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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

CHIEF OF STAFF

September 14, 1998

MEMORANDUM FOR TODD STERN
ROB WEINER
ROGER BALLENTINE
JULIE ANDERSON

FROM:

MICHELE JOLIN

A handwritten signature in cursive script, appearing to read "m jolin", written over the printed name "MICHELE JOLIN".

SUBJECT:

Documents

I think we need to discuss the attached.

ONE HUNDRED FIFTH CONGRESS

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U.S. House of Representatives
Committee on Commerce
 Room 2125, Rayburn House Office Building
 Washington, DC 20515-6115

September 11, 1998

JAMES E. DERDERIAN, CHIEF OF STAFF

The Honorable Janet Yellen
 Chair
 Council of Economic Advisors
 Old Executive Office Building
 Washington, D.C. 20502

Dear Dr. Yellen:

We are writing to inform you of the decision to include in the March 4, 1998 printed hearing record the economic analysis you recently provided to the Committee concerning the potential costs of the Kyoto Protocol to the U.S. economy. As you know, at the March 4 hearing, Chairman Schaefer and Ranking Member Dingell requested that you provide these documents to the Committee, and Mr. Dingell requested that these documents be included in the hearing record. After reviewing the document entitled "The Kyoto Protocol and the President's Policies to Address Climate Change: Administration Economic Analysis" and considering the letter from Mr. Robert Weiner, Senior Counsel, Office of Counsel to the President regarding release of the documents, we believe that failing to include these documents in the printed hearing record would hinder the ability of the Committee to carry out its oversight responsibilities and would leave stakeholders and the public without complete information regarding the range of possible costs of implementation of the Kyoto Protocol. The potentially enormous impact of these policies to the United States economy, the Administration's less than forthcoming dealings with Congress on this matter, and the nature of the documents, underscore the need for disclosure as part of our oversight efforts, and outweigh any arguments to keep these documents hidden from public scrutiny.

You noted at the July 15, 1997 hearing, "when a decision has been arrived at, it is incumbent on us to explain how we arrived at that decision and why we regard it as a sensible decision. I feel we have to be prepared to explain that." We agree. If the Administration is going to present certain economic conclusions as justification for its policies, then it is inappropriate for the Administration to shield the assumptions used to reach those economic conclusions.

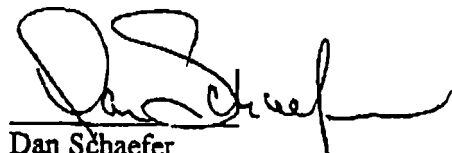
Thank you for your cooperation on this matter. We also will enter into the printed hearing record a copy of this letter. If you have any questions, please contact Ms. Catherine Van Way or Mark Paoletta of the Majority Staff at 225-2927 or Dennis Fitzgibbons or Sue Sheridan of the Minority staff at 225-3641.

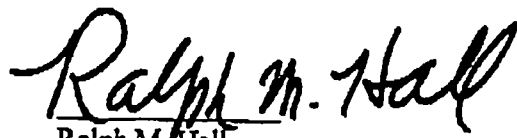
The Honorable Janet Yellen
Page 2

Sincerely,


Tom Bliley
Chairman


John D. Dingell
Ranking Member


Dan Schaefer
Chairman
Subcommittee on Energy and Power


Ralph M. Hall
Ranking Member
Subcommittee on Energy and Power

EXECUTIVE ~~OFFICE~~ OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

September 1, 1998

TO: Roger Ballentine

FROM: Michele Jolin



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

CHIEF OF STAFF

August 24, 1998

Dear Ms. Dobriansky:

Enclosed are responses to questions 15-34 of the March 13 letter from Chairman McIntosh to Council of Economic Advisers ("CEA") Chair Janet Yellen. Also enclosed are 6 boxes of documents related to economic analysis of climate change policies.

In addition, the Office of the Counsel to the President has determined that other CEA climate change documents include material that reflects Executive Branch policy-making deliberations. Please contact the Office of Counsel to the President to discuss the appropriate accommodation with regard to these materials.

Finally, as you know, on August 10, 1998, CEA Chair Janet Yellen was served with a subpoena to produce certain records related to climate change. This subpoena requires that the CEA provide the Committee within a 2 week period an extremely broad range of additional climate change materials that were not covered by Chairman McIntosh's March 13 letter. The August 10 subpoena will require a substantial and time consuming new search of CEA files. Moreover, given that much of the materials are likely to reflect policy deliberations, the Office of the Counsel to the President will need to review the documents to safeguard the interests of the Executive Branch in confidentiality of the policy-making process.

As you know, even though the CEA staff is extremely small, CEA is responsible for providing the President with information, analysis and advice on a range of domestic and international economic issues, including performance of the stock market, trends in the U.S. economy, Social Security reform, the Asian financial crisis and the economic troubles in Russia. We are simply unable to undertake the additional search required to respond on the timetable specified in the August 10 subpoena, while still fulfilling our statutory obligations related to the continued strength and vitality of the U.S. economy.

Please contact me at 395-5084 to discuss the nature and timing of the CEA's response to the August 10 subpoena.

Sincerely,

A handwritten signature in black ink, appearing to read "Michele Jolin". The signature is fluid and cursive, with the first name "Michele" written in a larger, more prominent script than the last name "Jolin".

Michele Jolin

Ms. Larisa Dobriansky
Senior Counsel
Subcommittee on National Economic Growth,
Natural Resources and Regulatory Affairs
Committee on Government Reform and Oversight
U.S. House of Representatives
Room 2157 Rayburn House Office Building
Washington, D.C. 20515-6143

Enclosures

cc: Keith Ausbrook
Alys Campaigne

**Answers to March 13 Questions To CEA
from Representative McIntosh
Chair of the House Subcommittee
on National Economic Growth, Natural Resources, and Regulatory Affairs**

C. Dr. Yellen's Testimony before the House Commerce Committee on March 4, 1998

15. *Please provide any and all analyses that support the Administration's conclusion that impacts on the U.S. economy of complying with the terms of the Kyoto Protocol are likely to be "modest".*

Response: Dr. Yellen's testimony concluded that the net costs of the Administration's policies to reduce emissions are likely to be small, assuming those reductions are undertaken in an efficient manner and the United States is successful in securing meaningful developing country participation as well as effective international trading, and the Clean Development Mechanism. The analyses supporting this conclusion are presented in "The Kyoto Protocol and the President's Policies to Address Climate Change: Administration Economic Analysis" (hereafter, the AEA). (see pp. 39-72)

15. Continued. *Also, explain fully how the Administration can make such a forecast responsibly when as Dr. Yellen stated, "it is not yet possible to provide a full authoritative analysis of the Kyoto Protocol." Among other things, Dr. Yellen noted that there is still "much that we do not know" because much has been left unresolved by this treaty (for example, implementation issues, the rules and procedures governing international emissions trading, joint implementation projects, and the Clean Development Mechanism, and future emissions reduction obligations). Moreover, Dr. Yellen asserted that to her knowledge, "no [economic] model --whether used inside the government or not --has yet been set up to analyze the implications of the Kyoto Protocol, since this agreement is only a few months old."*

Response: As mentioned in Dr. Yellen's testimony, many analyses estimating costs of the Kyoto Protocol have generally not taken into account the specific provisions of the Kyoto agreement and the Administration's policies with respect to reducing greenhouse gas emissions. In particular they have omitted the cost-savings likely to result from international permit trading, the Clean Development Mechanism, meaningful participation by key developing countries, trading across six categories of greenhouse gases, and the flexibility provided by including carbon sinks. Omitting these elements will raise the estimated cost. The Administration's conclusion, and the illustrative numerical estimates that support this conclusion, incorporate these policies and mechanisms.

16. *Please provide any and all analyses that support the following estimates:*

a. *U.S. electricity restructuring “will offer approximately \$20 billion in cost savings”.*

Response: The derivation of this estimate is explained in the AEA in the section entitled potential electricity restructuring cost-savings. (see Appendix C)

b. *Emissions trading among the Annex I countries “can reduce the cost to the United States of achieving its targets for 2008-2012 emissions by about half.”*

Response: Please see the section on the effects of climate change policy on the United States in the AEA. (see pp. 27-32, 45, 48, 51-52)

c. *Emissions trading among a subset of Annex I countries (for example, the United States, Australia, Canada, New Zealand, and Russia) “can reduce costs by an estimated 60-70 percent.”*

Response: Please see the section on the effects of climate change policy on the United States in the AEA. (see pp. 27-32, 45, 48, 51-52)

Also, based on the estimates presented in Janet Yellen’s testimony, please explain and fully document how more limited trading among this subset of countries would produce greater cost reductions than from either trading among all Annex I countries or trading with the full participation of Non-Annex I countries.

Response: The market clearing price for greenhouse gas permits in an international trading system result from the supply and demand for internationally traded permits. If a country that is expected to be a net seller decided not to sell, then the actual supply falls, and the permit price and associated cost increases. If a country that is expected to be a net buyer decided not to buy, then demand falls, and the permit price and associated cost falls. In the case of trading under the Kyoto Protocol, both the United States and the European Union are projected by many economic models to be net buyers. If the European Union decides not to participate in international trading, then the demand for permits on the international market would decline, and the permit price and costs would fall, thereby benefiting countries that continue to buy permits internationally. Please also see the section on the effect of climate change policy on the United States in the AEA (see pp. 51-53).

d. *The Clean Development Mechanism “might shave costs by roughly another 20 to 25 percent”.*

Response: The United States is seeking to ensure that the Clean Development Mechanism becomes a cost-effective way to allow developed country firms to give financing and technical assistance for projects to lower emissions and to receive credit for the reductions. Our best professional judgment, based on discussions with a variety of informed analysts, is that CDM could achieve at least 20 percent of the emissions reductions available under full global trading.

The statement that costs would fall by roughly another 20 to 25 percent is based on the SGM results given an assumption of 20 percent "effectiveness," and is further explained in the AEA. (see pp. 35, 48)

e. Overall costs "would reach roughly one-tenth of one percent of projected GDP in 2010" (resource costs of achieving Kyoto targets for emissions reductions were estimated to be \$7 to \$12 billion per year in 2008 to 2012).

Response: The forecasted changes in GDP were taken from the SGM model output based on certain assumptions. Please see the section on the effects of climate change policy on the United States in the attached AEA for a brief summary. (see pp. 51-53)

Also, please explain how it is possible that compliance with the Kyoto Protocol, which has been projected by independent economists to be the most expensive environmental undertaking ever, could cost less than compliance with the recently issued U.S. air quality rules for particulate matter and ozone (the final Regulatory Impact Analysis for those rules estimated costs of \$46 billion).

Response: As mentioned in Dr. Yellen's testimony, many analyses estimating costs have generally not taken into account the flexibility mechanisms included in the Kyoto Protocol and the Administration's policies with respect to reducing greenhouse gas emissions. In particular they have omitted the cost-savings likely to result from international permit trading, the Clean Development Mechanism, meaningful participation by key developing countries, trading across six categories of greenhouse gases, and the flexibility provided by including carbon sinks. Omitting these flexibility mechanisms raises the cost estimates of these analyses.

f. The assumption that the rate of improvement in energy efficiency (AEEI) will be 1.0 percent per year (which is greater than that assumed by the EIA).

Response: Please see the section on energy efficiency improvement in the AEA for a brief summary. (see pp. 46-47)

In particular, please reconcile this assumption with the statement of the CEA in its 1998 Annual Report that "[u]ntil an emissions cap and trading system are in place, however, the economic incentive to use [technologies supported by the Administration's budget] may be low."

Response: No reconciliation is needed. The comment from the 1998 ERP implies simply that in the absence of a cap and trade system that would lower the price of using carbon-lean technologies relative to carbon-rich technologies, the incentives to adopt such carbon-lean technologies will be less than in a world with the target and trade system in place. Moreover, the AEEI represents the autonomous rate of technological improvement, i.e., the rate that would occur in the absence of price changes that the target and trade system might lead to, due merely to the greater availability of new technologies. Thus its value is a comment on the extent of one's technological optimism, and not about optimism of private parties to respond to price

incentives.

Is the Administration assuming that such a system will be put into place in the short-run?

Response: The Administration's position on the timing of a target and trade system has not changed. The Administration maintains that the system should be established in the 2008-12 time-frame with the benefit of 10 years of additional experience with similar market based mechanisms.

g. The estimated effect on energy prices will range from \$14 to \$23 per ton of carbon equivalent.

Response: Please see the section of the AEA that describes the effects of climate change policy on the United States (see pp. 54-58)

h. "In energy-intensive sectors some employment reduction could occur, although given the very small predicted change in energy prices, impacts in most such sectors are apt to be minimal. Furthermore, a large number of jobs will be created in other sectors --many of them high-tech jobs paying high wages."

Response: According to standard economic analysis, in the long run, total employment is determined by the size of the labor force, incentives to work, and the productivity of labor. Changes in prices -- which result from developments in technology, trade, energy markets, or many other areas -- tend to have their effects on the composition of employment across sectors, more than on total employment.

As explained in Dr. Yellen's testimony and in the AEA, the energy price changes expected to result from the Kyoto protocol are likely to be modest. In particular, these price changes over the next decade are less than the average of year-to-year absolute price changes observed since 1960. Thus there is little reason to believe there will be large changes in employment even in the energy-intensive sectors. In the less energy-intensive sectors, there is no reason to expect any decline in employment at all due to climate change policies. Most economic models would not predict changes in the overall level of employment resulting from such small energy price changes 10 years in the future. (see pp. 54-62)

Furthermore, the United States has a strong competitive advantage in a variety of high-tech sectors. For example, recent innovations in battery technology, and in fuel cells were announced by U.S. companies. These innovations, and future ones expected from U.S. companies, will be in demand worldwide. The growth in associated production is likely to lead to growth in high-wage jobs in this country.

I. As to each analysis, please indicate who prepared the analysis and provide records of comments from other federal agencies.

Response: All of the analysis for Dr. Yellen's testimony on climate change and the AEA was prepared by current and former CEA staff under the direction of the Members of the Council, with the collaboration of staff at several other government agencies.

Documents responsive to this request reflect internal deliberations of the Executive Office of the President with regard to ongoing policies of the Administration. As to such materials, please contact the Office of the Counsel to the President.

17. *Please provide any and all analyses that support the Administration's estimate that benefits relating to traffic congestion, highway accidents, and air pollution unrelated to climate change "could offset approximately a quarter of the resource cost of the climate change policy."*

Response: This analysis is summarized in the section of the AEA describing ancillary benefits. (see pp. 66-68)

Documents responsive to this request reflect internal deliberations of the Executive Office of the President with regard to ongoing policies of the Administration. As to such materials, please contact the Office of the Counsel to the President.

As to each analysis, please indicate who prepared the analysis and provide all records of comments from other federal agencies.

Response: All of the analysis for Dr. Yellen's testimony on climate change and the AEA was prepared by current and former CEA staff under the direction of the Members of the Council, with the collaboration of staff at several other government agencies.

Documents responsive to this request reflect internal deliberations of the Executive Office of the President with regard to ongoing policies of the Administration. As to such materials, please contact the Office of the Counsel to the President.

18a. *In her testimony, Dr. Yellen stated that, in evaluating the "likely net economic impact of the Kyoto Protocol," the Administration has "drawn upon a broad array of analytical tools", and a "wide range of models of the energy sector and economy over the next 25 years" to assess the various possible costs and non-climate benefits of the Administration's emissions reduction policy. Please specify all of the models and analytical tools that the Administration has used and describe in detail their strengths and weaknesses.*

Response: As explained in Dr. Yellen's testimony, the existence of modeling difficulties means that we should treat any model results with the caution that is warranted -- not that we should abandon rigorous economic analysis. We have employed a broad set of economic tools to analyze the policy options. Such tools include models of the energy sector and economy over the next 25 years, including but not limited to the results of the Stanford Energy Modeling Forum exercises, the IPCC's review of the economic and social dimensions of climate change, and the staff-level Interagency Analytical Team effort last year. Other tools include simple relevant

statistics, "meta-analyses" of existing models (such as that undertaken by Robert Repetto and David Austin of Resources for the Future), historical and sectoral examples, univariate and multivariate regression analysis, simulations, Hotelling-type theoretical models, CEA staff econometric forecasts of emissions in developing countries, stylized models of perfect competition and monopoly, basic economic reasoning and the various other sorts of theoretical and empirical tools of analysis that abound in the scholarly literature. Drawing on this broad array of analytical tools allowed a useful evaluation of the policy alternatives.

We have considered and evaluated the following specific large econometric and computable general equilibrium models of the economics of climate change mitigation: Second Generation Model, G-cubed, MERGE, and DICE. We have also looked at the results from many other models, such as GREEN, DRI, Markal Macro, Megabare, EPPA, FUND, MiniCAM, CETA, RIVM, and CETM/MRT.

18b. According to the testimony, the Administration has relied particularly on the Second Generation Model of Battelle Laboratories for many of its estimates. However, the IAT report indicated that the SGM model "focusses on long-term transitions and measures the economy in 5 year intervals," so that it risks racing past short-term transition issues, such as GDP loss and impacts on specific industries.

Specify all of the Administration's estimates that were derived from this model.

Response: The Administration used this model's estimates as one of several inputs in its calculations of likely permit prices and resource costs for the different emissions trading scenarios. Please see the methodology section in the AEA. (see pp. 42-49) Information of the marginal abatement cost curves of non-carbon dioxide greenhouse gases was missing from the SGM output and added to reflect provisions in the Protocol. Numerical estimates of expenditure changes and ancillary benefits used estimates of likely permit prices or emissions reductions as inputs.

Also, indicate why many of the Administration's key estimates were derived from this model.

Response: The SGM model, unlike many economic models of climate change, has an explicit model of emissions reductions in other countries, and so is exceptionally well suited for estimating emissions permit prices given international trade in permits. In addition, it has modules reflecting several major developing countries and data on all other developing countries as a group. Thus, it is well suited to address the effects of developing country participation on permit prices. Finally, the timely availability of sufficient information about a variety of SGM model runs made its use practical between the time the Kyoto Protocol was developed in December 1997 and our first testimony in March 1998.

Finally, please identify the corresponding estimates derived from each model that the Administration has used in assessing the impacts of the Kyoto Protocol.

