climate sensitivity--and that
1465 is a measure of how much warming there will be for a doubling
1466 of carbon dioxide levels in the atmosphere--even accepting
1467 those numbers, it is acknowledged that cutting CO2 emissions
1468 in the U.S. alone or even in conjunction with the Annex I
1469 countries--that is the developed countries of the Kyoto
1470 Agreement--will moderate any global warming by less than a
1471 half a degree by the end of this century. Whenever this
1472 point was made in the debates over cap-and-trade bills, for
1473 instance, the proponents of the legislation would imply that
1474 the emerging economies would follow our lead. What these
1475 proponents usually left out was that we would have to pay
1476 them to follow our lead.

1477 And why should they want to voluntarily? Last summer,
1478 there was a headline that said half of India was without
1479 electricity that was due to a blackout. The week before,

1480 they could have had a headline that said 1/3 of India is
1481 without electricity because they are always without
1482 electricity. All right? And so they are looking at having
1483 phenomenal growth rates. They would like everybody to have
1484 electricity. They would like them to have more than just
1485 electricity; they would like them to have refrigerators and
1486 dishwashers and all the things that we have. It is going to
1487 take a phenomenal amount of money to bribe them to forego
1488 those things, that growth that they would get by using
1489 energy.

1490 The UN Framework Convention on Climate Change
1491 established a \$100 billion Green Climate Fund as sort of the
1492 first ante to help transfer this wealth from the developed
1493 world to the developing world to get them to comply with the
1494 carbon restrictions. What the UN Framework Convention on
1495 Climate Change left out was the actual funding part of this
1496 fund, but I think we can get an idea by simply looking at
1497 past legislation in the U.S. The Lieberman-Warner cap-and-
1498 trade bill had provisions for designating U.S. money to go to
1499 foreign programs, as did the Waxman-Markey cap-and-trade
1500 bill, as did the Kerry-Boxer cap-and-trade bill, as did the
1501 Kerry-Lieberman cap-and-trade bill.

1502 EPA funding of foreign environmental programs is a clear
1503 sign that foreign countries are unwilling to fund these

1504 programs themselves. It should be noted that the cost of
1505 these programs is a small fraction of the cost of those
1506 necessary for these countries to meet carbon emission targets
1507 set out by proponents of global warming policies. So this is
1508 yet another sign that any carbon legislation in the U.S.,
1509 whether it is a carbon tax or a cap-and-trade, is likely to
1510 obligate U.S. energy consumers to bear not only the burden of
1511 our own policies but the additional burden of paying foreign
1512 countries for their compliance. There is new universal
1513 agreement that without severe restrictions on the carbon
1514 emissions of the developing countries, no policy in the
1515 developed world will have sufficient impact for them to meet
1516 the targets that are being set out, ones that I oppose, by
1517 the way.

1518 Though unadvertised, this significant additional burden
1519 of paying for the developing world's compliance is known to
1520 those involved in climate negotiations and policymaking. The
1521 UN has established a fund that will require developed
1522 countries to contribute hundreds of billions of dollars.
1523 U.S. energy consumers may not know about this obligation, but
1524 those negotiating supposedly on their behalf do, that every
1525 major cap-and-trade bill in the U.S. included mechanisms for
1526 contributing to this fund or ones like it makes it clear that
1527 climate policymakers in the U.S. intend to acquiesce to these

1528 demands for our wealth.

1529 Taken in this context, the EPA grants may just be the
1530 camel's nose in the tent. Thank you.

1531 [The prepared statement of Mr. Kreutzer follows:]

1532 ***** INSERT 5 *****

1533 Mr. {Whitfield.} Thank you very much, Dr. Kreutzer.

1534 And thank all of you for your testimony. I will
1535 recognize myself for 5 minutes and then the other Members
1536 will ask questions as well.

1537 Mr. Simmons, in your testimony you talked about the
1538 Executive Order that President Clinton and President Obama
1539 had in which it basically was saying that agencies should not
1540 issue grants other than as explicitly set out in the
1541 legislation of the statute. Can you make an argument based
1542 on that Executive Order that EPA may be violating that
1543 Executive Order with their 103 grants?

