

# THE ENERGY, CLIMATE, & CONSERVATION TASK FORCE

Member Lead: Rep. Garret Graves (R-LA)

## BEAT CHINA AND RUSSIA

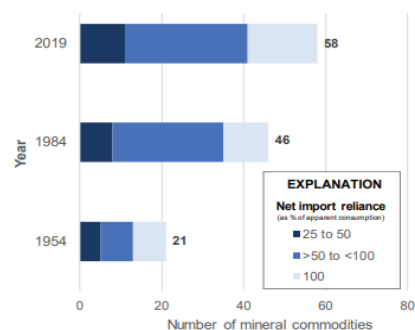
*"Instead of relying on foreign supply chains, let's make it in America." – Joe Biden (March 1, 2022)*

Energy security and national security go hand-in-hand. The Biden Administration's attack on American energy—which began on his first day in office<sup>1</sup>— has increased our reliance on adversaries like China and Russia and made our allies less secure. U.S. policies on energy and climate that encourage domestic energy production and the utilization of American resources will increase U.S. competitiveness, strengthen our economy, create jobs, decrease U.S. dependence on adversarial regimes, and provide security to our allies while also helping to reduce global emissions.

### TOPLINE FACTS:

- The U.S. is at least 50% import reliant for 48 different nonfuel mineral commodities (including graphite and cobalt), with 24 coming from China and 6 from Russia.<sup>2</sup>
- When it comes to mining and the extraction of energy products, China and Russia are 120% less carbon efficient than the U.S.<sup>3</sup>
- Global demand for minerals is on the rise with production needs increasing by nearly 500% for graphite, lithium, and cobalt by 2050 to meet demand for clean energy technologies<sup>4</sup> & consumer electronics.
- In response, China has expanded its lithium mine production capacity and has the largest share of global lithium refinery production.<sup>5</sup>
- Around 70% of the world's production of cobalt takes place in the Democratic Republic of the Congo<sup>6</sup> – where Chinese companies have invested heavily and there have been numerous reports of corruption and child labor.<sup>7</sup> Russia is the next largest producer of cobalt.<sup>8</sup>
- About 70% of cobalt refining takes place in China.<sup>9</sup>
- The International Energy Administration expects global cobalt demand to almost double from 2020 to 2030.<sup>10</sup>
- Approximately 80% of solar panels are made in China,<sup>11</sup> whose Xinjiang region's solar energy technology sector has been linked to forced labor.<sup>12</sup>
- Russia has been one of the largest net exporters of oil and gas in the world.<sup>13</sup>
- In 2020, Russia was the third largest producer of petroleum and other liquids after the United States and Saudi Arabia. In addition, Russia was the second-largest producer of dry natural gas – after the U.S.<sup>14</sup>
- Russia was the main supplier of Europe's crude oil, natural gas, and solid fossil fuels in 2020.<sup>15</sup>
- Russian natural gas exported to Europe has a lifecycle emissions profile 41% higher than U.S. liquefied natural gas (LNG) exported to Europe.<sup>16</sup> Russian natural gas exported to China has a lifecycle emissions profile 47% higher than U.S. liquefied natural gas (LNG) exported to China.<sup>17</sup>
- If the European Union switched all their natural gas imports in 2021 from Russia<sup>18</sup> to the U.S., emissions would have been reduced over 218 million tons over the course of its lifecycle.<sup>19</sup> <sup>20</sup>
- Under the Paris Agreement, China will increase emissions another 50 percent by 2030.<sup>21</sup>

**U.S. Net Import Reliance of Mineral Commodities Over Time**



Source: USGS  
<https://pubs.usgs.gov/of/2020/1127/ofr20201127.pdf>

<sup>1</sup> <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-protecting-public-health-and-environment-and-restoring-science-to-tackle-climate-crisis/>