Response: The development of corresponding estimates is a complicated technical task that is beyond the abilities of our small staff to complete in a timely manner. We expect that the Stanford Energy Modeling Forum, which conducts exercises with a set of energy-economic models to assess hypothetical energy policy scenarios, will continue to produce comparisons of various climate change models' forecasts of the effects of the Kyoto Protocol. Although some of these models have not yet incorporated the five categories of non-CO2 gases directly into their models, these comparisons should provide a full comparison of the SGM predictions with those of other models.

19. *What are the 1990 baseline, the Fiscal Year 1997, 1998 and 1999, data, and the annual outyear estimates until 2012 for the following outcome performance measures mentioned in Dr. Yellen's testimony: morbidity rates for some diseases, mortality rates for some causes, monetary damages from temperature increase, consequences from some catastrophes, traffic congestion, highway accidents, and air pollution unrelated to climate change.*

Response: For all these data we have no information on outcome performance measures for the Fiscal Years requested, or for year-to-year estimates through 2012. For baseline and projections of air pollution, please refer to the EPA Regulatory Impact Analysis for Ozone and Particulate Matter. For baseline and projections of traffic congestion and accidents, please refer to the following report:

Texas Transportation Institute, Texas Department of Transportation, and the Federal Highway Administration. 1997. Urban Roadway Congestion -- 1982 to 1994. August.

20. *Why does the Administration maintain that the U.S. acid rain program experience "clearly demonstrates how programs like international permit trading, joint implementation and the Clean Development Mechanism will lead firms to find cheaper ways of reducing emissions that can lead to unexpectedly low costs"?*

Response: Emissions trading programs and other market mechanisms, provide continuous economic incentives to reduce emissions further, which generally lead costs to be much lower than would be the case under a variety of more traditional regulatory approaches. The acid rain program, for example, has resulted in compliance costs far below those originally estimated.

Why does the Administration believe that it is appropriate to extrapolate from that experience to the global arena.

Response: The basic principle that there is gain from the ability to trade emissions permits is of quite wide applicability. Indeed the textbook theory of gains from trade is perhaps most familiar and well established at the international level. Economic incentives generally have similar effects in different countries and cultures: people everywhere are interested in higher incomes. International permit markets will lower compliance costs in all participating countries, because they provide financial incentives for sources to reduce emissions. These incentives will have the

effect of lowering the costs of emissions cuts relative to what would be the case without any trading of emissions permits.

Won't the effectiveness of the international system, joint implementation, and the Clean Development Mechanism depend on different factors, such as the rules and procedures governing these mechanisms, the extent of participation by other countries, including developing countries?

Response: The Administration believes that effective rules on trading, joint implementation and the Clean Development Mechanism are critical to the success of these mechanisms, and has asked other parties to support such rules.

21a. In her testimony, Dr. Yellen stated that part of doing it smart (i.e., lowering the costs of reducing greenhouse gas emissions) under the Kyoto Protocol means "taking serious and responsible steps in the short-run to prepare us to meet our obligations in the longer-term." She indicated that these steps include a \$6.3 billion program of tax cuts and R&D investments, industry-by-industry consultations to prepare emission reduction plans in key industrial sectors, and legislation to restructure the electrical industry. Under what authority is the Administration pursuing this unilateral executive branch course of action in furtherance of the treaty's emissions reductions targets and without Senate Ratification?

Response: The programs you describe are not unilateral executive branch actions to implement the Kyoto Protocol. For example, the \$6.3 billion Climate Change Technology Initiative (CCTI) is a 1999 budget proposal to Congress. Similarly, the electricity restructuring plan is a legislative proposal. Voluntary actions to reduce greenhouse gas emissions, such as exemplified by the CCTI and industry consultations are fully consistent with the U.S. obligations under the 1992 Framework Convention on Climate Change and existing agency authority. Moreover, these programs are not specifically intended to implement the Kyoto Protocol. Rather, they are meant to keep the United States on a path toward cleaner and more efficient energy use and promote a more competitive electricity industry.

21b. If the Administration is delaying the submission of the treaty to the Senate until it obtains meaningful participation by developing countries, doesn't that decision also require the Administration to delay any unilateral executive branch action to address global warming until that cooperation is forthcoming.

Response: The Administration is not embarking on unilateral Executive Branch action to implement the Kyoto Protocol without ratification. To the contrary, steps to ensure compliance with the Protocol's requirements will be undertaken only with the full advice and consent of the Senate. However, the Administration is pursuing a variety of policies that make good sense even independent of concerns about climate change and that has the additional desirable property of reducing greenhouse gas concentrations. Examples of such policies include the CCTI. These policies all reduce energy consumption, and thereby reduce dependence on foreign oil and emissions of air pollutants unrelated to climate change, policy goals that have enjoyed bipartisan

support in Congress and have been a long standing priority of this and previous administrations. The 1992 Framework Convention on Climate Change adopted by the Bush Administration and ratified by the Senate requires the United States to take measures to reduce its greenhouse gas emissions.

c. Given that the Kyoto Protocol seeks to address a global issue, isn't [it] harmful to U.S. interests to proceed without the full participation of developing countries.

Response: The President has said that he will not submit the Kyoto Protocol for Senate ratification without meaningful participation by key developing countries.

d. Besides being unconstitutional, isn't it also premature and harmful to U.S. interests to take such unilateral actions, without ratification, when the Administration has characterized the Protocol as a "work in progress" a Protocol that is not yet fully complete nor ready for the President's submission to the Senate?

Response: The President has clearly stated that the Administration will not circumvent the Congress and implement the Kyoto treaty before it is ratified. However, this does not mean that ongoing efforts to promote energy efficiency, reduce our reliance on foreign oil or improve our air quality should be rolled back. As stated above, these initiatives have enjoyed bipartisan support in Congress and are consistent with our obligations under the 1992 Framework Convention on Climate Change.

D. Cost/Benefit Analysis of the Kyoto Treaty

22a. Please provide any and all analyses that the Administration or any federal agency prepared (or had prepared) or is preparing (or is having prepared) of the costs and benefits of imposing on the U.S. the binding targets and timetables set forth in the Kyoto Protocol for reducing greenhouse gas emissions, taking into account the global implications of the way in which this agreement is structured.

Response: Please see the AEA for additional detailed information about the economic analysis of the Kyoto Protocol. (see pp. 39-72)

Also please analyze and document the following:

22b. Whether the benefits of implementing this Protocol are justified by the costs.

Response: It is extremely difficult to quantify the long-term economic benefits of climate change mitigation. We have not calculated a monetary value of these benefits. Although we do not think the benefits of mitigating climate change are, at this stage, quantifiable with adequate precision, they are nonetheless likely to be real and large in the long run. Estimates of costs for the United States to meet its Kyoto emissions targets are likely to be modest if these reductions

are undertaken in an efficient manner. (see AEA pp. iii.- iv.)

22c. Evaluate the effectiveness of this agreement by comparing the marginal abatement costs of the most plausible alternative scenarios for meeting the Kyoto targets, given the way in which this agreement is structured, with the marginal costs of other reasonable alternative compliance schemes.

Response: The Administration has presented a set of scenarios reflecting a variety of assumptions about international trading and participation by developing countries, both in trading and the Clean Development Mechanism. (see AEA pp. 51-53) However, it should be noted that the illustrative analysis in the AEA does not incorporate several components of the Administration's efforts to address the risks of climate change. For example, the illustrative analysis did not take into account cost-effective opportunities for mitigation through carbon sinks, the Administration's electricity restructuring proposal, the Climate Change Technology Initiative, industry consultations, and improved Federal energy management. All of these can provide additional opportunities for abatement domestically that are not reflected in the illustrative analysis because they are not amenable to analysis with a computable general equilibrium model such as SGM.

22d. With respect to each scenario that is analyzed, identify the assumptions used, explain any uncertainties concerning the assumptions, and examine the sensitivity of net effects to the different compliance strategies, using a range of plausible assumptions about future economic development and about fundamental climate processes.

Response: Please see the methodology section of the AEA. (see pp. 42-50)

22e. Evaluate the opportunity costs of pursuing the Administration's strategy for the abatement of greenhouse gas emissions under the terms of the treaty;

Response: As the Protocol is a work in progress its opportunity costs cannot be evaluated without also considering the additional flexibility mechanisms included as a result of continued United States efforts in ongoing diplomatic discussions. The opportunity costs of the Protocol and the flexibility mechanisms are extensively discussed in prior testimony by Dr. Janet Yellen, and in the AEA. (see pp. 51-68)

22f. Evaluate how the benefits and burdens of complying with this treaty would be distributed on the national and household levels, describing, among other things, the disparate regional and industrial impacts, and the effects on different income levels.

Response: We do not have estimates of the distribution of impacts across regions or industries.

23a. In evaluating alternative scenarios, please examine the following.

23b. Compare the economic and environmental effects of not including developing countries in

the effort to reduce global emissions (with the potential for binding developed countries to even greater obligations, without limiting developing countries at all) against the effects of addressing greenhouse gas mitigation on a global scale by the international community.

Response: Climate change is a global problem, so policy approaches encompassing more countries will likely be both more effective and more cost-effective than approaches involving only a few countries. Including developing countries will lower costs and permit prices substantially because of the many low cost abatement opportunities in these countries. Estimates from the Battelle Laboratory's Second Generation Model, which are in line with other models, suggest that developing country participation through the Clean Development Mechanism (CDM) along with trading among developed countries with emissions targets could reduce resource costs by 66 percent compared to a domestic only approach. Trading among developed countries with emissions targets without CDM could reduce resource costs by 57 percent compared to a domestic only approach. The model suggests that including key developing country participation through adopting emissions targets and participating in international permit markets along with developed countries could lower costs by nearly 80 percent. (see AEA pp. 51-53)

23c. Compare the economic and environmental effects of complying with the timeframes set forth in the Kyoto Protocol with the effects of complying over longer time periods.

Response: The AEA focuses on assessing the economic and environmental effects of complying with the Kyoto Protocol and the President's policies to address climate change.

23d. Compare the impacts of reducing greenhouse gas emissions using international emissions trading, joint implementation, and the Clean Development Mechanism with the impacts of relying upon domestic emissions permit trading. In this regard evaluate alternative international trading scenarios: trading only among Annex I countries, trading that extends to a number of key developing countries, and trading in which all countries are fully participating.

Response: Please see the results section of the AEA. (see pp. 51-68)

24. With respect to any analysis provided, please identify and explain the basis for assumptions used regarding such factors as the rate of improvement in energy efficiency, the effectiveness of market incentives in increasing the market share of fuels that emit less carbon, and economic and demographic growth. Also, explain fully any assumptions on how emissions reductions will be achieved as, for example, through the early retirement of coal plants or nuclear plant life extensions.

Response: Please refer to the section on energy efficiency improvement in the AEA. (see pp. 46-47) In addition, for a discussion on the effects of a permit trading system on energy efficiency improvement, please refer to p. 53 of the AEA. For a discussion of how emissions reductions are achieved in the Second Generation Model, please refer to Edmonds et al. 1992 (full cite is on p. 75 of the AEA).

25. *In considering the opportunity costs, evaluate the extent to which the Administration's climate change strategy will require the diversion of funds from savings and/or investments which would have provided other benefits, such as saving social security, or more funding for education, health care, etc.*

Response: The resource costs that are described in Dr. Yellen's testimony reflect the opportunity cost as it is usually understood by economists. The apportionment of these costs to foregone spending, whether on social security or education or some other program, is an unconventional analysis that we have not undertaken.

26. *In assessing the impacts on the U.S. of complying with the Kyoto targets and timetables, please explain in detail the potential effects on the following indicators of economic performance: gross domestic product (GDP), per capita GDP, unemployment, income and real wages, trade competitiveness, and energy prices.*

Response: Projected percentage changes in GDP, per capita GDP, energy prices and competitiveness, are outlined in Dr. Yellen's testimony, and discussed in the results section of the AEA. (see pp. 54-61) Given the Administration's policies, complying with the Kyoto targets should not have significant effects on aggregate employment. (see AEA p. 62 and the answer to Question 16h)

27. *In assessing the benefits of complying with the Kyoto treaty, please evaluate fully the potential offsetting negative effects of exempting developing countries and of "carbon leakage".*

Response: Exempting all developing countries would amount to a hypothetical departure from the President's policy. The Kyoto Protocol establishes a Clean Development Mechanism whereby Annex I countries such as the United States or their firms may undertake projects that reduce emissions in developing countries and receive credit for such reductions. CDM is likely to provide a broad range of cost savings to the United States, and this conclusion is consistent with our interpretation of SGM model results that suggest that CDM would reduce resource costs by about 20 to 25 percent relative to scenarios in which there is permit trading either among all or a subset of Annex I countries. Inclusion of developing countries in the CDM and in international emissions trading would mitigate carbon leakage.

28. *President Clinton has suggested that the U.S. economy can continue to grow under this agreement. Please indicate at what rate the Administration expects that the economy will continue to grow during the next 10 to 20 years if the treaty is ratified and at what rate it is expected to grow if the treaty is not ratified.*

Response: As shown in a figure on GDP in 2010 in the results section of the AEA (see p. 59), the effect on the GDP growth rate of the Kyoto Protocol, given the assumptions that we have elsewhere described, is minimal relative to the anticipated growth in GDP between now and 2010. Under business as usual, the Second Generation Model projects U.S. GDP to grow 2.0859% annually between 1995 and 2010. With a permit price of \$14/ton, SGM projects the

annual growth rate to be 2.0851%, and less than \$23/ton, the annual growth rate is projected to be 2.0822%. (see p. 59)

29. Have any of the cost-benefit analyses performed by the Administration or any agency been peer-reviewed?

Response: With the exception of the IAT report which was fully the work of many agencies under the direction of the Department of Commerce, and some of the studies by the Department of Energy's National Labs, we are unaware of any peer-review of Administration estimates. The Council of Economic Advisers took the lead on the AEA. This document has not been peer reviewed, consistent with the CEA's policy that it does not submit its analyses or reports for peer review.

30. In connection with these cost-benefit analyses, fully explain how the baseline(s), against which costs and benefits were calculated, was determined.

Response: Please see the AEA. (see pp. 42-50)

31a. Please provide all records of written or oral comments from other agencies on each of the cost-benefit analyses that were performed.

Response: Documents responsive to this request reflect internal deliberations of the Executive Office of the President with regard to ongoing policies of the Administration. As to such materials, please contact the Office of the Counsel to the President.

31b. Please provide all records of comments submitted by federal agencies on Dr. Yellen's draft testimony about the economics of Kyoto for the hearing before the House Commerce Committee on March 4, 1998.

Response: Documents responsive to this request reflect internal deliberations of the Executive Office of the President with regard to ongoing policies of the Administration. As to such materials, please contact the Office of the Counsel to the President.

32a. Given the significant economic costs projected by private sector studies, why did the Administration abandon a year and a half-long effort to develop cost estimates of the President's proposed policies to reduce greenhouse gas emissions?

Response: First, the significant costs projected by private sector studies are not derived from analyses of emissions reduction scenarios that include the whole range of flexible elements that comprise both the Kyoto Protocol and Administration policy. The Interagency Analytical Team work to which the question refers was a modeling effort that produced some useful lessons, but as we found from the peer reviewers' comments, it also suffered from some shortcomings. The Administration Economic Analysis (AEA) builds on the IAT exercise and also the insights of a wide range of models and other relevant literature to derive its conclusion that, with the

flexibility mechanisms included in the treaty, and with sound domestic policies, the economic impacts of complying with the Kyoto Protocol should be modest.

32b. Please identify any and all private parties that are currently performing economic analyses of the Kyoto treaty or any aspect of it for the Administration. Describe their work and provide all products of their work in draft or final form.

Response: CEA has no list of parties doing economic analysis of the Kyoto Protocol or any aspect of it for the Administration. Moreover, CEA has no contract or cooperative agreement with any modeler or modelers to undertake specific analyses regarding the Kyoto Protocol.

E. International Emissions Trading

33a. Even assuming that effective rules and procedures can be developed for an international emissions trading system and for joint implementation projects and that key developing countries agree to participate, isn't there a real risk that these mechanisms could effect an enormous transfer of wealth and jobs out of this country overseas, especially to the countries of the former Soviet Union, China, India, South Korea, Brazil, and Mexico (i.e. that this system would be essentially a foreign aid program)? Some studies have estimated that more than 50% of our reductions would have to be purchased from other countries.

Response: The Administration is committed to achieving as many cost-effective emissions reductions domestically as possible. At the same time, our analysis does suggest that for the 2008-2012 time frame it makes sense for the United States to pursue low cost emissions reductions abroad, as would happen with the full implementation of an international emissions trading program. The key point is that trading will be economically beneficial to U.S. firms. We expect the Annex B parties of the former Soviet Union and key developing countries will provide significant investment opportunities for U.S. firms to capture gains from emissions trading as those countries restructure and develop their economies. Developing countries will represent the greatest share of new energy, transportation, and building infrastructure investment worldwide in the coming decades, and U.S. firms can help provide clean technologies and financing that will build those economies and markets, help stave off disruptive climate effects, and allow U.S. firms to capitalize on their investments in environmentally superior products and processes.

Our analysis does not suggest that emissions trading will have a significant negative impact on U.S. employment. If anything, the lower costs associated with a comprehensive trading program will help protect American jobs.

33b. Please provide and document estimates of the percentage of U.S. emissions reductions that might have to be purchased from other countries to minimize the costs of reducing emissions and which countries likely would be the beneficiaries.

Response: Our analyses provide illustrative estimates of how emissions trading and other flexibility mechanisms can lower costs, but ascribing with precision the emissions reduction to

any particular country is impossible. The trades and emissions reductions undertaken by U.S. firms will depend on a whole host of factors such as the costs (including transactions costs) of emissions reductions in participating countries, the extent to which emissions can be cost-effectively offset through sinks at home and abroad, the role of the six categories of gases, and the development and deployment of climate-friendly technology. Further, the “beneficiaries” of trading would include the United States, particularly U.S. firms, due to the lowered costs of achieving our target.

34a. What real incentive do developing countries have to participate in the international emissions trading system, which would require them to commit to mandatory reductions, when they can transfer emissions reductions credits in connection with joint implementation projects and obtain financing through the Clean Development Mechanism?