1544 Mr. {Simmons.} Well, I need to be clear on this. The
1545 Executive Order is the regulatory philosophy, and there is
1546 obviously a difference between regulations and between grant-
1547 making. And my argument is that grant-making and how they
1548 decide grant-making ought to be analogous to how they should
1549 be following the regulatory philosophy. So I mean I think it
1550 definitely violates the spirit of the Executive Order, but
1551 unfortunately, there has been a longstanding--

1552 Mr. {Whitfield.} Well, there has been a long standing
1553 and I agree with you that I think it does violate the spirit
1554 of it. And I don't really agree with EPA that it is very
1555 clear in the Section 103 statute that they have the authority

1556 to do these international grants. But I think primarily they
1557 are relying on their NEPA authority and I don't know that
1558 that has ever been tested in the courts. Do you know if it
1559 has?

1560 Mr. {Simmons.} My understanding--well, yes, I don't
1561 know. I mean Section 103 says that EPA has the authority to
1562 ``establish a national research and development program for
1563 the prevention and control of air pollution.'' It says it is
1564 a national program. It doesn't--

1565 Mr. {Whitfield.} Right.

1566 Mr. {Simmons.} By not explicitly limiting EPA's--

1567 Mr. {Whitfield.} Right.

1568 Mr. {Simmons.} --authority--

1569 Mr. {Whitfield.} Yeah. Yeah.

1570 Mr. {Simmons.} --is why we are in the situation--

1571 Mr. {Whitfield.} And Ms. Derby, all of us have heard of
1572 Winrock International and we know that you all do great work
1573 and that you are here testifying you are not trying to hide
1574 anything. And on your website it talks about and you have
1575 said in your testimony you received grants from the Federal
1576 Government, and you list agencies that you have received
1577 grants from. How much would you say that you receive a year
1578 in grants from the Federal Government for Winrock?

1579 Ms. {Derby.} I don't have that number but I would

1580 estimate that at least \$60 million a year.

1581 Mr. {Whitfield.} Sixteen million, okay.

1582 Ms. {Derby.} Sixty. Sixty.

1583 Mr. {Whitfield.} Oh, 60 million.

1584 Ms. {Derby.} Yeah, it fluctuates--

1585 Mr. {Whitfield.} Yeah.

1586 Ms. {Derby.} --from year--

1587 Mr. {Whitfield.} Because I know you have foundations
1588 that support you and--

1589 Ms. {Derby.} Um-hum.

1590 Mr. {Whitfield.} --even federal agencies outside the
1591 U.S. and so forth. But I am glad that you and Dr. Light are
1592 here because, as I said in my opening statement, this is more
1593 symbolic than anything else. We have a gigantic federal debt
1594 and everyone that comes up here to testify, they always say I
1595 agree that we need to be more focused on reducing our debt,
1596 but anytime we ever come up with even a minor way to do it,
1597 everyone says, oh, my God, we can't do that. And now, here
1598 we are talking about EPA. They have a budget over \$8 billion
1599 a year and we are talking about less than 1 percent of that
1600 on these 103 grants. And I mean I find it difficult to
1601 believe in all the hearings that I have been a part of
1602 listening to EPA testify up here, all of their programs, that
1603 they would be damaged in any significant way or that the

1604 American people would be damaged in any significant way by
1605 eliminating these grants. Obviously, you don't feel that
1606 way, Dr. Light, and I guess you don't feel that way either.
1607 Is that right, Ms. Derby?

1608 Ms. {Derby.} Yes. Can I respond?

1609 Mr. {Whitfield.} Sure.

1610 Ms. {Derby.} Yeah, so all of Winrock's household energy
1611 technical training work has been funded by EPA, and so if
1612 this legislation should pass, then that possibility going
1613 forward would be eliminated but not just for Winrock, for all
1614 of the improved cookstoves sector. And because EPA is a
1615 leading, recognized expert in indoor air quality, their
1616 involvement has been very important to the sector.

1617 Mr. {Whitfield.} Let me just interject here. Mr.
1618 McKinley talked about this and he talks about it every
1619 hearing, every time EPA comes up here we talk about indoor
1620 air quality being worse than outdoor air and they seldom, if
1621 ever, focus any attention on indoor air, and yet, through
1622 these grants, they are concerned about indoor air problems
1623 outside the U.S.