<sup>2</sup> <https://pubs.usgs.gov/periodicals/mcs2022/mcs2022.pdf>

<sup>3</sup> <https://dcouncil.org/reports/americas-carbon-advantage.pdf>

<sup>4</sup> <https://pubdocs.worldbank.org/en/96171158875536384/Minerals-for-Climate-Action-The-MineralIntensity-of-the-Clean-Energy-Transition.pdf>

<sup>5</sup> <https://pubs.usgs.gov/of/2020/1127/ofr20201127.pdf>

<sup>6</sup> <https://www.iea.org/reports/the-rde-of-critical-minerals-in-clean-energy-transitions/reliable-supply-of-minerals>

<sup>7</sup> <https://www.newyorker.com/magazine/2021/05/31/the-dark-side-of-congos-cobalt-rush>

<sup>8</sup> <https://pubs.usgs.gov/periodicals/mcs2020/mcs2020-cobalt.pdf>

<sup>9</sup> <https://www.iea.org/reports/the-rde-of-critical-minerals-in-clean-energy-transitions/reliable-supply-of-minerals>

<sup>10</sup> <https://www.iea.org/data-and-statistics/charts/total-cobalt-demand-by-sector-and-scenario-2020-2040>

<sup>11</sup> <https://www.forbes.com/sites/kenrapoza/2021/03/14/how-chinas-solar-industry-is-set-up-to-be-the-new-green-opeec/?h=794b20561446>

<sup>12</sup> <https://www.nytimes.com/2021/01/08/business/economy/china-solar-companies-forced-labor-xinjiang.html>

<sup>13</sup> <https://www.eia.gov/international/overview/country/RUS>

<sup>14</sup> <https://www.eia.gov/international/overview/country/RUS>

<sup>15</sup> [https://ec.europa.eu/eurostat/cache/infographs/energy/bbc-2c.html#:~:text=A%20similar%20analysis%20shows%20that,%25%20and%20Australia%20\(14%20%25\).](https://ec.europa.eu/eurostat/cache/infographs/energy/bbc-2c.html#:~:text=A%20similar%20analysis%20shows%20that,%25%20and%20Australia%20(14%20%25).)

<sup>16</sup> <https://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf>

<sup>17</sup> <https://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf>

<sup>18</sup> <https://www.iea.org/news/how-europe-can-cut-natural-gas-imports-from-russia-significantly-within-a-year>

<sup>19</sup> <https://www.eia.gov/tools/faqs/faq.php?id=667&t=6>

<sup>20</sup> <https://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf>

<sup>21</sup> <https://www.pbl.nl/en/publications/greenhouse-gas-emissions-from-current-and-enhanced-policies-of-china-until-2030-can-emissions-peak-before-2030>

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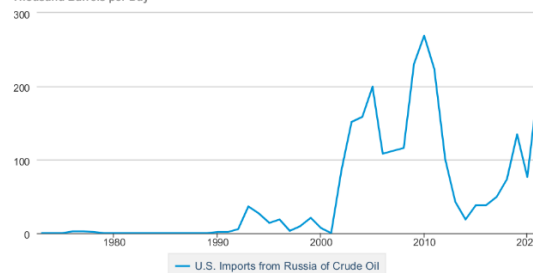
## INCREASED DEPENDENCE ON FOREIGN ADVERSARIES WHILE CONSTRAINING U.S. RESOURCES

President Biden has blocked the production of abundant American energy and resources – while increasing the need for critical minerals mined, processed, or refined by China, and increased U.S. reliance on oil from Russia and other adversaries.

- In Biden's first year as president, the U.S. imported an average of 198,000 barrels of crude oil per day from Russia – a 160% increase from 2020.<sup>22</sup> Or, an increase of about 139% from the average under President Trump.
- In his first six months in office, President Biden waived sanctions on Nord Stream 2,<sup>23</sup> increasing Putin's influence over Europe.
- Now, Biden is asking Venezuela, Saudi Arabia, and Iran to help supply America's energy needs.
- The Biden Administration is making the same mistake with renewable energy, pushing a rapid shift to solar panels, electric vehicles, and wind turbines without a comprehensive strategy to shore up the U.S. supply chain for the minerals needed for these technologies.<sup>24</sup>
- Despite growing reliance on China for critical minerals, the Biden Administration canceled two federal leases to mine in Minnesota,<sup>25</sup> which could provide enough nickel to manufacture over 200 million electric vehicles and enough cobalt to manufacture 42 million electric vehicles.<sup>26</sup>
- Instead of ceding this market to China, the U.S. needs to remove barriers to domestic mining and invest in R&D to develop efficient and affordable recycling and manufacturing techniques domestically.