Response: Developing countries would experience significant gains from trading in emissions permits. The economic and environmental rationales for a target and trade approach by developing countries include:

- Greater economic benefits to developing countries: With targets at or only slightly below their business-as-usual (BAU) projected emissions growth, emissions reductions in developing countries would produce many billions of dollars through the international sale of emission reductions achieved at lower cost than the world price.
- Target and trade yields greater benefits than CDM: While the Clean Development Mechanism will result in benefits for developing countries, an effective target and trade system can produce far greater benefits to developing countries. In contrast to the CDM, which is project based, countries that agree to emissions targets can employ a wide variety of measures to reduce emissions, and need not rely exclusively on project-based reductions. Nor do they always need to establish a baseline against which projects generate reductions. Like other trading parties, developing countries that agree to a target and trade system would need to follow the rules and guidelines for trading, but are otherwise free to pursue emissions reductions and sequestration in any and all sectors in the way they see fit. The advantage of trading is that they can be compensated for those reductions in a way in which they cannot be without a binding obligation, and the opportunities are more comprehensive than with CDM alone.
- Environmental benefits: Developing countries participating by adopting emissions targets would help to more effectively protect and manage the global environment. Reducing carbon dioxide emissions is in their interest, because in many cases, developing countries are especially vulnerable to the risks of climate change. In addition, lower carbon dioxide emissions in developing countries generate ancillary air quality benefits through lower particulate matter, sulfur dioxide, and nitrogen oxides emissions. Air quality is a key environmental concern in many developing countries

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

August 10, 1998

TO: Roger Ballentine

FROM: Michele Jolin

FYI

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RON PORTMAN, OHIO

ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5081
TTY (202) 225-6632

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BERNARD SANDERS, VERMONT
INDEPENDENT

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

B-377 Rayburn House Office Building

Washington, DC 20515

Phone: (202) 225-4407

Fax: (202) 225-2441

FAX TRANSMITTAL

TO:

Michele Jolin

FAX NUMBER:

395-6958# of PAGES: 7 (including cover page)DATE: 8/10/98

FROM:

Chairman David M. McIntoshMildred J. Webber - Staff Director
(mildred.webber@mail.house.gov)Jay Apperson - Special Counsel
(jay.apperson@mail.house.gov)J. Keith Ausbrook - Chief Counsel
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(barbara.kahlow@mail.house.gov)Andrew Wilder - Clerk
(andrew.wilder@mail.house.gov)

COMMENTS:

Subpena Duces Tecum

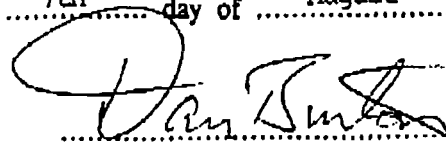
**By Authority of the House of Representatives of the
Congress of the United States of America**SERVE: MICHELE JOLIN,
CHIEF OF STAFF

To The Honorable Janet Yellen, Chair, President's Council of Economic Advisors

You are hereby commanded to produce the things identified on the attached schedule before the
full Committee on Government Reform and Oversight
..... of the House of Representatives of the United States, of which the Hon. Dan Burton
..... is chairman, by producing such things in Room B-377 of the
Rayburn House Building, in the city of Washington, on
Tuesday, August 25, 1998, at the hour of 2:00 p.m.

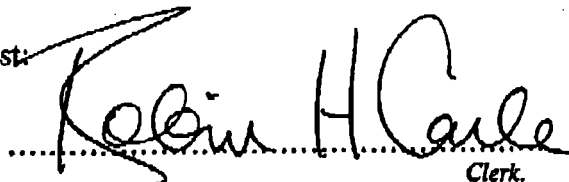
To Judy McCoy or U.S. Marshals Service
to serve and make return.

Witness my hand and the seal of the House of Representatives
of the United States, at the city of Washington, this
7th day of August, 1998



Chairman.

Attest:


Clerk.

Subpena for The Honorable Janet Yellen

Chair, President's Council of Economic Advisors

Old Executive Office Bldg., 17th & Pennsylvania Ave., N.W.

Washington, DC 20500

ROOM 314

SERVE: MICHELE JOLIN, CHIEF OF STAFF
before the Committee on the.....
.....
.....

Served by fax by agreement at
11:15 a.m. on 8/10/98 on Michele
Jolin, Chief of Staff, CEA.
.....
.....

J. Kenneth Calkins

House of Representatives

THE WHITE HOUSE
WASHINGTON

August 10, 1998

Memorandum For Chiefs of Staff

From: Maya Seiden
Special Assistant to the Cabinet Secretary

Subject: Revised Chiefs of Staff Call Notes

1. All accomplishments met for the President's Initiative on Race by July 10 should have been sent to Jon Jennings in the Office of Cabinet Affairs. We have not yet received reports from State, Justice, USCA DOT, UN, Treasury, ONDCP, and FEMA. Please send them to Jon Jennings as soon as possible or call at 456-2572 with any problems. These reports **MUST** be submitted ASAP.
2. On September 8 at 1:30 pm, there will be a meeting with the White House Counsel's Office to discuss 8a and Procurement Reform. It is very important for your General Counsel and Chief Procurement Officer to attend this meeting. Please call Jon Jennings in Cabinet Affairs with your attendees and relevant information.
3. Weekly reports are due, as usual, by COB on Wednesday. This will be our last weekly report for the month of August. Please call Lisa Levin with any questions.
4. At the beginning of each year, the Department of Education's America Goes Back to School initiative encourages all Americans to find ways to share their talents, time and experiences to help strengthen their local schools.

Starting Tuesday, August 4, the Office of Cabinet Affairs and the Department of Education will begin hosting weekly conference calls with America Goes Back to School contacts at the Agencies on Tuesday mornings at 10:30 AM (757-2104, Code 5564). Please tune in for the latest on the Administration's efforts.

If you have any questions, please call Kris Balderston (456-2572) or Elisabeth Steele (456-7074).

5. We are looking for good news ideas for the month of August and the first week of September. Please contact the Office of Cabinet Affairs with any good ideas.
6. Please send in your memos in follow up to the climate change meeting the week before last. The climate change staff here at the White House is eager to work with you and your staff on planning climate events for the Fall. We have received memos from DOI, GSA and FEMA. Please fax memos to Todd Stern at 456-2215 (his assistant is Jonathan 456-1648). Thank you.

SCHEDULE A

**Subpoena Duces Tecum
To produce records
Committee on Government Reform and Oversight
United States House of Representatives**

**TO:
The Honorable Janet Yellen
Chair
Council of Economic Advisors
Old Executive Office Building - Room 314
Washington, D.C. 20502**

**Serve: Michele M. Jolin
Chief of Staff
Council of Economic Advisors**

The Committee hereby subpoenas the production of certain records. Please provide logs which indicate each record's Bates number, author, description, source file, and the numbered request to which it is responsive. If you have any questions, please contact Chief Counsel of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Keith Ausbrook, at (202) 225-4407.

Definitions and Instructions

1. For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, contracts, external and internal correspondence, diagrams, diaries, documents, electronic mail (e-mail), facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telexes, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include all other records, documents, data and information of a like and similar nature not listed above.

Page 2 of 4

2. For purposes of this subpoena, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

3. This subpoena calls for the production of records, documents and compilations of data and information that are currently in your possession, care, custody or control, including, but not limited to, all records which you have in your physical possession as well as any records to which you have access, any records which were formerly in your possession, or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specifically identified, the subpoena includes all documents to the present.

4. The conjunctions "or" and "and" are to be read interchangeably in the manner that gives this subpoena the broadest reading.

5. No records, documents, data or information called for by this subpoena shall be destroyed, modified, redacted, removed or otherwise made inaccessible to the Committee.

6. If you have knowledge that any subpoenaed record, document, data or information has been destroyed, discarded or lost, identify the subpoenaed records, documents data or information and provide an explanation of the destruction, discarding, loss, deposit or disposal.

7. When invoking a privilege or any other reason as a ground for withholding any responsive record, document, data or information as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by date, type, addresser, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege or reason asserted with respect to each record, document, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege or other reason.

8. This subpoena is continuing in nature. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date shall be provided immediately upon location or discovery subsequent thereto.

9. If any document responsive to this subpoena has been previously produced to the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, it need not be produced again, provided it is reasonably identified by a description and the date of previous production.

10. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3½ inch diskettes in ASCII format. In addition, please provide the Committee's Minority staff with an identical copy of all records provided.

Page 3 of 4

11. Please certify under oath to the Committee the following: (1) the records produced were collected following a comprehensive search and represent all relevant records called for by this subpoena; and (2) that no other records exist.

Subpoenaed Items

Please provide the Committee with the following:

1. All records responsive to the letters dated March 13, 1998 and June 3, 1998 to the Council of Economic Advisors from the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs.
2. All records reflecting or relating to any economic and environmental data and analyses which were used to prepare the testimony of Undersecretary of State Stuart Eizenstadt before any Committee of Congress about the White House Initiative on Global Climate Change, including but not limited to President Clinton's Climate Change Technology Initiative or the Kyoto Protocol.
3. All records reflecting or relating to any economic and environmental data and analyses which were used to prepare the testimony of Dr. Janet Yellen about the economic impact of implementing the Kyoto Protocol before any Committee of Congress about the White House Initiative on Global Climate Change, including but not limited to President Clinton's Climate Change Technology Initiative or the Kyoto Protocol.
4. All records reflecting or relating to any comments submitted by federal agencies on Dr. Janet Yellen's draft testimony about the economic impact of implementing the Kyoto Protocol for the hearing on or about March 4, 1998 before the House Commerce Committee, and on any other executive branch witness's draft testimony on the Administration's climate change policies or the Kyoto Protocol before any committee of Congress since January 1, 1998.
5. All records reflecting or relating to any interagency review or analysis of, or interagency deliberations concerning, the economic and environmental impacts of the Administration's climate change policies and other climate change mitigation options considered by the Administration, occurring on or after July 1996, including but not limited to, the analyses and deliberations of the group known as the Interagency Analytic Team.
6. All records reflecting or relating to any economic and environmental data and analyses that were used by or provided to the Administration representatives and other members of the U.S. Delegation in connection with the negotiation of the Kyoto Protocol.
7. All records reflecting or relating to any analyses of the effect of stabilizing United States greenhouse gas emissions at 1990 levels or of reducing such emissions below 1990 levels on U.S. economic growth, productivity, trade competitiveness, and employment.

Page 4 of 4

8. All records reflecting or relating to any analysis of the costs and benefits of meeting the targets and timetables for the reduction of U.S. greenhouse gas emissions specified in the Kyoto Protocol and to any analysis of the costs and benefits of any alternative climate change mitigation and compliance options that have been considered by the Administration since the beginning of July 1996.

9. All records reflecting or relating to any economic and environmental data and analyses used to develop the White House Initiative on Global Climate Change, including, but not limited to, the Administration's Climate Change Technology Initiative and any alternative policy options considered by the Administration.

10. All records reflecting or relating to the potential cumulative costs of all environmental and energy regulations, or any combination of such regulations, that have been issued since 1992, that have been proposed, or that are being developed, that will have the effect of reducing greenhouse gas emissions (whether or not this is the primary purpose of the regulation)

11. All records reflecting or relating to the potential cumulative effects of the regulations referenced in item 10, or any combination of such regulations, on the U.S. economy and energy system.

12. All records reflecting or related to any analyses of, or any plans, programs, or proposals to implement, "international emissions trading," "joint implementation," and the "Clean Development Mechanism," as those terms are defined and used in the Kyoto Protocol.

13. All records created to respond to letters dated March 13, 1998 and June 3, 1998 to the Council of Economic Advisors from the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs.

June 27, 1998

Keith Ausbrook
Senior Counsel
Subcommittee on National Economic Growth,
Natural Resources & Regulatory Affairs
United States House of Representatives
B377 Rayburn House Office Building
Washington, D.C. 20515-6147

*Committee on Government
Reform and Oversight*

Dear Mr. Ausbrook:

This Office has received subpoenas from the House Committee on Government Reform and Oversight, addressed to the Office of Management and Budget, the Office of Science and Technology Policy, and the Council on Environmental Quality. As we discussed, these subpoenas -- like the prior document requests -- encompass deliberative information from White House decision making processes, and thereby implicate the President's interest in the confidentiality of that decision making. You indicated that the subpoenas were intended to speed up the process and ensure that the search for materials was comprehensive, but that the Subcommittee remained interested in seeking an accommodation which served your legitimate oversight needs while preserving the White House's confidentiality interest.

To that end, aside from the documents previously produced by OMB and CEQ, the White House made available for review by Subcommittee staff confidential materials from those agencies. Subcommittee staff reviewed the materials for several hours on June 16, 1998. [If there are specific documents from this set that you want, we are willing to discuss further accommodations.] We also identified those few documents available for review by Members, and indicated that we were not prepared at this time to make memoranda or presentations to the President and Vice-President available for review. OMB and CEQ are assessing whether there are additional documents responsive to the subpoenas. If so, we will proceed on the same terms with regard to these materials. If this accommodation is not acceptable please let us know promptly.

OSTP will produce documents responsive to the subpoena on or near the July return date (which you indicated was flexible). OSTP documents that reflect White House confidential decision making processes will be available on the same terms and in the same manner as similar documents from OMB and CEQ. Again, please let us know if you wish to proceed along these lines.

Sincerely,

Robert N. Weiner
Senior Counsel
Office of Counsel to the President

Subpena Duces Tecum

By Authority of the House of Representatives of the
Congress of the United States of America

To Jacob Lew, Acting Director, OMB General
SERVE: Robert Damus, Counsel Counsel

You are hereby commanded to produce the things identified on the attached schedule before the
.....full..... Committee on Government Reform and Oversight
of the House of Representatives of the United States, of which the Hon. Dan Burton
..... is chairman, by producing such things in Room B-377..... of the
Rayburn House Building, in the city of Washington, on
Tuesday, July 7, 1998, at the hour of 12:00 noon
To Judy McCoy or U.S. Marshals Service
to serve and make return.

Witness my hand and the seal of the House of Representatives
of the United States, at the city of Washington, this
26th day of June, 1998.

Dan Burton

Chairman.

Attest:

Robin H. Carle
Clerk.

SCHEDULE A

**Subpoena Duces Tecum
To produce records
Committee on Government Reform and Oversight
United States House of Representatives**

TO:

The Honorable Jacob Lew
Acting Director
Office of Management and Budget
Executive Office of the President
Old Executive Office Building
Room 252
Washington, D.C. 20503

Serve: Robert Darius
General Counsel
Office of Management and Budget

The Committee hereby subpoenas the production of certain records. Please provide logs which indicate each record's Bates number, author, description, source file, and the numbered request to which it is responsive. If you have any questions, please contact Senior Counsel of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Keith Ausbrook, at (202) 225-4407.

Definitions and Instructions

1. For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, contracts, external and internal correspondence, diagrams, diaries, documents, electronic mail (e-mail), facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telexes, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include all other records, documents, data and information of a like and similar nature not listed above.

Page 2 of 4

2. For purposes of this subpoena, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

3. This subpoena calls for the production of records, documents and compilations of data and information that are currently in your possession, care, custody or control, including, but not limited to, all records which you have in your physical possession as well as any records to which you have access, any records which were formerly in your possession, or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specifically identified, the subpoena includes all documents to the present.

4. The conjunctions "or" and "and" are to be read interchangeably in the manner that gives this subpoena the broadest reading.

5. No records, documents, data or information called for by this subpoena shall be destroyed, modified, redacted, removed or otherwise made inaccessible to the Committee.

6. If you have knowledge that any subpoenaed record, document, data or information has been destroyed, discarded or lost, identify the subpoenaed records, documents data or information and provide an explanation of the destruction, discarding, loss, deposit or disposal.

7. When invoking a privilege or any other reason as a ground for withholding any responsive record, document, data or information as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by date, type, addressee, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege or reason asserted with respect to each record, document, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege or other reason.

8. This subpoena is continuing in nature. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date shall be provided immediately upon location or discovery subsequent thereto.

9. If any document responsive to this subpoena has been previously produced to the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, it need not be produced again, provided it is reasonably identified by a description and the date of previous production.

10. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3½ inch diskettes in ASCII format. In addition, please provide the Committee's Minority staff with an identical copy of all records provided.

Page 3 of 4

11. Please certify under oath to the Committee the following: (1) the records produced were collected following a comprehensive search and represent all relevant records called for by this subpoena; and (2) that no other records exist.

Subpoenaed Items

Please provide the Committee with the following:

1. All records responsive to the letters dated March 2, 1998, March 6, 1998, and May 27, 1998 to the Office of Management and Budget from the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs.
2. All records reflecting or relating to any economic and environmental data and analyses which were used to prepare the testimony of Undersecretary of State Stuart Eizenstadt before any Committee of Congress about the White House Initiative on Global Climate Change, including but not limited to President Clinton's Climate Change Technology Initiative or the Kyoto Protocol.
3. All records reflecting or relating to any economic and environmental data and analyses which were used to prepare the testimony of Dr. Janet Yellen about the economic impact of implementing the Kyoto Protocol before any Committee of Congress about the White House Initiative on Global Climate Change, including but not limited to President Clinton's Climate Change Technology Initiative or the Kyoto Protocol.
4. All records reflecting or relating to any comments submitted by federal agencies on Dr. Janet Yellen's draft testimony about the economic impact of implementing the Kyoto Protocol for the hearing on or about March 4, 1998 before the House Commerce Committee, and on any other executive branch witness's draft testimony on the Administration's climate change policies or the Kyoto Protocol before any committee of Congress since January 1, 1998.
5. All records reflecting or relating to any interagency review or analysis of, or interagency deliberations concerning, the economic and environmental impacts of the Administration's climate change policies and other climate change mitigation options considered by the Administration, occurring on or after July 1996, including but not limited to, the analyses and deliberations of the group known as the Interagency Analytic Team.
6. All records reflecting or relating to any economic and environmental data and analyses that were used by or provided to the Administration representatives and other members of the U.S. Delegation in connection with the negotiation of the Kyoto Protocol.
7. All records reflecting or relating to any analyses of the effect of stabilizing United States greenhouse gas emissions at 1990 levels or of reducing such emissions below 1990 levels on U.S. economic growth, productivity, trade competitiveness, and employment.