1624 Ms. {Derby.} Well, I can't represent EPA but I know EPA
1625 does work on indoor air quality in the United States.

1626 Mr. {Whitfield.} Not much. Not much.

1627 Ms. {Derby.} I would have to defer to EPA on--

1628 Mr. {Whitfield.} Does anybody else have any comment?

1629 My time is expiring. Yes?

1630 Mr. {Light.} Mr. Chairman, I think there is certainly a
1631 place for, you know, putting forth some piece of legislation
1632 to make the symbolic argument you are making. I think the
1633 consensus view that Ms. Derby and I have and many of the
1634 people who work in this area and my review of the scientific
1635 literature is that, unfortunately, the impact would not be
1636 symbolic, that it effectively would have a very big impact on
1637 our ability to fight--

1638 Mr. {Whitfield.} Yeah.

1639 Mr. {Light.} --pollution that is harming Americans.
1640 And it might sound like a very small amount of money from the
1641 EPA budget, but as you say, the EPA budget is very large.
1642 And so compared to what a lot of other countries come into
1643 efforts like this, even a small amount of our budget actually
1644 goes quite a long way, especially with respect to leveraging
1645 private finance, even increase the pots of--

1646 Mr. {Whitfield.} Yeah.

1647 Mr. {Light.} --money available for reducing these
1648 pollutants.

1649 Mr. {Whitfield.} Thank you. Dr. Kreutzer?

1650 Mr. {Kreutzer.} Yes. Again, I would like to take a
1651 somewhat bigger picture view. I don't have any problem, I

1652 don't think, with our cookstove at our house because it is
1653 electric. And it is electric because we have economic growth
1654 and we have power plants I think in Virginia--probably the
1655 majority is from coal. And while it is noble and I think a
1656 good idea to improve the cookstoves that are using gathered
1657 wood or dung or whatever the source may be, it is ironic that
1658 at the same time that the EPA is funding this project, they
1659 are working so hard to prevent the electrification or the use
1660 of coal that can provide a much cleaner indoor environment by
1661 allowing people--1/3 as I mentioned in India don't even have
1662 electricity; one of the cheapest sources of electricity for
1663 them will be coal--but we have almost a jihad against coal
1664 here in the U.S. spearheaded by the EPA. So I think it would
1665 be more consistent if they were really worried about indoor
1666 air pollution to come up with ways to help the developing
1667 world to get electricity that is affordable and reliable.

1668 Mr. {Whitfield.} Yeah, very good.

1669 Mr. Rush, you are recognized for 5 minutes.

1670 Mr. {Rush.} I agree with Dr. Light that this is more
1671 than just symbolism. To spend this much time on a bill using
1672 these resources, I hope that it is not just about symbolism.
1673 But Dr. Kreutzer, you raise some interesting points. You
1674 know, you kind of rattled me a little bit. He accused us of
1675 trying to bribe foreign governments with these funds. How do

1676 you react to that? How do you react to his whole statement?

1677 Mr. {Light.} Yes, sir. I would not agree with Mr.
1678 Kreutzer that these are bribes that we are giving to other
1679 governments. I don't think that that is way the fundamental
1680 leveraging of finance works out in these cases. Sort of the
1681 trajectory of his argument was that this was the camel's nose
1682 under the tent and what is down the road is by 2020 this
1683 Green Climate Fund, which is supposed to raise the bulk of
1684 the commitments for \$100 billion, but the way that Mr.
1685 Kreutzer characterized this in his testimony, there were just
1686 many errors. He says, for example, that the U.S. is expected
1687 to make the biggest contribution to international climate
1688 finance. Well, while some people might expect that, that
1689 certainly isn't how this Administration has characterized
1690 what they plan on contributing to funds like these.

1691 He also suggested towards the end of his testimony that
1692 setting up these big funds like this will require developed
1693 countries to contribute hundreds of billions of dollars, and
1694 that is just simply not the way they are set up. In fact, if
1695 you look at the Green Climate Fund and many of the other
1696 climate funds around the world, including the current ones
1697 that exist in World Bank and others, the United States has
1698 always said public money cannot be used to fill all these
1699 coffers. That is the consistent position of this

1700 Administration. And the United States, in fact, held up the
1701 implementing document for the Green Climate Fund before last
1702 year's Climate Summit in Durbin because it did not
1703 sufficiently allow for private investment to be one of the
1704 key factors of how this one was going to move forward. In
1705 fact, the United States held up the document and said we will
1706 not agree to signing onto this document moving forward until
1707 there is a significant portal for private investment going
1708 forward.

1709 This is how the United States looks at this, and so I
1710 think to characterize this as just a big public giveaway
1711 globally is just simply false. It is the case that because
1712 we are talking about countries that have excruciating
1713 development needs that they are going to need some assistance
1714 to leverage adequate amounts of money to deal with these
1715 problems, and the good part is is that we all absolutely
1716 benefit from this. And I think the numbers are absolutely
1717 clear.