U.S. Imports from Russia of Crude Oil

Thousand Barrels per Day



Source: U.S. Energy Information Administration

## FOCUS ON GLOBAL EMISSIONS, AFFORDABILITY, AND EXPORTABILITY

The U.S. has been the world leader in lowering carbon emissions while China is the world's largest emitter, producing more annual carbon dioxide emissions than almost all OECD nations combined.<sup>27</sup>

- Even though China has the world's 2<sup>nd</sup> largest economy, it is considered a "developing country."<sup>28</sup> Countries like China and Russia have pledged to continue to increase their emissions in the Paris Agreement; China's pledge is to grow emissions (about another 50%) until around 2030 when it hopes to cap growth.<sup>29 30</sup>
- More than half of global coal-fired electricity takes place in China<sup>31</sup> and the Chinese Communist Party has dedicated over \$50 billion through the Belt and Road Initiative to develop coal projects across 150 countries in the last seven years -- over 70 percent of coal-fired power plants being built today are dependent on financing from China.<sup>32</sup> China is dominating the renewable market while growing emissions.
- Embracing cleaner U.S. technology, U.S. resources, and free-market principles is what allowed the U.S. to reduce emissions while ensuring reliable and affordable energy. Other countries will not pursue a path that makes energy or goods more expensive.
- By developing and exporting innovative and affordable technology – like carbon capture and sequestration technologies and advanced nuclear energy, the U.S. can share our successful model for reducing emissions with the rest of the world.

## DEMOCRAT POLICIES DIVERT CAPITAL FROM AMERICAN COMPANIES, ADVANTAGE ADVERSARIES

Despite clear evidence that China is growing emissions while dominating global renewable energy markets, Democrats seem focused on further disadvantaging U.S. companies. For example, the U.S. Securities and Exchange Commission (SEC) has proposed new Environmental, Social, and Governance (ESG) rules requiring unnecessarily detailed & extensive climate-related data that sent signals to the market making it harder for innovators at American companies to access capital, which will ultimately raise costs for consumers.<sup>33</sup>

- The proposed ESG rules exceed the regulator's statutory authority and misappropriate their rulemaking authority. The SEC has a long history of implementing a disclosure-based regime that facilitates – not participates or dictates outcomes – the investment decision-making process.

<sup>22</sup> [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrim\\_nus-nrs\\_2&f=m](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrim_nus-nrs_2&f=m)

<sup>23</sup> <https://www.reuters.com/business/energy/us-waive-sanctions-firm-ceo-behind-russias-nord-stream-2-pipeline-source-2021-05-19/>

<sup>24</sup> <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/mineral-requirements-for-clean-energy-transitions>

<sup>25</sup> <https://www.mprnews.org/story/2022/01/26/biden-administration-cancels-twin-metals-leases>

<sup>26</sup> [https://www.mesabtribune.com/mine/minnesota-has-the-metals-for-ev-green-energy-economy/article\\_810ada2c-7646-11eb-bb2c-bb7589cbe044.html](https://www.mesabtribune.com/mine/minnesota-has-the-metals-for-ev-green-energy-economy/article_810ada2c-7646-11eb-bb2c-bb7589cbe044.html)

<sup>27</sup> <http://www.globalcarbonatlas.org/en/CO2-emissions>

<sup>28</sup> <https://www.forbes.com/sites/ilakdoshi/2020/12/05/bidens-coming-china-headache-climate-change-and-developing-countries/?sh=31acdceb32c5>