Page 4 of 4

8. All records reflecting or relating to any analysis of the costs and benefits of meeting the targets and timetables for the reduction of U.S. greenhouse gas emissions specified in the Kyoto Protocol and to any analysis of the costs and benefits of any alternative climate change mitigation and compliance options that have been considered by the Administration since the beginning of July 1996.
9. All records reflecting or relating to any economic and environmental data and analyses used to develop the White House Initiative on Global Climate Change, including, but not limited to, the Administration's Climate Change Technology Initiative and any alternative policy options considered by the Administration.
10. All records reflecting or relating to the potential cumulative costs of all environmental and energy regulations, or any combination of such regulations, that have been issued since 1992, that have been proposed, or that are being developed, that will have the effect of reducing greenhouse gas emissions (whether or not this is the primary purpose of the regulation)
11. All records reflecting or relating to the potential cumulative effects of the regulations referenced in item 10, or any combination of such regulations, on the U.S. economy and energy system.
12. All records reflecting or relating to the applicability and availability of existing authority to implement any measure that is the subject of the Kyoto Protocol.
13. All records reflecting or related to any analyses of, or any plans, programs, or proposals to implement, "international emissions trading," "joint implementation," and the "Clean Development Mechanism," as those terms are defined and used in the Kyoto Protocol.

Council on Environmental Quality
Executive Office of the President

722 Jackson Place, NW
Washington, DC 20503
Phone: (202) 395-7421
Fax: (202) 456-0753

FAX TRANSMISSION COVER SHEET

Date: 6-29
To: Rob Weir
Fax: 6-1649
Re: Subpoena - Climate Change
Sender: DINAH BEAR

YOU SHOULD RECEIVE

17 PAGE(S), INCLUDING THIS COVER SHEET.

As predicted —

06/29/98 09:09

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ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

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RECEPTION (202) 225-6071
TTY (202) 225-6032

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MARCO E. FORD, TN, TENNESSEE

BETHARD SANDERS, VERMONT
INDEPENDENT

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

B-377 Rayburn House Office Building

Washington, DC 20515

Phone: (202) 225-4407

Fax: (202) 225-2441

FAX TRANSMITTAL

TO:

Dinah Bear

FAX NUMBER:

456 - 0753

of PAGES:

6

(including cover page)

DATE:

6/29/98

FROM:

☒ Chairman David M. McIntosh☐ Mildred J. Webber - Staff Director
(mildred.webber@mail.house.gov)☐ Jay Apperson - Special Counsel
(jay.apperson@mail.house.gov)☒ J. Keith Ausbrook - Senior Counsel
(keith.ausbrook@mail.house.gov)☐ Karen Barnes - Professional Staff
(karen.barnes@mail.house.gov)☐ Sean Cunningham - Counsel
(sean.cunningham@mail.house.gov)☐ Larisa Dobriansky - Senior Counsel
(larisa.dobriansky@mail.house.gov)☐ Barbara Kahlow - Professional Staff
(barbara.kahlow@mail.house.gov)☐ Andrew Wilder - Clerk
(andrew.wilder@mail.house.gov)

COMMENTS:

06/29/98 09:10

6

Subpena Duces Tecum

**By Authority of the House of Representatives of the
Congress of the United States of America**SERVE: Dinah Bear
General Counsel

To Kathleen McGinty, Chair, Council on Environmental Quality

You are hereby commanded to produce the things identified on the attached schedule before the
full Committee on Government Reform and Oversight
of the House of Representatives of the United States, of which the Hon. Dan Burton
is chairman, by producing such things in Room B-377 of the
Rayburn House Building, in the city of Washington, on
Tuesday, July 7, 1998, at the hour of 12:00 noon.

To Judy McCoy or U.S. Marshals Service

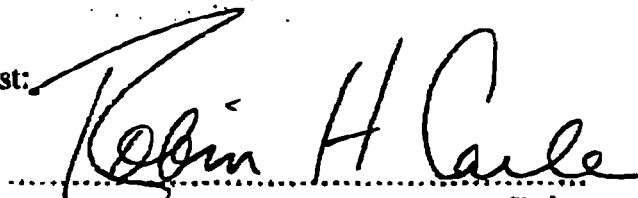
to serve and make return.

Witness my hand and the seal of the House of Representatives
of the United States, at the city of Washington, this
26th day of June, 1998.



Chairman.

Attest:



Clerk.

५५०३

TO:

Serve: Dinah Bear

The Committee hereby subpoenas the production of certain records. Please provide logs which indicate each record's Bates number, author, description, source file, and the numbered request to which it is responsive. If you have any questions, please contact Senior Counsel of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Keith Ausbrook, at (202) 225-4407.

1. For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, contracts, external and internal correspondence, diagrams, diaries, documents, electronic mail (e-mail), facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telexes, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include all other records, documents, data and information of a like and similar nature not listed above.

06/29/98 09:11



Page 2 of 4

2. For purposes of this subpoena, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

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7. When invoking a privilege or any other reason as a ground for withholding any responsive record, document, data or information as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by date, type, addressee, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege or reason asserted with respect to each record, document, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege or other reason.

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9. If any document responsive to this subpoena has been previously produced to the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, it need not be produced again, provided it is reasonably identified by a description and the date of previous production.

10. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3½ inch diskettes in ASCII format. In addition, please provide the Committee's Minority staff with an identical copy of all records provided.

06/29/98 09:11

Page 3 of 4

11. Please certify under oath to the Committee the following: (1) the records produced were collected following a comprehensive search and represent all relevant records called for by this subpoena; and (2) that no other records exist.

Subpoenaed Items

Please provide the Committee with the following:

1. All records responsive to the letters dated March 2, 1998 and March 6, 1998 jointly to the Office of Management and Budget and the Council on Environmental Quality from the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs.
2. All records reflecting or relating to any economic and environmental data and analyses which were used to prepare the testimony of Undersecretary of State Stuart Eizenstadt before any Committee of Congress about the White House Initiative on Global Climate Change, including but not limited to President Clinton's Climate Change Technology Initiative or the Kyoto Protocol.
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4. All records reflecting or relating to any comments submitted by federal agencies on Dr. Janet Yellen's draft testimony about the economic impact of implementing the Kyoto Protocol for the hearing on or about March 4, 1998 before the House Commerce Committee, and on any other executive branch witness's draft testimony on the Administration's climate change policies or the Kyoto Protocol before any committee of Congress since January 1, 1998.
5. All records reflecting or relating to any interagency review or analysis of, or interagency deliberations concerning, the economic and environmental impacts of the Administration's climate change policies and other climate change mitigation options considered by the Administration, occurring on or after July 1996, including but not limited to, the analyses and deliberations of the group known as the Interagency Analytic Team.
6. All records reflecting or relating to any economic and environmental data and analyses that were used by or provided to the Administration representatives and other members of the U.S. Delegation in connection with the negotiation of the Kyoto Protocol.
7. All records reflecting or relating to any analyses of the effect of stabilizing United States greenhouse gas emissions at 1990 levels or of reducing such emissions below 1990 levels on U.S. economic growth, productivity, trade competitiveness, and employment.

06/29/98 09:12

8

Page 4 of 4

8. All records reflecting or relating to any analysis of the costs and benefits of meeting the targets and timetables for the reduction of U.S. greenhouse gas emissions specified in the Kyoto Protocol and to any analysis of the costs and benefits of any alternative climate change mitigation and compliance options that have been considered by the Administration since the beginning of July 1996.
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11. All records reflecting or relating to the potential cumulative effects of the regulations referenced in item 10, or any combination of such regulations, on the U.S. economy and energy system.
12. All records reflecting or relating to the applicability and availability of existing authority to implement any measure that is the subject of the Kyoto Protocol.
13. All records reflecting or related to any analyses of, or any plans, programs, or proposals to implement, "international emissions trading," "joint implementation," and the "Clean Development Mechanism," as those terms are defined and used in the Kyoto Protocol.

6/29

To: Rob Welch

From: Holly Gwin 66014

6 pages total

DAN BURTON, INDIANA
CHAIRMAN

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BOB PORTMAN, OHIO

ONE HUNDRED FIFTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

ALJOINT (202) 225-6074
MAGNETI (202) 225-6241
TTY (202) 225-6242

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RABBITO, SENATE STAFF

TOM LANTER, CALIFORNIA
BOB WARE, WEST VIRGINIA
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SH. TURNER, TEXAS
THOMAS H. ALLEN, MISSISSIPPI
HAROLD E. FORD, TENNESSEE

BERNARD SANDERS, VERMONT
MCCORMACK

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH, NATURAL RESOURCES, AND REGULATORY AFFAIRS

B-377 Rayburn House Office Building

Washington, DC 20515

Phone: (202) 225-4407

Fax: (202) 225-2441

FAX TRANSMITTAL

cc: Jones
Bierbaum
Backlund
Smith
Gibson
Weiner etc

TO:

Holly Green

FAX NUMBER:

456-6021

of PAGES: 5 (including cover page)

DATE: 6/29/98

FROM:

Chairman David M. McIntosh

Mildred J. Webber - Staff Director
(mildred.webber@mail.house.gov)

Jay Apperson - Special Counsel
(jay.apperson@mail.house.gov)

J. Keith Ausbrook - Senior Counsel
(keith.ausbrook@mail.house.gov)

Karen Barnes - Professional Staff
(karen.barnes@mail.house.gov)

Sean Cunningham - Counsel
(sean.cunningham@mail.house.gov)

Larisa Dubriensky - Senior Counsel
(larisa.dubriensky@mail.house.gov)

Barbara Kahlow - Professional Staff
(barbara.kahlow@mail.house.gov)

Andrew Wilder - Clerk
(andrew.wilder@mail.house.gov)

COMMENTS:

Subpena Duces Tecum

By Authority of the House of Representatives of the
Congress of the United States of America

To .. Kerri-Ann Jones, Director Designate, OSTP .. Holly Gwin
SERVE: General Counsel

You are hereby commanded to produce the things identified on the attached schedule before the
full .. Committee on .. Government Reform and Oversight
of the House of Representatives of the United States, of which the Hon. .. Dan Burton
is chairman, by producing such things in Room .. B-377 .. of the
Rayburn House Building .., in the city of Washington, on
Tuesday, July 7, 1998, at the hour of 12:00 noon
To .. Judy McCoy or U.S. Marshals Service
to serve and make return.

Witness my hand and the seal of the House of Representatives
of the United States, at the city of Washington, this
26th day of June, 1998.

Dan Burton

Chairman

Attest:

Robin H. Carle

Clerk

SCHEDULE A

Subpoena Duces Tecum

To produce records

**Committee on Government Reform and Oversight
United States House of Representatives**

TO:

**The Honorable Kerri-Ann Jones
Director-Designate
Office of Science and Technology Policy
Executive Office of the President
Old Executive Office Building - Room 424
Washington, D.C. 20502**

Serve: Holly Gwin

**General Counsel
Office of Science and Technology Policy**

The Committee hereby subpoenas the production of certain records. Please provide logs which indicate each record's Bates number, author, description, source file, and the numbered request to which it is responsive. If you have any questions, please contact Senior Counsel of the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Keith Ausbrook, at (202) 225-4407.

Definitions and Instructions

1. For the purposes of this subpoena, the word "record" or "records" shall include, but shall not be limited to, any and all originals and identical copies of any item whether written, typed, printed, recorded, redacted or unredacted, transcribed, punched, taped, filmed, graphically portrayed, video or audio taped, however produced or reproduced, and includes, but is not limited to, any writing, reproduction, transcription, photograph, or video or audio recording, produced or stored in any fashion, including any and all activity reports, agendas, analyses, announcements, appointment books, briefing materials, bulletins, cables, calendars, card files, computer disks, cover sheets or routing cover sheets, drawings, computer entries, computer printouts, computer tapes, contracts, external and internal correspondence, diagrams, diaries, documents, electronic mail (e-mail), facsimiles, journal entries, letters, manuals, memoranda, messages, minutes, notes, notices, opinions, statements or charts of organization, plans, press releases, recordings, reports, Rolodexes, statements of procedure and policy, studies, summaries, talking points, tapes, telephone bills, telephone logs, telephone message slips, records or evidence of incoming and outgoing telephone calls, telegrams, telexes, transcripts, or any other machine readable material of any sort whether prepared by current or former employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include all other records, documents, data and information of a like and similar nature not listed above.

Page 2 of 3

2. For purposes of this subpoena, the terms "refer" or "relate" and "concerning" as to any given subject means anything that constitutes, contains, embodies, identifies, mentions, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.

3. This subpoena calls for the production of records, documents and compilations of data and information that are currently in your possession, care, custody or control, including, but not limited to, all records which you have in your physical possession as well as any records to which you have access, any records which were formerly in your possession, or which you have put in storage or anyone has put in storage on your behalf. Unless a time period is specifically identified, the subpoena includes all documents to the present.

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7. When invoking a privilege or any other reason as a ground for withholding any responsive record, document, data or information as a ground for withholding such record, document, data or information, list each record, document, compilation of data or information by date, type, addressee, author (and if different, the preparer and signatory), general subject matter, and indicated or known circulation. Also, indicate the privilege or reason asserted with respect to each record, document, compilation of data or information in sufficient detail to ascertain the validity of the claim of privilege or other reason.

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10. Please provide a printed and, where possible, an electronic version of records. Electronic information may be stored on 3 1/2 inch diskettes in ASCII format. In addition, please provide the Committee's Minority staff with an identical copy of all records provided.

11. Please certify under oath to the Committee the following: (1) the records produced were collected following a comprehensive search and represent all relevant records called for by this subpoena; and (2) that no other records exist.

Subpoenaed Items

Please provide the Committee with the following:

1. All records responsive to the letter dated March 11, 1998 to the Office of Science and Technology Policy from the Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs.
2. All records, dated on or after July 1, 1996, reflecting or relating to any analysis prepared by or for the Office of Science and Technology Policy concerning climate change mitigation options and the Administration's climate change policies, including, but not limited to, the White House Initiative on Global Climate Change or the Kyoto Protocol.
3. All records reflecting or relating to any legal or policy analysis regarding the applicability and availability of existing authority to implement any measure that is the subject of the Kyoto Protocol.
4. All records reflecting or relating to any analysis prepared by or for the Office of Science and Technology Policy of the potential cumulative costs and the potential cumulative effects on the U.S. economy and energy system of all final, proposed, or draft rules, regulations, or other executive action since 1992, or any combination of such actions, relating to the reduction of greenhouse gases.
5. All records reflecting or relating to any interagency contacts or communications between or among the Office of Science and Technology Policy and any other federal department, agency, office, or establishment, on or after July 1, 1997, relating to climate change mitigation options, the Administration's climate change policies, or the Kyoto Protocol.
6. All records reflecting or relating to data, analyses, and comments prepared by the Office of Science and Technology Policy in connection with any environmental, cost-benefit, or economic analysis of climate change mitigation options, the Administration's climate change policies, or the Kyoto Protocol.
7. All records reflecting or relating to draft testimony on the Administration's climate change policies or the Kyoto Protocol of any executive branch witness before any committee of Congress since January 1, 1998.
8. All records reflecting or relating to analysis of or, to any plans, programs, or proposals to implement "international emissions trading," "joint implementation," and the "Clean Development Mechanism" as those terms are defined and used in the Kyoto Protocol.

GENERAL STATUS OF CHAIRMAN MCINTOSH
REQUESTS REGARDING CLIMATE CHANGE

- McIntosh has sent over **44** oversight requests to **22** agencies.
- The 22 agencies were asked over **485** questions, with hundreds of additional subsidiary questions and numerous document requests.
- Over **4,000** staff hours have been spent to date responding to the questions and compiling documents responsive to the Subcommittee's requests.
- Over **22,000** pages have already been produced to the Subcommittee.
- Over **150,000** pages of documents are currently under internal review and some agencies are still conducting searches.

STATUS OF RESPONSES TO CHAIRMAN MCINTOSH

AGENCY	NUMBER OF LETTERS/ VERBAL REQUESTS	NUMBER OF QUESTIONS	STATUS OF RESPONSE	STATUS OF DOCUMENT PRODUCTION (including rough page estimates)	STAFF HOURS (approximate)
Treasury	1. March 11 2. April 28 3. Verbal Request for salaries & expenses	14 Q's follow-up N/A	1-7 sent to Hill: May 1 8-14: Internal review Response sent to Hill: June 1 Internal review	15,000 pages under internal review N/A	500
EPA	1. March 18 2. Verbal Request for supplemental info	32 Q's with 102 subparts including 19 document requests 4 Q's	1-7 sent to Hill: April 22 15-17; 19-29; 31-32 sent to Hill: May 15 8-14; 18(a-e); 19; 30: OMB clearance Supplemental answers sent to Hill: May 21	1500 pages produced: May 15 60,000 pages under internal review 2000 pages produced: May 21	500
Smithsonian	1. March 11	14 Q's	1 -14 sent to Hill: April 22	8 pages produced: April 22	40

STATUS OF RESPONSES TO CHAIRMAN MCINTOSH

DOE	1. March 18 2. May 1: follow-up letter 3. Verbal request for additional info	45 Q's with 80 subparts 3 Q's	1-6 sent to Hill: May 11 7, 8, 14, 43: Internal review Remainder of Q's: OMB clearance	300 pages produced: May 11 30,000 pages: internal review	500
Interior	1. March 11 2. April 28: follow-up letter 3. June 3: follow-up threatening subpoena	14 Q's	1 - 5 sent to Hill: June 2 6 - 14: Internal review Response sent to Hill: June 10	200 pages produced: June 2 Internal document search underway	200
Commerce	1. March 11	14 Q's	1-8 sent to Hill: April 30 9-14: Internal review	20,000 pages under internal review	500

STATUS OF I

1. March 11	14 Q's	1-7 8-9
2. Verbal request for salaries & expenses		Int
1. March 13	58 Q's. including 27 document requests	1-7 Rei rev
2. May 1: follow-up letter		
3. June 3	Request for salaries & expenses	int

NASA	1. March 11 2. April 28: follow- up letter 3. May 30: Verbal request for additional info
NSF	1. March 11 2. April 27: Verbal request for supplemental info 3. April 29: Verbal request for publication 4. May 11: Verbal request for additional data 5. June 1: Verbal request for additional data

**EESI**

Environmental

and Energy

Study Institute

Fax Transmission Cover Sheet**Date:**June 12 1998**Destination:**Todd Stern**Attention:****From:**Carol Werner**# of Pages:**3

(Including this one)

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PLEASE CALL (202) 628-1400****Destination Fax #:**456-2461**Destination Phone #:****EESI Fax # 202-628-1825****COMMENTS:**