1718 Mr. {Kreutzer.} Can I chime in since you are talking
1719 about my testimony?

1720 Mr. {Rush.} Mr. Chairman, I have the time.

1721 Ms. Derby, I am very, very excited about your program
1722 and what you do and what Winrock does across the world, and
1723 when you talked about the cookstoves, I recall a time when I

1724 was in Chiapas, Mexico, and we walked into this little hut
1725 and the smoke, we could not really understand how they could
1726 stay in this one-room hut with this cookstove, and it was
1727 just so much smoke. The smoke was so thick and here you had
1728 babies and little children, you know, in and out of that
1729 place. So I mean that picture is driven in my mind. So can
1730 you tell me a little bit about or can you describe the
1731 breadth of support for your work? How many other
1732 international organizations support this kind of work? The
1733 chairman indicated that you had foundations supporting this
1734 kind of work. How much of an international initiative does
1735 the matter of cookstoves engender around the world, how much
1736 support around the world?

1737 Ms. {Derby.} Well, there are numerous improved
1738 cookstove-related programs around the world. Many are funded
1739 by U.S. government agencies. When the Global Alliance for
1740 Clean Cookstoves was launched, there was a \$53 million
1741 commitment by the U.S. Government. About half of that was
1742 committed by CDC and NIH for health studies and the rest was
1743 committed between the Department of Energy, Department of
1744 State, USAID and EPA. The World Bank also works on improved
1745 cookstove-related and household energy work, as do smaller
1746 foundations fund this kind of work. At Winrock, our primary
1747 work with improved cookstoves and household energy in general

1748 has been through USAID and EPA funding.

1749 Mr. {Rush.} So if in fact this bill were to become law,
1750 then it would have a cascading effect or reverberation on
1751 these other programs and these other initiatives around the
1752 world. Is that correct?

1753 Ms. {Derby.} I believe so because EPA has been a
1754 pioneering leader in the sector and has been able to leverage
1755 the involvement of other U.S. Government and international
1756 agencies. And so to have EPA suddenly pull out from the
1757 sector would be a tremendous blow to the sector.

1758 Mr. {Rush.} What would it do to our foreign image, I
1759 mean our image around the world as it relates to being a
1760 leader in terms of environmental--

1761 Ms. {Derby.} Well, the U.S. is definitely, thanks to
1762 EPA, currently recognized as a leader in household energy and
1763 indoor pollution and cookstoves work. Right now, the EPA is
1764 funding technical trainings around the world to help people
1765 learn to make better cookstoves and make sure that they work
1766 right. You can't tell by looking at a cookstove if it works
1767 right; you have to test it. So all of this training that we
1768 are doing increases U.S. visibility and goodwill abroad by us
1769 helping these producers to make their stoves better and
1770 thereby improve health and livelihood for families.

1771 Mr. {Whitfield.} Gentleman's time is expired.

1772 At this time, I would like to recognize the gentleman
1773 from Virginia, Mr. Griffith.

1774 Mr. {Griffith.} Thank you, Mr. Chairman.

1775 Dr. Kreutzer, nice to see you and welcome you here.

1776 You, a couple times, wanted to make some comments in the last
1777 couple of minutes and I am going to give you that
1778 opportunity.

1779 Mr. {Kreutzer.} Well, thank you.

1780 First, and I will talk about the most recent topic which
1781 is these cookstoves and I think it is a noble initiative.

1782 The trouble is the EPA seems to want to create a world that
1783 is ideal for subsistence farmers. As we want to help them
1784 with the technologies that they had when they were poor, we
1785 do not want to help promote technologies and energy sources
1786 that are going to allow them to become rich. And I think
1787 that is misguided. As a great a problem as I think the one
1788 you have now is, ignoring the second half is even worse, in
1789 greater magnitude.

1790 Dr. Light accused me of making some misrepresentations
1791 regarding these global funds. He said the Administration
1792 does not want public funds to go to them. The Administration
1793 supported the Waxman-Markey bill, the Kerry-Boxer bill, the
1794 Kerry-Lieberman bill, all of which had provisions for sending
1795 funds to these foreign programs. They were not actually tax

1796 dollars because they used the disingenuous plan of calling
1797 something ``allowances.'' That is energy producers would
1798 have to buy allowances. That would generate funds and it is
1799 those funds that are going overseas.