<sup>29</sup> [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/1817098.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/1817098.shtml)

<sup>30</sup> <https://www.pbl.nl/en/publications/greenhouse-gas-emissions-from-current-and-enhanced-policies-of-china-until-2030-can-emissions-peak-before-2030>

<sup>31</sup> <https://www.iea.org/news/coal-power-sharp-rebound-is-taking-it-to-a-new-record-in-2021-threatening-net-zero-goals>

<sup>32</sup> <https://gop-foreignaffairs.house.gov/wp-content/uploads/2020/11/China-Task-Force-Final-Report-11.6.20.pdf>

<sup>33</sup> <https://www.wsj.com/articles/companies-brace-for-higher-compliance-costs-as-sec-proposes-climate-disclosures-11647941400>

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- Punitive policies that restrain capital investment in domestic production in energy or other industries will only drive production overseas, often to places with little or no labor or environmental standards. This will result in an increase in global emissions and will provide an advantage to the significantly higher polluting state-owned enterprises in adversarial nations.

## Examples of Republican Solutions:

[H.R. 7151](#), (Rep. Barr), "*Ensuring Sound Guidance Act*" - [Full Congress.gov summary](#)

This bill will protect retirement savings and investors from advisors and asset managers who prioritize social or environmental goals over returns, discouraging investment in American technologies.

[H.R. 2578](#), (Rep. McCaul/Rep. McMorris Rodgers/Rep. Garret Graves), "*Paris Transparency and Accountability Act*" - [Full Congress.gov summary](#)

This bill requires the Paris Agreement to be ratified by the Senate, restricts the President's authority to unilaterally establish or revise actions the United States plans to meet its obligations under the Paris Agreement, and increases congressional oversight of those actions. The bill also requires the President to provide an analysis of impacts on jobs, the electric grid resilience and reliability, and U.S. national security based on the agreement. Finally, it prohibits any legal cause of action in U.S. courts pursuant to the Paris Agreement.

[H.R. 1646](#), (Rep. McHenry), "*International Nuclear Energy Financing Act*" - [Full Congress.gov summary](#)

This bill requires the U.S. Executive Director at the International Bank for Reconstruction and Development (and the U.S. Executive Director at any other international financial institution deemed appropriate) to support financial assistance for the generation and distribution of nuclear energy, consistent with U.S. national security interests.

[H.R. 2633](#), (Rep. Schweikert, Rep. Wenstrup, Rep. Carol Miller), *Expanded 45Q Legislation* - [Full Congress.gov summary](#)

This legislation supports carbon capture sequestration, which removes carbon directly from the air. 45Q was expanded by the Bipartisan Budget Act of 2018, leading to strong growth in investment in carbon capture technology across the United States. This legislation would increase the ability of the private sector to deploy this technology on a wide scale. This bill modifies the tax credit for carbon oxide sequestration. It increases the applicable dollar amount of such credit, repeals the placed-in-service deadline, expands the types of facilities to which the credit applies, and extends the credit period from 12 to 20 years.

[H.R. 954](#), (Rep. Stefanik), *Chinese Research Funds Accounting Act* - [Full Congress.gov summary](#)

This legislation will help prohibit federal funding for research from going to the Chinese Communist Party.

[H.R. 2637](#), (Rep. Waltz), "*American Critical Minerals Independence Act*" - [Full Congress.gov summary](#)

Streamlines domestic permitting under the National Environmental Policy Act of 1969 for mine projects, supports research and development for recycling and processing technologies, and requires mineral assessments be part of the land management process.

[H. J. Res. 88](#), (Rep. Huizenga), "*Providing for Congressional disapproval of the rule submitted by the Securities and Exchange Commission related to 'The Enhancement and Standardization of Climate-Related Disclosures for Investors.'*"

This legislation asserts Congressional disapproval of the SEC's proposed rule on climate-related disclosures and would invalidate the rule. If finalized, this SEC rule would require unnecessarily detailed and extensive climate-related disclosures, discouraging investment in American energy and energy intensive industries.