- Thought you'd be
interested in this one

From: Taylor, Jeff [SMTP:Jeff.Taylor@mail.house.gov]
 Sent: Thursday, June 11, 1998 2:31 PM
 Subject: Request for Your Help on Climate Change from Congressman David McIntosh

A request from Congressman McIntosh and Mildred Webber, Staff Director, GROC Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs

>
 >We need your help!! Attached to this e-mail is a proposed letter (in
 >WordPerfect and in Microsoft Word formats) from your organization to the
 >Senate and House Chairmen of the Appropriations Committees (Senator Stevens
 >and Representative Livingston) expressing strong support for a
 >government-wide legislative appropriations restriction on climate change to
 >ensure that the Clinton-Gore Administration does not implement through the
 >back door the Kyoto Protocol prior to ratification of the treaty by the U.S.
 >Senate. Besides letters to the two Chairmen, it would be helpful if you
 >would also send letters to the other Members of the Appropriations Committees
 >(indicated below).
 >
 >Time is of the essence since the appropriations bills in both Houses are now
 >or soon to be in markup.
 >
 >We would appreciate your faxing to us (at 225-2441) a copy of any letters you
 >send to any member of the Senate or House Appropriations Committee. If you
 >have any questions, feel free to contact our Senior Counsel Keith Ausbrook
 >(at 225-4407) who is coordinating Chairman McIntosh's efforts on climate
 >change.
 >
 >Thank you for your help.
 >
 >
 >Other Senate Appropriations Committee Members: Thad Cochran, Arlen
 >Specter, Pete Domenici, Christopher Bond, Slade Gorton, Mitch McConnell,
 >Conrad Burns, Richard Shelby, Judd Gregg, Robert Bennett, Ben Nighthouse
 >Campbell, Larry Craig, Lauch Faircloth, Kay Bailey Hutchison
 >
 >Other House Appropriations Committee Members: Joseph McDade, C.W. Bill
 >Young, Ralph Regula, Jerry Lewis, John Edward Porter, Harold Rogers, Joe
 >Skeen, Frank Wolf, Tom DeLay, Jim Kolbe, Ron Packard, Sonny Callahan, James
 >Walsh, Charles Taylor, David Hobson, Ernest Istook, Jr., Henry Bonilla, Joe
 >Knollenberg, Dan Miller, Jay Dickey, Jack Kingston, Mike Parker, Rodney
 >Frelinghuysen, Roger Wicker, Michael Forbes, George Nethercutt, Jr., Mark
 >Neumann, Randy "Duke" Cunningham, Todd Tiahrt, Zach Wamp, Tom Latham, Anne
 >Northup, Robert Aderholt

JUN 12 10 12 AM '98 U.S. SENATE WASHINGTON DC

On letterhead of Businesses Concerned about President's Climate Change Initiative

June __, 1998

The Honorable Ted Stevens
Chairman
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

The Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Stevens and Livingston:

This letter expresses our strong support for a government-wide legislative appropriations restriction on climate change to ensure that the Clinton-Gore Administration does not implement through the back door the Kyoto Protocol prior to ratification of the treaty by the U.S. Senate. We are deeply concerned about the potential economic cost of the treaty on American citizens and businesses.

The appropriations legislation should encompass not only the President's \$6.3 billion budget request but also other implementation actions, including any attempts to issue new or amended rules under existing authority. We are most concerned that, without a government-wide legislative restriction, the Clinton-Gore Administration will be able to find alternative implementation vehicles that would not be covered by a more limited restriction. For example, if the Environmental Protection Agency (EPA) were prohibited by the VA-HUD appropriations bill from issuing an implementing regulation, then the Department of Energy (DOE) could conceivably issue a rule to accomplish the same purpose.

The need for a government-wide restriction is further demonstrated by the fact that the President's budget request encompasses substantial funding for multiple agencies. For example, the request includes funding for DOE (through both the Energy and Water and the Interior appropriations bills), EPA, Agency for International Development (AID) (through the Foreign Operations appropriations bill), and the Departments of Agriculture, Commerce, State, and Health and Human Services, as well as lesser amounts for a few independent agencies.

In addition, some of the funding for backdoor implementation of the Kyoto Protocol could come from sources outside of the \$6.3 billion request that the President specifically identified as funding for the White House initiative. For example, for this year alone, the President requested \$250 million for AID for grants, contracts, and loan guarantees for climate change initiatives.

Thank you for your responsiveness to our concerns and your interest in protecting American citizens and businesses from the unfair and economically damaging effects of the Kyoto Protocol prior to ratification by the Senate.

Sincerely,

Chairman or President or CEO

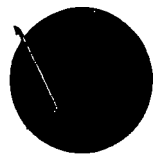


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Tab A	Testimony of Dr. Janet Yellen before the House Commerce Committee, March 4, 1998
Tab B	<i>Economic Report of the President, February 1997</i>
Tab C	<i>Economic Report of the President, February 1998</i>
Tab D	Economists' statement on climate change, endorsed by over 2500 economists including eight Nobel Laureates
Tab E	A Short Primer on Externalities and Public Goods
Tab F	Opportunities for Low-Cost Reductions Abroad
Tab G	"Cap and Trade" Emissions Trading Programs: A Mechanism to Achieve Emission Reductions Cost Effectively
Tab H	Non-Climate Benefits of the Kyoto Agreement (to be revised)
Tab I	Background Charts

CHARLES E. GRASSLEY, IOWA
DON NICOLAS, OKLAHOMA
PIL GRAMM, TEXAS
CHRISTOPHER B. BOND, MISSOURI
BLAKE GORTON, WASHINGTON
JUDG GREGG, NEW HAMPSHIRE
OLYMPIA J. SNOWE, MAINE
SPENCER ABRAHAM, MICHIGAN
BILL FRIST, TENNESSEE
BOB GRAPE, MINNESOTA
GORDON SMITH, OREGON

FRANK R. LAUTENBERG, NEW JERSEY
CARLST F. HOLLINGS, SOUTH CAROLINA
KERRY CONRAD, NORTH DAKOTA
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BARBARA BOESER, CALIFORNIA
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RON WYDEN, OREGON
RUSSELL B. FORD, WISCONSIN
TIM WIRTH, SOUTH DAKOTA
RICHARD J. DURBIN, ILLINOIS

G. WILLIAM HOAGLAND, STAFF DIRECTOR
BRUCE KING, STAFF DIRECTOR FOR THE MINORITY

http://www.senate.gov/committees/budget/

United States Senate

COMMITTEE ON THE BUDGET

WASHINGTON, DC 20510-8100

April 20, 1998

The Honorable Stuart E. Eizenstat
Under Secretary for Economic, Business and Agricultural Affairs
U.S. Department of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Under Secretary Eizenstat:

The Administration has urged Congress to support the Kyoto Treaty once certain side agreements have been reached. I believe that the Treaty's economic impact must be studied in greater detail before the Administration promotes a proposal of this magnitude. To supplement private analysis, the Administration should provide its own thorough study on this issue.

Recently, you and CEA Chair Janet Yellen commented on the Kyoto Treaty's possible economic impact before the House Commerce Committee. However, it is my understanding that the Administration report cited consisted only of written testimony, which referenced work done on one model. No documentation was provided on the results themselves, nor was any detail given on the underlying assumptions used and adjustments made.

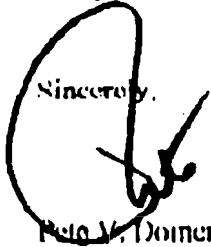
I plan to schedule a major hearing on the economic effects of the Kyoto Treaty. However, before such a hearing can be scheduled, I believe that the Administration should undertake further detailed study of the Treaty's potential economic impact which:

- 1) employs several types of models, so as to reflect both the short-term and long-term impact on GDP, consumption and energy prices;
- 2) provides documentation of its results and explicitly states its assumptions;
- 3) states how permits are to be allocated - via auctioning or grandfathering. If via auction, it should indicate what is done with the added revenue and how this affects the overall results;
- 4) addresses the impact of an international trading permit system on international trade and capital flows;
- 5) is reviewed by outside academics and experts

The Administration's Interagency Analytic Team made a commendable effort last year to attempt to examine the potential economic impact of freezing greenhouse emissions at 1990 levels. However, the terms of the Kyoto Treaty have changed since last summer, bespeaking the need for a new comprehensive economic analysis. A new study would also permit the full incorporation of the remedial suggestions made by the panel of outside experts who reviewed the IAT's report.

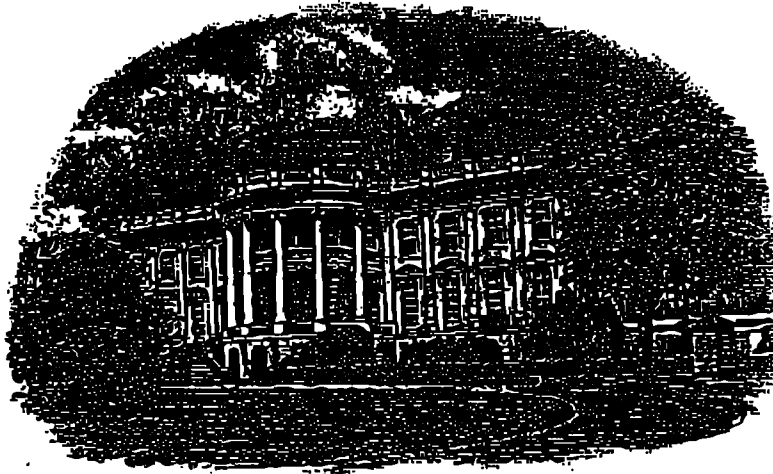
While I understand that it will take time to investigate the Kyoto Treaty's full economic effects, I believe that it should be a topic of ongoing analytic efforts within the Administration if it is serious about promoting the Treaty to Congress. As such, I request that the Administration conduct and submit a comprehensive economic analysis of the Kyoto Treaty that addresses the points raised above.

Sincerely,


Pete V. Domenici
Chairman

cc. The Honorable Janet Yellen ✓
The Honorable Larry Summers

The White House



Office of Counsel to the President
Facsimile Transmission

Date: 4-24-98

To: Mr. Bullentine

Facsimile Number: 62604 Total Pages:

From: Rob Weiner
Phone: 202-456-6297
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THE WHITE HOUSE

WASHINGTON

April 24, 1998

Mr. Mark Paoletta
Majority Staff Counsel
Committee on Commerce
United States House of Representatives
Room 2125, Rayburn House Office Building
Washington, D.C. 20515-6115

Dear Mr. Paoletta:

Attached, as we discussed, is an index of the documents we have offered to make available for review in response to Chairman Schaefer's request for materials used in the preparation of Council of Economic Advisers Chair Janet Yellen's testimony.

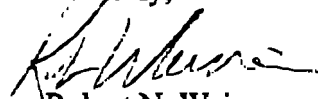
Dr. Yellen's testimony specifically identified the assumptions that underlay the Administration's economic assessment of the effects of the Kyoto Protocol. Those assumptions included ones related to emissions trading by countries that have agreed to take on binding limitations in greenhouse gases, emissions trading with the subset of those countries dubbed the "umbrella," and developing country participation in emissions reduction. These issues are the subject of continuing international negotiations. Public dissemination of the materials in question would affect the ability of the United States to conduct those negotiations effectively.

Moreover, documents on the index discuss and reflect internal deliberations of the Executive Office of the President with regard to ongoing policies of the Administration.

The volume of these documents is not substantial. There are only 22. As Dr. Yellen stated in her letter to Chairman Schaefer, we are happy to let staff review the materials at your convenience. We would also be willing to provide a briefing if necessary to help you better understand the documents. In light of the deliberative nature of much of the material, as well as the serious foreign policy concerns they implicate, this is a reasonable accommodation. It makes available to Congress the information it needs to perform its oversight functions, while preserving the interests of the Executive Branch in the confidentiality essential to achieving the foreign policy goals of the United States.

Please call with any questions.

Sincerely,



Robert N. Weiner
Senior Counsel to the
Counsel to the President

INDEX OF DOCUMENTS USED BY IN PREPARATION
OF CEA CHAIR JANET YELLEN'S TESTIMONY:
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in the Confidentiality of White House Decision Making Processes
and that Potentially Affect International Negotiations

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April 24, 1998

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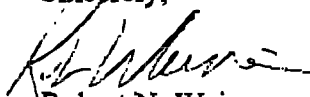
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Please call with any questions.

Sincerely,



Robert N. Weiner

Senior Counsel to the

Counsel to the President

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Todd Stern 03/11/98 02:40:39 PM

312-781-0511

Record Type: Record

To: Roger S. Ballentine/WHO/EOP

cc:

Subject: McIntosh Q's

I've sent a note to Tom asking him to send this to you since you are in charge of leg. But I thought I'd send it too because I'm a compulsive type. tds

----- Forwarded by Todd Stern/WHO/EOP on 03/11/98 02:39 PM -----



Tom Peterson <peterson_t @ btgcinema.com>
03/11/98 09:39:19 AM

Please respond to peterson_t@btgcinema.com

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: McIntosh Q's

Bob Tucillo of OMB just informed me that a second set of McIntosh Q's for CEQ and OMB have been sent that deal primarily with the \$6.3 billion CCTI. Also, McIntosh has issues a press release stating that his committee will hold climate change hearings in a month. We do not yet know who the witnesses will be, but it is safe to assume the administration will be asked to testify, and our responses to his current letters will be central to the hearing agenda. I will circulate this latest letter as soon as I get it from Bob.

Message Sent To:

Dirk Forrister <forrister_d @ btgcinema.com>
Shelley N. Fidler/CEQ/EOP
Todd Stern/WHO/EOP
Lucia A. Wyman/WHO/EOP
Julie Norton <nortonjc @ ssonwpob.us-state.gov>



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Assistant Secretary

400 Seventh St. S.W.
Washington D.C. 20590

March 31, 1998

The Honorable David M. McIntosh
Chairman, Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, D.C. 20515-6143

Dear Mr. Chairman:

The Department of Transportation has prepared responses to your request for information on activities related to the White House Initiative on Global Climate Change. The responses are provided in an enclosure. The Department has made every effort to respond completely to your questions. Because of the short deadline, the search for responsive documents was conducted rapidly. If we hereafter identify additional responsive documents, we will supply them to you promptly.

If you need further information, please contact me or Steven O. Palmer, Assistant Secretary for Governmental Affairs, at (202) 366-4573.

Sincerely,

John N. Lieber

John N. Lieber
Acting Assistant Secretary
for Transportation Policy

Enclosure

FYI Tom
This went to
McIntosh
Todd

ENCLOSURE
DEPARTMENT OF TRANSPORTATION RESPONSE

1. Please provide a table with Fiscal Year (FY) 89-99 historical budget authority for your agency for the various components of the President's "Climate Change Technology Initiative," including the previous "Climate Change Action Program/Plan" and any other new or previously authorized Research and Development (R&D) herein (except for the U.S. Global Change Research Program included in Question 3 below). For each component, please indicate each specific budget account, the specific legislative authority (including the specific statute, the section citation, and the language of the section) for the program, and a brief description of the program.

Response: The Department of Transportation has no proposed budget activities listed in the President's Climate Change Technology Initiative. DOT did not list specific research or program activities to carry out the Climate Change Action Program.

However, activities under the Intermodal Surface Transportation Efficiency Act such as congestion pricing pilot programs, transit facilities and services, and alternative fuel vehicle bus purchases supported reduction of transportation contribution to greenhouse gas emissions. These activities are supportive of the 1993 President's Climate Change Action Plan Action #20, Adopt a Transportation System Efficiency Strategy.

The Department has undertaken activities supportive of Climate Change Action Plan Action #21, Promote Greater Use of Telecommuting.

Although the Department had planned activities supportive of Climate Change Action Plan Action #22, Develop Fuel Economy Labels for Tires, the Congress directed the National Highway Traffic Safety Administration not to expend funds on this initiative in the FY 1996 DOT Appropriations Act.

2. In Section 2 ("Programmatic Details") of OMB's February 2, 1998 handout, "Climate Change Technology Initiative - 1999 Budget Briefing Materials," please provide the following information associated with each paragraph description in which your agency has been funded or is requesting funding: the associated funding in FY 97, FY 98, and FY 99. Also, for each paragraph, for the requested funding in FY 99, please provide evidence of any accomplishments from the FY 93-FY 97 funding, if any. Lastly, for each paragraph, please indicate any program performance measures for the requested funding, and, for each such measure, please provide data for the 1990 base year and annual data for the most recent three-year period for which data are available.

Response: DOT has no items in the handout.

3. Please provide a table with FY 89-FY 99 historical budget authority for your agency for the various components of the "U.S. Global Change Research Program" which were or are devoted exclusively to climate change R&D. For each component, please

indicate each specific budget account, the specific legislative authority for the program (including the specific statute, the section citation, and the language of the section), and a brief description of the program.

Response: DOT does not have research identified in the U.S. Climate Change Research Program and devoted exclusively to Climate change R&D.

4. Please provide a table with FY 89-FY 99 historical budget authority for your agency for any other components of the Administration's climate change program (i.e., in addition to those included in answer to questions 1 and 2). For each component, please indicate each specific budget account, the specific legislative authority for the program (including the specific statute, the section citation, and the language of the section), and a brief description of the program.

Response: DOT has funded a number of research projects which have been undertaken to address a range of environmental impacts of transportation, including air pollution as well as climate change. Information on these efforts follows.

Research on more fuel efficient and clean-fueled vehicles.

- Buses. The Federal Transit Administration (FTA) has had major programs underway to develop a new generation of transit buses which will be less polluting. FTA funded a total of almost \$15 million in FYs 96 and 97 and \$10 million in FY 98 toward development of a light-weight, fully accessible low emission, fuel-efficient bus. In addition, FTA plans development of a fuel cell bus, with \$4 million funding in FY 98. The Administration's FY 99 request for these two projects totals \$2.5 million.
- Partnership for a New Generation of Vehicles (PNGV). The NHTSA FY 97 budget included \$2.5 million and FY 98 included \$2.5 million for examining the safety and crash worthiness of next generation vehicles. Tools are being developed so that each automaker will be able to use the system model to evaluate safety performance. NHTSA has not expended funds toward non-safety aspects of PNGV. The FY 99 budget requests \$3.5 million for this effort.
- The DOT Bureau of Transportation Statistics has undertaken an assessment of system implications of alternative energy vehicles in connection with PNGV (\$250,000 in FY 97).
- The Research and Special Programs Administration (RSPA) joined DOE in a pilot project to provide technical assistance to 10 cities on infrastructure for electric vehicles.