1800 That is exactly--and if you talk to all the economists,
1801 they agree--it works very much like a CO2 tax and we can call
1802 those allowances CO2 tax or revenues. Every person I know
1803 that did modeling on both sides of the aisle of the cap-and-
1804 trade bills regarded those as carbon taxes. Maybe officially
1805 they weren't but sending money from energy consumers in the
1806 U.S. to foreign countries to try to get them to do something
1807 they clearly don't want to do because it is going to be very
1808 costly in terms of limiting their growth I think is a bad
1809 idea and I think it was hidden in these negotiations. I
1810 don't think they advertised the fact that there was going to
1811 be a big amount of money transferred.

1812 Mr. {Griffith.} Mr. Simmons, if I might, and it is one
1813 of those things that sometimes happens. I think I misheard
1814 your testimony so I want to make sure that it is clear
1815 because then when I went back to read it because I thought it
1816 was a really good point, I read it differently than I heard
1817 it. So let me make sure I get it clear. In your testimony
1818 you stated that in regard to the Mercury and Toxic Standards
1819 Rule that the EPA website indicates that it costs \$10 billion

1820 a year and then what I thought I heard you say was was that
1821 the EPA said that it had a value of \$6 billion. But I
1822 noticed in your written testimony that it is an ``M.'' I am
1823 assuming your written testimony so it is a \$6 million
1824 benefit. I am assuming your written testimony is correct and
1825 that I just wasn't paying enough attention.

1826 Mr. {Simmons.} I could have easily misspoken. In EPA's
1827 regulatory impact analysis, the cost of the Mercury and Air
1828 Toxics Standard is \$10 billion a year. The benefits for
1829 reducing mercury are between 500,000 and \$6 million with an
1830 ``M.``

1831 Mr. {Griffith.} And so that does leave a huge amount of
1832 money that could be used for other projects. And I see this
1833 all the time where it appears that the EPA is either making
1834 others spend a lot of money or they are spending money and
1835 yet we could take that money and use it for something that
1836 really matters like the cookstoves and do things in this
1837 country. And then I also liked your point in regard to the
1838 economic situations because my district is being hit very
1839 hard by what I believe Dr. Kreutzer--I always called it the
1840 War on Coal--used. What was it? Armageddon on Coal? What
1841 was the term you used?

1842 Mr. {Kreutzer.} I didn't mean to bring in a religious
1843 component--

1844 Mr. {Griffith.} Let me go back to my War on Coal.

1845 Mr. {Kreutzer.} War is fine.

1846 Mr. {Griffith.} But, you know, we are on the frontlines
1847 of that. We lost another 620 jobs just last week that are
1848 idled. Hopefully, they will come back in the not-too-distant
1849 future. But prior to that, we have had over 1,000 people in
1850 the region that have been laid off from various mines, and,
1851 you know, it is interesting because we are talking about the
1852 cookstoves in Third World countries but I envision in a cold
1853 winter--and we did not have a cold winter this last winter--a
1854 lot of folks in my district are going to have to live in one
1855 room even if that have a multi-room house with some type of a
1856 small little heater, probably either electric or kerosene
1857 because they can't afford to heat the whole house to a level
1858 that is comfortable, and even in that small room they are
1859 going to have to be bundled up. And does that not have
1860 greater effect, Mr. Simmons, on the health of those
1861 individuals than the value of the MATS compared with the \$10
1862 billion a year?

1863 Mr. {Simmons.} It has a large impact. I mean there is
1864 a great discrepancy between the health outcomes of the poor
1865 versus the rich and it has everything to do with which rich
1866 people and rich countries can afford more environmental
1867 amenities than poor people in poor countries. And so the

1868 point is the richer we are as people, the richer we are as a
1869 country, the safer we are and the better our environment is.

1870 Mr. {Griffith.} And Mr. Chairman, I see my time is up
1871 and I yield back.

1872 Mr. {Whitfield.} Thanks very much, Mr. Griffith.

1873 And I want to thank all four of you for taking time to
1874 come up today and talking about this legislation and the
1875 impact that it would have from your perspective. We
1876 appreciate your time once again. And we are going to keep
1877 this record open for at least 10 days if you have any
1878 additional material that anyone would like to put in, the
1879 record will be open.

1880 And Mr. Rush, do you have anything else?

1881 Mr. {Rush.} No, nothing else.

1882 Mr. {Whitfield.} Sorry we are not going to have a
1883 hearing tomorrow.

1884 But anyway, thank you all very much and we look forward
1885 to working with you as we decide whether to move forward or
1886 not. Thank you very much.

1887 Hearing is concluded.

1888 [Whereupon, at 1:05 p.m., the Subcommittee was
1889 adjourned.]