- The FY 99 budget request provides \$10 million in FHWA funds for a partnership among DOT, DOE and seven regional technology consortia to build on Defense Advanced Research Projects Agency (DARPA) work in electric and hybrid electric vehicles.
- The Federal Aviation Administration (FAA) has budgeted \$150,000 in FY 98 toward future aircraft engines, including greater fuel efficiency. This research is in cooperation with the National Aeronautics and Space Administration in its support of research toward development of a less environmentally damaging aircraft engine.
- The Maritime Administration, in cooperation with several other DOT elements, the Department of the Navy, the Department of Energy and the Defense Advanced Research Projects Agency, is leading a major interagency initiative to apply fuel cell technology to ship propulsion.

Support for Sustainable Transportation.

- The Sustainable Transportation Team of the National Science and Technology Council's Committee on Transportation Research and Development prepared a Phase I report which listed over \$71 million in research related to sustainable transportation. The report found no DOT research which specifically focused on sustainability and global climate change except for the recent Transportation Research Board report on Sustainable Transportation. The Team is preparing a plan that would recommend a strategic framework to coordinate participating Federal agencies' FY 2000 budget requests.
- The FHWA FY 1999 budget request includes a proposal for \$5 million for the Sustainable Transportation Initiative. This would support targeted analysis, research, case studies, and outreach on sustainability issues including global climate change. Under this initiative, FHWA would conduct outreach on benchmarks and research agendas; conduct research on technology and planning tools; provide grants to support States and local case studies of sustainable transportation options; and provide technical assistance and training.
- The FHWA's Office of Environment and Planning is developing a transportation and global climate change literature review with the assistance of a technical consultant. This literature review presents peer-reviewed information on the effects and mitigation strategies associated with transportation and global climate change. The amount of funding obligated toward

this effort was \$45,778 during FY 96 and FY 97. Final publication of this literature review is pending.

- DOT (Federal Highway Administration and Federal Transit Administration) has had a major program under way to improve travel models. The Travel Model Improvement Program will improve travel forecasting tools. The Transportation Analysis Simulation System (TRANSIMS) project will provide better estimates of travel and resulting emissions. This will enhance the ability of travel models to analyze air pollutant and greenhouse gas emissions.
- FHWA, FTA and the Environmental Protection Agency (EPA) are developing a multi-year, multi-million dollar public education campaign to inform the public of their transportation choices and the environmental and energy consequences of those choices.
- FHWA supported research on development of analytic processes seeking to better understand how transportation land use decisions can work together toward more efficient transportation (\$200,000 for the Land Use-Transportation-Air Quality Connection--LUTRAQ--project in Oregon).
- FTA has examined transit supportive developments that are less dependent on automobile access and more conducive to transit riding, walking, and bicycling. FTA has developed guidelines for planning and design of land use patterns that are sensitive to the needs of public transit.
- FAA has funded development of air traffic management which supports more efficient use of the system and continued funding is requested. These improvements are expected to increase the efficiency of the system, with resulting fuel efficiency and reduced greenhouse gas emissions as a benefit.

5. For the FY 99 request, please provide a table showing what part is funding to continue initiatives funded in FY 98 or prior years and what part is brand new activity. For each component, please indicate each specific budget account, the specific legislative authority for the program (including the specific statute, the section citation, and the language of the section), and a brief description of the program. For each brand new activity, please indicate expected requested funding annually through FY 03.

Response: DOT has no FY 99 initiatives in the President's Climate Change Technology Initiative or the U.S. Global Change Research Program.

6. Please identify the full set of your agency-specific performance measures for the Administration's Climate Change proposal (besides those indicated in response to questions 2 and 3), including data for at least the 1990 base year, FY 97, FY 98, and FY 99. Also, please identify how any of your agency-specific measures (including those in response to questions 2 and 3) relate to those for any other Federal agency. Lastly, please describe any interagency efforts to identify and relate the entire set of climate change performance measures, including which agencies are involved and the names of the agency representatives.

Response: While DOT does not have goals specifically oriented to climate change, our strategic plan identifies an outcome goal/performance measure to "improve the sustainability and livability of communities through investments in transportation facilities." The candidate indicator cited is the total revenue vehicle hours of high quality transit service. The source of data would be the National Transit Database.

7. Please provide a table for FY 93-FY 97 identifying all assistance (including grants, cooperative agreements, and other transactions) and contract awards to non-profit and for-profit organizations for any climate change activity, including the date, amount of the award, name of the organization, purpose of the award, and a summary of any results(s) from the award. Please provide a copy of any final report from these awards.

Response: DOT assisted EPA in funding support services for the President's advisory committee on Policy Dialog for Reducing Greenhouse Gas Emissions from Motor Vehicles.

8. Since January 1993, has your agency participated in any interagency effort(s) relating to climate change in any of the following areas: (a) review of current legislation and/or the need for new legislation; (b) review of current rules, any needed revisions to current rules, and/or any needed new rules; (c) production or review of environmental data and/or analyses; (d) production or review of cost-benefit data or analyses; and/or (e) production or review of any economic data and/or economic analyses: If so, please identify the interagency effort, its member agencies, its membership not only from your agency but also from other Federal agencies and/or any non-Federal parties, all drafts and analyses from the effort(s), and any comments from your agency on any drafts.

Response: In March 1997, the President sent the Congress the Administration's proposal for the reauthorization of Federal surface transportation programs, the National Economic Crossroads Transportation Efficiency Act. Many elements of this proposal are reflected in bills being considered by the Congress. Key elements of NEXTEA supportive of the Administration's Global Climate Change Policies are:

- Emphasis on supporting transit, railroads, bicycle/pedestrian travel, and intermodal facilities. NEXTEA would

provide more than \$5 billion per year in transit authorizations, funding for Amtrak, and allow flexible funding under Surface Transportation and National Highway Programs.

- NEXTEA would continue the Congestion Mitigation and Air Quality Improvement Program (\$1.3 billion/year) and Transportation Enhancements (\$580 million/year), which may be used to fund transportation improvements that help reduce greenhouse gas emissions from transportation, improve air quality and achieve other environmental objectives.
- NEXTEA includes "parking cash-out" provisions to encourage employers to provide mode-neutral travel subsidies instead of parking subsidies. NEXTEA would also enhance the congestion pricing program established under ISTEA.

Prior to submitting the Administration's proposal to Congress, DOT discussed with other agencies a range of incentive programs that would support development and consumer purchase of clean fueled vehicles and other possible initiatives to support sustainable transportation.

9. Since January 1993, has your agency either prepared or reviewed any environmental, cost-benefit, and/or economic data and analyses relating to the White House initiative on Global Climate Change? If so, please provide a copy of all data, analyses, and comments by your agency.

Response: DOT has not participated in such analyses.

10. Did your agency comment on any of the draft testimony on climate change by Administration witnesses since the President's 1998 State-of-the-Union address (including, but not limited to, testimony by CEA Chair Janet Yellen on the Economics of the Kyoto Protocol before the House Commerce Committee)? If so, please provide a copy of the draft testimony and any comments by your agency.

Response: DOT had an opportunity to review draft testimony by the State Department, Department of Energy, EPA, and Office of Science and Technology Policy. DOT offered no comments on this testimony.

11. Has your agency suggested any alternative policy options for climate change? If so, please provide a copy of all drafts and supporting analyses and any comments from other Federal agencies on your alternatives.

Response: DOT provided suggested edits on draft materials developed as part of the President's Climate Change Technology Initiative, but did not develop separate policy options.

12. Does your agency plan to revise any existing legislation or propose any new legislation relating to climate change (including legislation that will have the effect of reducing greenhouse gas emissions whether or not that is the intended purpose of the legislation)? If so, please identify and describe all such initiatives, including a timetable for their development and submission to Congress. Also provide any and all legal and policy analyses regarding the applicability and availability of existing legislation to implement the Kyoto Protocol and any comments from other Federal agencies on the analyses.

Response: As noted in the response to question 8, the Administration submitted its proposal for reauthorization of surface transportation programs, the National Economic Crossroads Surface Transportation Efficiency Act, in March 1997. Certain elements of the legislation are supportive of reduced greenhouse gas emissions from transportation.

13. Does your agency plan to revise any existing rules or propose any new rules relating to climate change (including regulatory actions that will have the effect of reducing greenhouse gas emissions whether or not that is the intended purpose of the regulatory action)? If so, please identify and describe all such initiatives, including any cost-benefit analysis, and a timetable for their development and promulgation. Also, provide any and all analyses that were prepared or considered of the cumulative effects on the U.S. economy and/or energy system of all or any combination of regulations that were issues since 1992, that were proposed, and that are being developed that have or will have such effects.

Response: NHTSA administers the Corporate Average Fuel Economy program. Congress specified in the Appropriations Acts for DOT for FYs 96, 97, and 98 that DOT was not to set any standard at a level other than the previously established level.

The Kyoto Protocol recognized the International Civil Aviation Organization and the International Maritime Organization as the body for discussing, with Annex I countries, reductions of greenhouse gas from international aviation and marine fuels use. The Federal Aviation Administration and the U.S. Coast Guard, respectively, serve as the heads of the U.S. delegations to environmental committees of these international bodies. FAA and Coast Guard will work with other agencies including EPA as U.S. proposals and positions are developed through these bodies.

14. Has your agency participated in discussions or reviewed any documents relating to international emissions trading, joint implementation, and/or the Clean Development Mechanism? If so, please provide a copy of all drafts and any comment provided by your agency.

Response:

- DOT was briefed in 1996 by Department of State, EPA and DOE on the U.S. Initiative on Joint Implementation.
- DOT has participated in the Assistant Secretary's group discussing options for climate change response in FY 97 and FY 98.

UNDER SECRETARY OF STATE
FOR ECONOMIC,
BUSINESS, AND AGRICULTURAL AFFAIRS
WASHINGTON

March 30, 1998

Dear Mr. Chairman:

Your recent Dear Colleague letter regarding comments attributed to Ambassador Raul Estrada-Oyuela of Argentina, Chairman of the Kyoto Conference, has been brought to my attention. Last week the Washington Times reported that Mr. Estrada criticized Congress for blocking progress on Kyoto, both for the role that members of Congress played at Kyoto and for the Senate's opposition to the treaty in the absence of developing country commitments. I wanted you to know that the Administration in no way shares the views attributed to Mr. Estrada on these matters. Although Ambassador Estrada played an instrumental role at Kyoto in assuring the inclusion of certain key measures proposed by the United States, such as emissions trading, his reported comments were unwarranted.

It was my experience in Kyoto that members of the House and Senate provided valuable and constructive advice to the Administration, and that these members played a useful and welcome role in meeting and talking with other delegations. Further, the Administration shares the Senate's concern that developing countries will be responsible for a growing proportion of global emissions, and must participate in global efforts to mitigate climate change. It is our firm position that the U.S. will not be bound by Kyoto obligations until there is a meaningful participation by key developing countries. Climate change is a global problem; it requires a global solution.

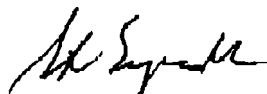
The Honorable

F. James Sensenbrenner Jr.,
House of Representatives.

I know that you have reservations about the Kyoto Protocol but, as I have testified and written at some length, I firmly believe that it represents an important, even historic step forward, that it is in the best interests of the United States, and that the best course for us is to build on the framework it establishes, rather than to cast it aside. It is my hope that Ambassador Estrada's reported remarks not distract Congress from examining and ultimately evaluating the Kyoto Protocol on its merits.

I want to reassure you that I have greatly valued Congressional input on how to best fashion a multilateral response to the challenge of climate change, and that the Administration has every intention of continuing to consult closely with Congress on all matters concerning the Kyoto Protocol and the climate change issue generally.

Very truly yours,



Stuart E. Eizenstat
Ambassador

Best personal regards!

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BERNARD SANDERS, VERMONT
INDEPENDENT

April 2, 1998

BY FACSIMILE

The Honorable Charles F.C. Ruff
Counsel to the President
The White House
Washington, D.C. 20500

Dear Mr. Ruff:

This letter responds to your March 31, 1998 letter regarding my March 11, 1998 letter to Gene Sperling, Director of the National Economic Council (NEC), relating to the White House Initiative on Global Climate Change. In that letter, you refuse to allow the NEC to provide responses to my inquiry, claiming that such responses implicate the confidentiality of Presidential decision making.

This letter renews my request. My letter requested no information that implicates the confidentiality of Presidential decision making; rather, I requested information about the interagency process, including review of and comments on documents from sister agencies within the Executive Office of the President (EOP), e.g., the Council of Economic Advisers, and from Executive Branch agencies.

In addition, the NEC is an agency subject to Congressional oversight and not part of the White House Office.¹ The President's Budget shows that the Office of Policy Development (OPD), which includes the NEC staff, is an agency within the EOP and not part of the White House Office, i.e., OPD has its own budget account separate from the White House budget accounts. Also, the EOP Telephone Directory treats the OPD identically as the Office of Administration, a sister EOP agency.

My requests do not implicate the confidentiality of Presidential decision making. Specifically, questions 8 through 14 ask for information and documentation relating to climate change proposals, e.g., information and documentation relating to the NEC's participation in interagency efforts on climate change, the NEC's comments on analyses prepared by sister EOP

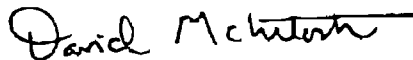
¹Even if the NEC were part of the White House Office, the White House Office is still subject to Congressional oversight.

agencies and Executive Branch agencies, and the NEC's comments on draft testimony by witnesses from sister EOP agencies and Executive Branch agencies. In fact, information from "other sources," such as sister EOP agencies and Executive Branch agencies, may not include all of the requested information about the NEC's role.

To the extent that any request involves the confidentiality of Presidential decision making, please direct the NEC to prepare responses and documents for the Subcommittee and identify those responses and those documents that will not be produced based on the White House's claim that they involve the confidentiality of Presidential decision making and explain the basis for that claim.

Thank you in advance for your attention to this request.

Sincerely,



David M. McIntosh
Chairman
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs

cc: The Honorable Dan Burton
The Honorable John Tierney

THE WHITE HOUSE
WASHINGTON

March 31, 1998

The Honorable David M. McIntosh
Chairman, Subcommittee on National
Economic Growth, Natural Resources,
and Regulatory Affairs
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515-6143

Dear Chairman McIntosh:

I am responding to your request to Gene Sperling of the National Economic Council ("NEC") relating to the White House Initiative on Global Climate Change.

Mr. Sperling is Assistant to the President and Director of the NEC. The NEC is part of the White House Office. Requests from Congress directly to the White House Office, in furtherance of Congressional oversight of White House policy initiatives, raise significant issues regarding the confidentiality of Presidential decision making and the appropriate focus of Congressional oversight. As you will appreciate, given comparable concerns voiced during the previous Administration, it has been the practice to direct oversight requests to Executive Branch agencies in order to avoid confronting these issues unnecessarily.

Here, I understand that you have already requested information and documents regarding the Climate Change Initiative from agencies in the Executive Office of the President and the Executive Branch. We believe that it would not be appropriate for the White House to respond to your requests to the NEC, but, should you be unable to obtain sufficient information from other sources to fulfill your oversight needs, please feel free to contact us.

Sincerely,



Charles F.C. Ruff
Counsel to the President

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Facsimile Cover Letter

To: THE HONORABLE GENE SPERLING Total Number of Pages (including cover sheet) 6

Fax #: 456-2878

From: X Chairman David M. McIntosh

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March 11, 1998

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BERNARD SANDERS, VERMONT
INDEPENDENTBY FACSIMILE

The Honorable Gene B. Sperling
Assistant to the President for Economic
Policy, National Economic Council
Washington, D.C. 20500

Dear Mr. Sperling:

The Subcommittee on National Economic Growth, Natural Resources, and Regulatory
Affairs is conducting oversight of the White House Initiative on Global Climate Change.

Pursuant to the Constitution and Rules X and XI of the United States House of
Representatives, please provide the Subcommittee with detailed information in response to the
attached questions regarding the budget, performance measures, legislation, regulations, and
analyses for this initiative. Please restate each question before the corresponding answer.

Please contact Subcommittee Staff Director Mildred Webber at 225-4407 if you have any
questions about this request. Please provide this information not later than 12 noon, March 31,
1998 to the Subcommittee in Room B-377 Rayburn.

Thank you in advance for your attention to this request.

Sincerely,



David M. McIntosh
Chairman

Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs

cc: The Honorable Dan Burton
The Honorable John Tierney

Enclosure

Questions for Each Agency with Any Climate Change Funding

1. Please provide a table with Fiscal Year (FY) 89 - FY 99 historical budget authority for your agency for the various components of the President's "Climate Change Technology Initiative," including the previous "Climate Change Action Program/Plan" and any other new or previously authorized Research and Development (R&D) herein (except for the U.S. Global Change Research Program included in Question 3 below). For each component, please indicate each specific budget account, the specific legislative authority (including the specific statute, the section citation, and the language of the section) for the program, and a brief description of the program.
2. In Section 2 ("Programmatic Details") of OMB's February 2, 1998 handout, "Climate Change Technology Initiative - 1999 Budget Briefing Materials," please provide the following information associated with each paragraph description in which your agency has been funded or is requesting funding: the associated funding in FY 97, FY 98, and FY 99. Also, for each paragraph, for the requested funding in FY 99, please provide evidence of any accomplishments from the FY 93 - FY 97 funding, if any. Lastly, for each paragraph, please indicate any program performance measures for the requested funding, and, for each such measure, please provide data for the 1990 base year and annual data for the most recent three-year period for which data are available.
3. Please provide a table with FY 89 - FY 99 historical budget authority for your agency for the various components of the "U.S. Global Change Research Program" which were or are devoted exclusively to climate change R&D. For each component, please indicate each specific budget account, the specific legislative authority for the program (including the specific statute, the section citation, and the language of the section), and a brief description of the program.
 - If funded in any of FY 93 - FY 97, please provide evidence of any accomplishments from these dollars. Also, for requested funding in FY 99, please indicate any program performance measures for the requested funding, and, for each such measure, please provide data for the 1990 base year and annual data for the most recent three-year period for which data are available.
4. Please provide a table with FY 89 - FY 99 historical budget authority for your agency for any other components of the Administration's climate change program (i.e., in addition to those included in answer to questions 1 and 2). For each component, please indicate each specific budget account, the specific legislative authority for the program (including the specific statute, the section citation, and the language of the section), and a brief description of the program.
5. For the FY 99 request, please provide a table showing what part is funding to continue initiatives funded in FY 98 or prior years and what part is brand new activity. For each component, please indicate each specific budget account, the specific legislative authority for the program (including the specific statute, the section citation, and the language of the section), and

a brief description of the program. For each brand new activity, please indicate expected requested funding annually through FY 03.

6. Please identify the full set of your agency-specific performance measures for the Administration's Climate Change proposal (besides those indicated in response to questions 2 and 3), including data for at least the 1990 base year, FY 97, FY 98, and FY 99. Also, please identify how any of your agency-specific measures (including those in response to questions 2 and 3) relate to those for any other Federal agency. Lastly, please describe any interagency efforts to identify and relate the entire set of climate change performance measures, including which agencies are involved and the names of the agency representatives.
7. Please provide a table for FY 93 - FY 97 identifying all assistance (including grants, cooperative agreements, and other transactions) and contract awards to non-profit and for-profit organizations for any climate change activity, including the date, amount of the award, name of the organization, purpose of the award, and a summary of any result(s) from the award. Please provide a copy of any final report from these awards.
8. Since January 1993, has your agency participated in any interagency effort(s) relating to climate change in any of the following areas: (a) review of current legislation and/or the need for any new legislation; (b) review of current rules, any needed revisions to current rules, and/or any needed new rules; (c) production or review of any environmental data and/or analyses; (d) production or review of any cost-benefit data or analyses; and/or (e) production or review of any economic data and/or economic analyses? If so, please identify the interagency effort, its member agencies, its membership not only from your agency but also from other Federal agencies and/or any non-Federal parties, all drafts and analyses from the effort(s), and any comments from your agency on any drafts.
9. Since January 1993, has your agency either prepared or reviewed any environmental, cost-benefit, and/or economic data and analyses relating to the White House Initiative on Global Climate Change? If so, please provide a copy of all data, analyses, and any comments by your agency.
10. Did your agency comment on any of the draft testimony on climate change by Administration witnesses since the President's 1998 State-of-the-Union address (including, but not limited to, testimony by CEA Chair Janet Yellen on the Economics of the Kyoto Protocol before the House Commerce Committee)? If so, please provide a copy of the draft testimony and any comments by your agency.
11. Has your agency suggested any alternative policy options for climate change? If so, please provide a copy of all drafts and supporting analyses and any comments from other Federal agencies on your alternatives.

12. Does your agency plan to revise any existing legislation or propose any new legislation relating to climate change (including legislation that will have the effect of reducing greenhouse gas emissions whether or not that is the intended purpose of the legislation)? If so, please identify and describe all such initiatives, including a timetable for their development and submission to Congress. Also provide any and all legal and policy analyses regarding the applicability and availability of existing legislation to implement the Kyoto Protocol and any comments from other Federal agencies on the analyses.

13. Does your agency plan to revise any existing rules or propose any new rules relating to climate change (including regulatory actions that will have the effect of reducing greenhouse gas emissions whether or not that is the intended purpose of the regulatory action)? If so, please identify and describe all such initiatives, including any cost-benefit analysis, and a timetable for their development and promulgation. Also, provide any and all analyses that were prepared or considered of the cumulative effects on the U. S. economy and/or energy system of all or any combination of regulations that were issued since 1992, that were proposed, and that are being developed that have or will have such effects.

14. Has your agency participated in discussions or reviewed any documents relating to international emissions trading, joint implementation, and/or the Clean Development Mechanism? If so, please provide a copy of all drafts and any comment provided by your agency.

Definitions and Instructions for the Production of Records

1. When a request calls for the production of records, the Subcommittee requests all responsive records that are in the agency's possession, custody, or control through the date of the final submission of records to the Subcommittee, unless the request clearly states that the Subcommittee is only interested in records received during a particular time period.
2. Please sequentially number all records that you produce to the Subcommittee, and indicate the source of any record if the source is not accurately reflected on the record itself. Please submit all records on single-sided paper and submit an inventory of records produced if the volume is more than 100 pages.
3. To the extent practicable, please organize the records or documents in tabbed binders or folders that indicate which records are responsive to which requests for information.
4. For the purposes of this and related requests in the future, the "record" or "records" shall include any and all drafts, originals, and non-identical copies of any item whether written, typed, printed, electronically recorded, transcribed, punched, or taped, however produced or reproduced, and includes but is not limited to any writing, transcription, or recording, produced or stored in any fashion, including any and all computer entries, memoranda, notes, talking points, letters, journal entries, reports, studies, calendars, manuals, press releases, opinions, documents, analyses, messages, summaries, bulletins, e-mail messages (in hard copy and electronic forms), disks, the text of any alphanumeric messages or other electronic paging devices, briefing materials, cover sheets or routing cover sheets and any other machine readable material of any sort whether prepared by current or former officers and employees, agents, consultants or by any non-employee without limitation. "Record" or "records" shall also include redacted and unredacted versions of the same record.



White House Climate Change Task Force

751 Jackson Place, N.W. • Washington, DC 20503

FAX

To: Roger Zolburine w/ cc to Todd

Organization/Title:

Fax: 456-2604

Phone:

Pages (including cover): 6

Date: 3/12

From: Tom Petersen

Phone:

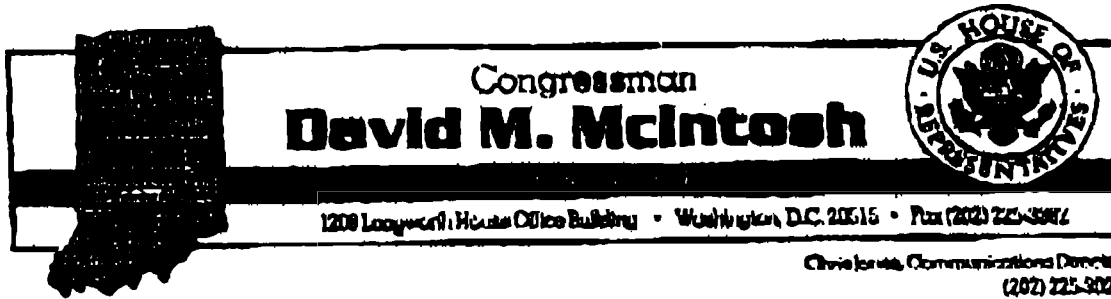
Message:

See attached Mr. Tilgh's press release and letter. JWS makes a total of four House letters w/ a fifth expected from Schaefer soon. On the Senate side we have an SFRC list and an old Murkowski list - and anticipate a Senate AG letter. Obviously we need to get all responses on message thru clearance process. Should we convene a meeting?

Tom

DELIVER TO: Barbara

CONGRESSMAN MCINTOSH'S PRESS OFFICE



For Immediate Release
 March 2, 1998
 023-8

MCINTOSH TO MONITOR CLINTON REGULATORY 'END-RUN' ON KYOTO

McIntosh chairs House Regulatory Affairs subcommittee

WASHINGTON – The chairman of the House Regulatory Affairs Subcommittee said Monday that he will be scrutinizing the Clinton administration's regulatory agencies to ensure they do not try to implement by regulatory fiat the Kyoto global-warming agreement without the Senate's ratification.

Rep. David McIntosh, R-Ind., is chairman of the House Government Reform and Oversight subcommittee on Regulatory Affairs, which has oversight of the Environmental Protection Agency, the Department of Energy and other federal regulatory agencies.

McIntosh said his monitoring of administration agencies will include inquiries and hearings to determine whether there are attempts to implement Kyoto regulations before the Senate considers the treaty. He added that his focus also will include the treaty's economic impact on businesses and the working families they employ.

The hearings may begin as early as next month.

"Senate Republicans and Democrats have made clear that the Kyoto agreement goes too far in mandating emission standards," McIntosh said. "While President Clinton and Vice President Gore are at an impasse with the Senate, I will not allow the administration to circumvent the Senate through back-door regulations that will harm the economy and threaten jobs."

"Many industries such as coal, auto, mining, aluminum, petroleum, transportation and rubber will be adversely affected by these mandatory limits. The proposed reductions within the Kyoto treaty would cause economic stagnation and require minute government involvement in people's daily lives."

"Through my subcommittee, I will not allow something this over-arching and economically abusive to be inflicted on the American people by a regulatory end-run. The Clinton administration should direct its attention at Senate ratification rather than regulatory efforts to foist this treaty on the American people."

Please contact Subcommittee Staff Director Mildred Webber at 225-4407 if you have any questions about this request. Please provide this information not later than 12 noon, March 24, 1998 to the Subcommittee in Room B-377 Rayburn.

Thank you in advance for your attention to this request.

Sincerely,



David M. McIntosh
Chairman
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs

cc: The Honorable Dan Burton
The Honorable Bernard Sanders

Enclosure

Questions on the White House Initiative on Global Climate Change

1. Please provide a table with Fiscal Year (FY) 89 - FY 99 historical budget authority, on an agency-by-agency basis, for the various components of the President's "Climate Change Technology Initiative," including the previous "Climate Change Action Program/Plan" and any other new or previously authorized Research and Development (R&D) herein (except for the U.S. Global Change Research Program included in Question 2 below). For each component, please indicate each specific budget account and a brief description of the program.

OMB • For FY 93 and FY 95, please explain why the details in Table S-10 do not equal the totals in Table 6-2 in the Budget of the United States Government Fiscal Year 1996.

OMB • For FY 97, please explain the difference between the published figures in the Budget of the United States Government Fiscal Year 1998 (estimated \$183 million) and the Budget of the United States Government Fiscal Year 1999 (actual \$743 million), including any reprogramming from other budget accounts.

OMB • For FY 99, please explain why the published figures (the requested funding for key sectors) in Table 6-3 of the Budget of the United States Government Fiscal Year 1999 do not equal the total.

OMB
DOE
EPA
V.D.A.
DOC • In Section 2 ("Programmatic Details") of OMB's February 2, 1998 handout, "Climate Change Technology Initiative - 1999 Budget Briefing Materials," please provide the following information associated with each paragraph description: each affected agency and, for each agency, the associated funding in FY 97, FY 98, and FY 99. Also, for each paragraph, and for each agency, please provide evidence of any accomplishments from the FY 97 funding. Lastly, for each paragraph, and for each agency, please indicate any program performance measures for the requested funding and, for each such measure, please provide annual data for the most recent three-year period for which data are available.

2. Please provide a table with FY 89 - FY 99 historical budget authority, on an agency-by-agency basis, for the various components of the "U.S. Global Change Research Program" which were or are devoted exclusively to climate change R&D. For each component, please indicate each specific budget account and a brief description of the program.

OMB • For FY 93 actual figures for the "U.S. Global Change Research Program," please explain the differences among the published figures in the Budget of the United States Government Fiscal Year 1996 (\$1531 million), the Budget of the United States Government Fiscal Year 1997 (\$1319 million), and the Budget of the United States Fiscal Year 1998 (\$1464 million), including any reprogramming from other budget accounts.

OMB •

For FY 95 and FY 96, please explain why the details in Table 7-2 do not equal the totals in Table 6-2 of the Budget of the United States Government Fiscal Year 1996.

USGCR?
IFail

- For each agency with funding in FY 97, please provide evidence of any accomplishments from the FY 97 funding. Also, for each agency requesting funding in FY 99, please indicate any program performance measures for the requested funding and, for each such measure, please provide annual data for the most recent three-year period for which data are available.

OMB

3. Please provide a table with FY 89 - FY 99 historical budget authority, on an agency-by-agency basis, for any other components of the Administration's climate change program (i.e., in addition to those included in answer to questions 1 and 2). For each component, please indicate each specific budget account and a brief description of the program.

4. Since the Government-wide Performance Plan for FY 1999 does not include any performance measures for the Administration's Climate Change proposal, please identify all government-wide and agency-specific performance measures for the Administration's Climate Change proposal, including data for at least FY 97, FY 98, and FY 99.

DOE

- The Performance Plan in DOE's FY 99 Budget submission includes goals of reducing gas emissions by 5 percent in 2010 and reducing energy consumption by 25 percent in 2010. Please provide at least FY 97, FY 98, and FY 99 data on gas emissions and energy consumption to meet these goals.

EPA •

EPA's FY 99 Budget includes goals of reducing emissions by 40 million metric tons and reducing energy consumption by 45 billion kilowatts. Please provide at least FY 97, FY 98, and FY 99 data on gas emissions and energy consumption to meet these goals.

DOE/EPA •

Please explain whether and how DOE's and EPA's performance measures overlap — i.e., whether they relate to reductions made by only that agency's programs or by all agencies' programs in the aggregate.

Calamity in Kyoto Can't Be Ratified by President

But If Clinton Decides to Move Ahead, Writes Sen. Hagel, Senate Must at Least Be Allowed to Debate It

Ly Sen. Chuck Hagel and December in Kyoto, Japan, the Clinton Administration agreed to the United Nations Global Climate Treaty, also known as the Kyoto Protocol. It is important that the American people understand what this treaty would obligate them to do, and how the Administration ignored the Senate's strong position when it agreed to this treaty.

The debate over this treaty is not a debate between who is for and who is against the environment. We all want to leave a clean environment and a bright future to our children and future generations. This debate is about whether this specific treaty is in the best interest of the US and whether it is based on sound, clear, unequivocal environmental science. It is not.

The Senate provided its advice to the Administration regarding this treaty last July and went on the record by passing S. Res. 98, the Byrd-Hagel resolution, on a vote of 95-0. Even more significant than the vote count is that this bipartisan resolution had 65 co-sponsors from both sides of the aisle.

The resolution, sponsored by myself and Sen. Robert Byrd (D-W.Va.), was very clear. It called on the President not to sign any Kyoto treaty or agreement unless two minimum conditions were met.

First, the Byrd-Hagel resolution directed the President not to sign any treaty that placed legally binding obligations on the United States to limit or reduce greenhouse gas emissions "unless the protocol or agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period."

The message was simple — the US should not sign any global climate treaty that does not



"It makes absolutely no sense to sign a flawed treaty, which the Kyoto Protocol is, according to Sen. Hagel. Above, Japanese NGO members stage a demonstration outside the hall where the International Conference of Global Warming was held."

AP Photo

This treaty makes no sense. It is complete folly.

include binding commitments for developing countries, such as China, Mexico, India, Brazil, and South Korea, in the same time frame as the US.

However, the Kyoto Protocol does not include a single developing nation. One hundred-thirty-four developing nations are not taking on any obligations or responsibilities for reducing manmade greenhouse gas emissions.

Second, the Byrd-Hagel resolution said that the President should not sign any treaty that "would result in serious harm to the economy of the United States." The Kyoto Protocol would legally bind the United States to reduce its greenhouse gas emissions to 7 percent below 1990 levels by the years 2008 to 2012. It even goes much further than President Clinton's own bottom line of last October, when he pledged that he would accept nothing more than returning to a baseline of 1990 levels in greenhouse gas emissions.

Independent economic studies of the President's position showed it would result in the loss of up to two million US jobs, the relocation of at least six major US industries to developing nations, a major slowdown in economic growth, and much higher energy prices for the American people. Yet our negotiators agreed to a treaty that would have an even more devastating impact on the US economy.

The Kyoto Protocol is so seriously flawed that its problems go far beyond those specific criteria laid out in S. Res. 98. These problems can be grouped in five general areas: (1) de-

veloping country commitments, (2) economic harm, (3) fair treatment for US interests, (4) impact on national sovereignty, and (5) impact on national security.

First, as already noted, the treaty fails to include new legally binding commitments on the developing nations. The Administration has stated that it hopes to get "meaningful participation by key developing countries" at the next United Nations conference, planned for November in Buenos Aires.

Many of the biggest emitters of greenhouse gases among the developing nations, especially China and India, made it very clear in Kyoto that they do not intend to ever agree to legally binding limits. Furthermore, the language in Article 10 of the Kyoto Protocol exempts developing nations from the binding commitments it requires.

Second, numerous independent economic studies predicted serious economic harm even if the Administration had held to its position of last October. These studies found job losses in the range of two million, large increases in energy costs, a 50-cent increase in gas prices, and a drop in economic growth rates of more than one percent a year.

That is why American agriculture, labor, business, industry, and many consumer groups have united in opposition to this treaty. Congress is still awaiting the comprehensive economic model promised more than two years ago by the Clinton Administration.

Third, this treaty is unfair to the United States. Throughout the treaty, one finds provisions that protect the interests of developing countries, require increases in US foreign aid, and shift trade advantages away from the US to our European and developing-country trading partners.

Fourth, the treaty will undermine US sovereignty. For the first time in our history, the United States would give control of a central factor in our economy to an international bureaucracy within the United Nations. Domestic energy policy is a basic component fueling economic growth.

The Kyoto Protocol would give this new U.N. environmental bureaucracy the authority to determine energy use in the United States by determining what energy sources we could use and how much, effectively

by setting price controls and the rationing of US energy.

Finally, the treaty will have a severe impact on our national security. America's armed forces are the largest users of fossil fuels in the US government. The Administration has claimed that the Kyoto Protocol does, in fact, exempt our armed forces. It does not. All it does is exempt unilateral operations under the authority of the United Nations.

If America should have to take military action alone, or without the clear application of the U.N. charter, does that mean the use of the United States military will be limited by the amount of greenhouse gases it would emit?

But the best argument against the Kyoto Protocol is that it will do virtually nothing to

Independent economic studies of the President's position showed it would result in the loss of up to two million US jobs, the relocation of at least six major US industries to developing nations, and much higher energy prices for the American people.

slow the growth of greenhouse gases in the atmosphere. Even if one accepts the validity of the science on global warming, this treaty would do nothing to stop it. The Kyoto Protocol excludes the very developing nations that will be responsible for more than 60 percent of the world's greenhouse gas emissions by 2025. China will be the world's largest emitter by 2015.

On Feb. 13, the Washington Post reported, "But even if the accord is ratified and fully implemented, it would barely dent the world's output of greenhouse gases." This treaty makes no sense. It is complete folly.

Yet, the Administration has made it clear that President Clinton intends to sign it. The Administration has also made it very clear that the treaty has no chance of ratification in the Senate, and the Administration intends to withhold it from Senate consideration.

The President claims that the treaty is a "work in progress." This leaves people with the mistaken impression that the treaty remains under negotiation and that objectionable parts of the treaty can be negotiated away before it is submitted to the Senate. That is not the case. Why would anyone sign a legally binding treaty that is considered to be a "work in progress"?

This treaty cannot be amended until it goes into force, and even then, only by a three-quarters vote of all countries that have become party to the protocol. Developing countries, which are not bound by any emissions limits, make up more than three-quarters of the world's nations.

Byrd said recently on the floor of the Senate that the Kyoto Protocol did not meet either of the Senate standards laid out in the Byrd-Hagel resolution: "I hope that the President will not sign his name to the protocol at this point... I am concerned that if the President signs this protocol at this point, it will compromise his flexibility in dealing with the developing countries over the next year."

It makes absolutely no sense to sign a flawed treaty, thereby giving away our leverage and negotiating strength. If the President believes this treaty is good enough to sign, it should be good enough to submit to the Senate for an honest and open debate. The American people have a right to know exactly what obligations the United States would have under this treaty.

Members of the Senate and the House will remain actively engaged in this issue. Oversight hearings will be held this year to ensure that the Administration does not attempt to dishonestly implement this treaty prior to Senate ratification.

Unless and until this treaty is ratified by the Senate, there should be no action taken by the Administration to implement obligations under the treaty through executive order, regulation, or budgetary fiat. Congress will not allow this treaty to be forced piecemeal upon the American people until it is given the proper debate and receives the required 67 votes in support of ratification in the Senate.

The Senate's bottom line, as represented in the unanimous vote on S. Res. 98, remains unchanged. The Senate will not support the ratification of any treaty that does not include binding commitments by the developing nations in the same compliance period, or any treaty that will cause serious harm to the US economy.



Sen. Chuck Hagel (R-Neb.) is chairman of the Foreign Relations subcommittee on international economic policy, export, and trade protection and chairman of the Senate Global Climate Change Observer Group.

Record Type: Record

To: Roger S. Ballentine/WHO/EOP
cc: Jonathan H. Adashek/WHO/EOP
Subject: Senate friends

I can't remember whether you know the small gang of staff folks with whom I have met periodically -- Kate English (Kerry), Joyce Rechtschaffen (Lieberman), Eric Washburn (Daschle), Dan Delich (Chaffee), Marty McBroom and Dick D'Amato (Byrd). If not, it might make sense for you and I to go up there together -- with Julie as well -- so I can introduce you. I need to touch base with these guys soon anyway. I suggested the last time I met with them that we do a regular meeting to stay in touch, and they very much liked that idea.

On a related point, you may have seen Hagel's broadside in Roll Call March 9 -- "Calamity in Kyoto Can't Be Ratified by President". We should make sure some one of our friends responds to this.

What do you think about trying to go up tomorrow afternoon or Friday morning? tds

Review Requests
I also

Todd Stern

03/11/98 07:16:26

PM

Record Type: Record

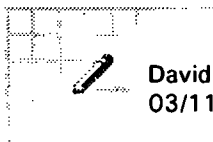
To: Roger S. Ballentine/WHO/EOP

cc:

Subject: call from Pallone staff

Roger -- how do you want to handle? tds

----- Forwarded by Todd Stern/WHO/EOP on 03/11/98 07:16 PM -----



David B Sandalow

03/11/98 04:55:41 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: call from Pallone staff

FYI - had call earlier from Ladeene Freemuth on Congr. Pallone's staff. Pallone wants to help on climate, is looking for suggestions. Wants to pull together Democratic Environmental Task Force for staff briefings on our budget package and the issue more broadly.

Someone else should take the lead in getting back to her on a Task Force briefing.

Message Sent To:

Todd Stern/WHO/EOP
Shelley N. Fidler/CEQ/EOP
Judy Jablow/CEQ/EOP
Roger S. Ballentine/WHO/EOP
forrister_D @ btgcinema.com @ inet



United States Department of State

Washington, D.C. 20520

98 MAR 11 PM 11:11

BUREAU OF LEGISLATIVE AFFAIRS (H)
FAX COVER SHEET

DATE: 3/11

TO: TODD STERN

OFFICE/FAX NUMBER: 456 2-215

FROM: JULIE NORTON

PAGES (INCLUDING COVER SHEET):

URGENT CLEARANCE

FYI PER YOUR REQUEST

MESSAGE:

FAX NUMBER OF SENDER: (202) 647-9667 or 647-2504
TRANSMISSION PROBLEMS CALL: (202) 647-8732

1998 CLIMATE CHANGE HEARINGS**State Dept. Hearings:**

2/10/98 10:00 a.m.	SERC	Albright (not climate specific)
2/11/98 10:00 a.m.	SERC	Eizenstat
3/4/98 10:00 a.m.	H.Comm.	Eizenstat/Yellen
3/5/98 9:00 a.m.	S.Agr.	Eizenstat/Rominger/Yellen
3/5/98 12:00 p.m.	H.Sci.	Eizenstat
4/28/98	HIRC	Eizenstat/Yellen

Other Agency Hearings:

2/4/98	H.Sci.	CEQ-McGinty
2/5/98	H.Comm.	DOE re: DOE Budget
2/12/98	H.Sci.	DOE, EPA, DOC, OSTP re: budgets

OUTSTANDING Q/AS FROM HEARINGS**SFRC (Eizenstat)**

Received: 42 Total

Tasked: 30 State (sending to OMB 3/11)
1 EPA - pending
3 DOE - completed
4 WHCCTF - (pending Sandalow clearance)
4 CEA - pending

House Science (McGinty)

Received: 39 Total

Tasked: 10 State
7 OSTP
7 CEA
2 Treasury
4 CEQ
3 DOE
5 WHCCTF
1 EPA

House Government Reform and Oversight (Raines/McGinty)

Received: 66 Total (Questions and Sub-questions)

Tasked: 11 State
3 WHCCTF
45 CEA
3 OMB
2 OSTP
1 CEQ
1 DOE

House Committee on Small Business (McGinty)

Received: 5 Total

Tasked: 3 State
1 CEA
1 OSTP

Senate Agriculture (Eizenstat/Yellen/Rominger)

Received: 1 Total

NOTE: WE EXPECT EXTENSIVE QUESTIONS FROM HOUSE COMMERCE,
SENATE AGRICULTURE, HOUSE SCIENCE, BUT HAVE NOT RECEIVED
THEM YET.

CC: Roger
Lucia
No. 98-C 42
9 March 1998
(202) 466-0515

The
William J. Casey
Institute of

PERSPECTIVE
For Immediate Release

THE
CENTER
FOR
SECURITY
POLICY

**CLINTON TRIES TO STEAL A MARCH ON KYOTO TREATY:
WILL THE SENATE ALLOW IMPLEMENTATION WITHOUT RATIFICATION?**

(Washington, D.C.): On 7 March 1998, the *Washington Times* reported: "The Environmental Protection Agency wants Congress to give it sweeping powers to start carrying out the global-warming treaty even before the treaty has been ratified by the Senate." While Senator Jesse Helms, chairman of the Senate Foreign Relations Committee, has demanded that this protocol signed at Kyoto, Japan late last year, be promptly submitted for the Senate's advice and consent,¹ the Clinton Administration clearly intends to try to get away with "implementation without ratification." The mega-billion dollar question is: Will the "World's greatest deliberative body" let Messrs. Clinton and Gore get away with this egregious end-run on the Senate's constitutional prerogatives?

The newspaper reports: "A draft EPA document obtained by the *Washington Times* shows the agency wants the authority to force power plants for the first time to cap their emissions of carbon dioxide - the principal greenhouse gas covered by the treaty crafted in Kyoto, Japan, last December. The powers would be added to an electricity-restructuring bill in Congress." (Emphasis added.)

The *Times* also reported that, "One administration official called the EPA's move to couple new powers to curb global warming with the restructuring bill 'a crafty play,' since the legislation is popular among Republican deregulation advocates in Congress."

What is at Stake

As the Casey Institute noted on 15 December,² there are a number of compelling reasons why Clinton-Gore must *not* be allowed to stonewall or otherwise circumvent the Senate. These include the following:

- **The Theory of Global Warming Must Not Be Legitimated:** By definition, Al Gore's treaty endorses the proposition that the planet is warming. And yet, there is no scientific consensus for such a conclusion. If anything, the evidence from the most accurate measuring devices -- earth-monitoring satellites and weather balloons -- indicate that the earth has not warmed appreciably over the past forty years, despite increases in greenhouse gas emissions.
The public is being fed a steady diet of assertions to the effect that the planet is warming catastrophically and that the scientific community agrees nearly unanimously that the cause is human consumption of fossil fuels. Even though these contentions are unproven, they are endlessly repeated in the well-honed technique of the "Big Lie." Were the treaty to go unchallenged, there is little chance that an informed debate will occur in the future about whether the hardship and dislocation this treaty will require of the United States is justified.
- **The U.S. Must Not Abet the Spawning of a New Layer of International Bureaucracies:** Everything else being equal, the Clinton administration will be working over the next year with the other signatories to put into place new international bureaucracies intended to implement various controversial aspects of the Kyoto treaty. One of these will be responsible for dictating, monitoring and presumably *enforcing* the

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**Center for Security Policy
Perspective**

**Page 2 of 2
9 March 1998**

new energy control regime entailed in the GCCT. Another will be needed to perform a global SEC-type function with respect to the emissions trading scheme, which is expected to create out of whole cloth a multi-billion dollar commodity market.

The treaty also apparently calls for a new multilateral agency that will be responsible for defining and orchestrating investment strategies concerning new greenhouse gas-reducing technologies. According to a *Washington Times* report, the Kyoto accord would also afford "UN bureaucrats some control over U.S. agriculture and forestry policies."

Decisions about who will be entrusted with all these powers -- authority that could, in the wrong hands, prove highly injurious to national wealth and standards of living -- will be made in the months before the Brazil conference.

- **The U.S. Must Not Embrace a New 'Industrial Policy':** The Clinton Administration has indicated its determination to apply classic big-government "industrial policy" techniques domestically in the name of reducing greenhouse gas emissions through technological advances. The billions of dollars earmarked for this purpose constitute a statist approach to picking "winners and losers" -- one that is rarely (if ever) as efficient or effective as market forces.³ It also is rife with potential for abuse. Chances are that there will be even more politicization of the "science" of global warming as such funds wind up going primarily to those who subscribe to the party-line that the planet is heating up to a dangerous degree and man is the cause.

While Congress will have some say over the expenditure of these funds, it will be far easier to contest wasteful and politically motivated initiatives if the pretext for them, namely the Global Warming treaty, has been rejected.

- **The U.S. Must Reject a Dangerous Precedent for U.S. Sovereignty and Security:** Last but hardly least, the GCCT sets a totally unacceptable precedent that must be repudiated at once. According to the *Washington Times*, in order to get agreement on Al Gore's treaty, the U.S. delegation was obliged to abandon "its plan to exempt U.S. military training and overseas operations from fuel cutbacks that would be needed for the United States to reach its target." The *Times* goes on to report that, "In the draft treaty, only overseas military actions *approved by the United Nations* would remain exempt as would training and combat in international waters."

The Bottom Line

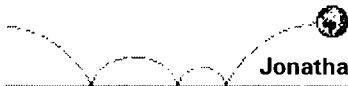
The Environmental Protection Agency's bid for new powers to cap power plant emissions is but one instance of the Clinton-Gore agenda to begin imposing implementation of a seriously defective agreement in the absence of the Senate's advice and consent to the Kyoto Protocol. The Senate should promptly take preemptive action by adopting a resolution -- and, if necessary, binding legislation -- indicating that there will be no implementation of this accord unless and until it is formally ratified.

- 30 -

1. See the Center for Security Policy's press release entitled *Chairman Helms Sets the Right Priorities on Pending Treaties: ABM Amendments, Kyoto Accord to Precede the Test Ban*, (No. 98-P 13, 22 January 1998).
2. See the Casey Institute's *Perspective* entitled *The Senate Must Insist on an Early Vote on the Kyoto Treaty* (No. 97-C 193, 15 December 1997).
3. The ongoing financial meltdowns of economies throughout Asia that have pursued such industrial policies are vivid reminders of the folly of this approach.

Congressional Meeting -- Agenda
March 11, 1998
10 am

- **Outstanding document requests**
- **Report on hearings/upcoming hearings**
- **Strategy on budget and tax package**
- **Credit for early action**
- **General plan for briefings**



Jonathan H. Adashek

03/10/98 06:50:01 PM

Record Type: Record

To: Roger S. Ballentine/WHO/EOP

cc:

Subject: Congressional Meeting



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----- Forwarded by Jonathan H. Adashek/WHO/EOP on 03/10/98 06:46 PM -----



Jonathan H. Adashek

03/10/98 04:11:06 PM

Record Type: Record

To: Todd Stern/WHO/EOP

cc:

Subject: Congressional Meeting

The list:

1. Roger
2. Kay
3. Shelly
4. Marty Thomas
5. John Angel
6. Julie Anderson
7. Meg
8. Bill
9. Sandalow
10. Sally

THE WHITE HOUSE
WASHINGTON

3.10

Roger -

Katherine's shop
prepared this -

Do you think it
should be a

Potus letter?

indeed

THE WHITE HOUSE
DRAFT
WASHINGTON

February 24, 1998

The Honorable Robert Kerrey
United States Senate
Washington, D.C. 20510

The Honorable Tom Harkin
United States Senate
Washington, D.C. 20510

Dear Senators Kerrey and Harkin:

Thank you very much for your letter to the President concerning the important role that the agriculture sector may play in addressing global warming. The President asked that I reply to you directly.

Since your letter was written, we reached an historic agreement at Kyoto and have put forward a major new Climate Change Technology Initiative as part of the President's Budget. I am pleased to report that both of these efforts offer substantial opportunities for the agricultural community.

The agreement reached at the end of last year in Kyoto includes several important provisions that relate to issues raised in your letter. First, and most importantly, at the urging of the United States, carbon sequestration was included as a means of reducing greenhouse gas emissions in the agreement. Article 3.3 states that net changes from sources and removal by sinks "resulting from direct human-induced land use changes and forestry activities, limited to afforestation, reforestation, and deforestation since 1990...shall be used to meet the commitments of each Party..." In addition, the next paragraph states that additional sources of sinks, including agricultural soils, should be considered at the next Meeting of the Parties and that such activities can count in the first commitment period. I believe the Protocol language represents a very significant first step and we will be working on further defining these terms and exploring what additional forms of sequestration should be included in the protocol at future meetings.

In early February, the President announced a new Climate Change Technology Initiative aimed at providing incentives to the private sector to spur markets for climate friendly technologies. As your letter correctly points out, the expanded use of biomass could substantially reduce greenhouse gas emissions and provide expanded income and jobs for rural communities. The President's Budget included, an additional \$10 million in FY 1999 for USDA research on renewable

energy crops, provided a 5 year extension of an existing tax credit for electricity produced from biomass, and an increase of \$29 million in the DoE for research on the conversion of wood and crop wastes and energy crops to fuels and electricity.

Again, thank you for your letter. We look forward to working with you to turn these proposals into workable programs that assist the agricultural community in shaping cost effective solutions to the problem of climate change.

Sincerely,

Kathleen A. McGinty
Chairman

KAM/rsk

24873

United States Senate

WASHINGTON, DC 20510

November 25, 1997

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20501

Dear President Clinton:

As we approach the upcoming international negotiations at the United Nations Framework Convention on Climate Change, Third Conference of the Parties, in Kyoto, Japan, we would like to emphasize the importance of the role of the agricultural sector should play in any climate change treaty or related agreements. As members of the Senate Committee on Agriculture, Nutrition, and Forestry, we urge you to recognize and credit the alternative bio-based fuels and significant carbon sequestration offered by agriculture.

Preliminary studies completed by the U.S. Department of Agriculture indicate that relatively simple changes in land use and management practices can achieve large impacts to benefit U.S. and global emissions of greenhouse gases. Carbon sequestration through soil conservation can be significantly increased through changes in land use and through better management of crops, residues, nutrients, and water. In fact, the restoration of wetlands, grasslands, and forests, coupled with these land use changes can sequester an estimated 70 million metric tons of carbon equivalents per year (MMTCE/YR), nearly offsetting total agricultural emissions of about 80 MMTCE/YR. Soil conservation represents a particularly attractive strategy for carbon sequestration because it also leads to improved water quality and wildlife habitat.

These figures do not include additional sequestration and emissions reductions to be achieved through reduced use of fossil fuels in tillage, improved fertilizer management, soil erosion reduction, and rangeland improvements.

American forests are another important carbon sink. In 1995, forests in the continental United States sequestered 117 million metric tons above ground, offsetting 8 percent of U.S. fossil fuel emissions of 1.422 million metric tons. At \$5 to \$60 per metric ton sequestered, carbon storage is cost-effective when compared to other mitigation strategies. We are aware of joint implementation projects in which the costs of carbon sequestered in Bolivian forests is estimated at only 37 cents per ton of carbon stored.

Another major impetus for the agricultural sector to support solutions for the climate change problem is the potential for the sector to produce renewable energy for the nation. As you are aware, a recent report released by the President's Committee of Advisors on Science and Technology (PCAST) provides ample evidence of the strong role that renewable energy can contribute to global warming solutions, including electricity generated from biomass, biomass energy systems which utilize hydrogen fuel cells to produce electricity, and the production of ethanol from agricultural sources. That report on energy R&D strategies for reducing greenhouse gases suggests a need for biofuel production capacity by 2030 of 19 billion gallons in this country alone.

Environmental gains from the increased use of bio-based fuels would be considerable. When biomass is used to generate energy, there are low lifecycle carbon dioxide emissions generated, especially with the energy crops currently being studied in pilot projects sponsored by the Department of Energy. Perennial grasses or short rotation woody crops like poplars have the added benefit of helping to manage erosion problems in vulnerable soils.

Ethanol production also provides increased income for our rural citizens and for developing countries around the world, who can produce their own fuel in order to boost their economies and lessen their dependence on oil from the unstable nations of the Persian Gulf.

As indicated by these descriptions, the U.S. agricultural sector can significantly impact global warming mitigation approaches, and can provide alternative fuel and employment opportunities in the process. We urge you to give appropriate weight to this as you approach the Kyoto negotiations and as you develop your Energy R&D budget, to ensure that the potential contributions of agriculture as a carbon sink and an alternative fuel source are recognized and incorporated in any agreement.

Sincerely,



J. Robert Kerrey



Tom Harkin