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## American Methanol Institute

Max S. Baucus

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Remarks by Sen. Max Baucus  
American Methanol Institute  
February 5, 1999

Good afternoon. And thank you, Pierre, for that introduction. As I look around the room, it's good to see old friends like Joe O'Neill here, too.

I'm glad to be with you today for a couple of reasons.

First, the successful deployment of fuel cell vehicles will dramatically reduce the amount of air pollution from mobile sources. That means cleaner air, each day, for millions of Americans. So your work is very important for the country, and I congratulate you for it.

Second, it gets me away from the impeachment trial, if only for a little while.

Third, I can talk with you about some issues that really matter, both to our environment and to our democracy.

### Time For Bipartisanship

Today, I want to break out, however briefly, from the partisan sniping on Capitol Hill and make the case — a plea really — for greater bipartisanship in Congress.

**Because it is increasingly clear to me that unless we have a renewal of bipartisanship and consensus-building, this nation will not surmount the challenges of the new millennium.**

This is particularly true for reform of Social Security and Medicare. But it is equally valid when it comes to environmental protection.

In the past 25 years, we have made tremendous progress in cleaning up our air and our water. But the world doesn't stand still.

The relatively simple, obvious problems of the 1960's and 70's -- the Cuyahoga River catching fire, for example, are behind us. Today's challenges are more complex.

And every bit as serious.

- ◆ Climate change.
- ◆ Nonpoint sources of water pollution.
- ◆ Persistent toxins that accumulate in living things.
- ◆ The loss of biodiversity.
- ◆ The environmental effects of international trade.

Each of these problems is orders of magnitude more complicated -- scientifically, institutionally, politically -- than the problems of the past.

## The Bipartisan Challenge

And their solutions require that we restore a bipartisan approach. Why?

Because it's really the only way we can get something done. For many years, the American people have strongly supported our clean air, clean water and toxic waste cleanup laws.

That support, however has not stopped some in Congress from trying to rollback those laws.

They tried it with the so-called “dirty” water bill passed by the House in 1995. They tried it again in 1996 and 1998, with anti-environment riders attached to appropriations bills.

In each case they failed. Partly because of veto threats from the White House or Senate filibusters. But also because they did not represent where the American people were on those issues.

### The Safe Drinking Water Act Model

Let me give you an example of how a bipartisan approach can get results, even in a partisan atmosphere.



Take the Safe Drinking Water Act reforms of 1996.

For several years, we had been told that the 1986 law was failing. In truth, the law required some pretty stupid actions, like issuing 25 new regulations every three years, whether they were needed or not.

And while resources were spent chasing phantoms, real threats to public health were going unanswered.

Our reform bill changed all that. It relieved federal, state and local officials from meeting arbitrary goals.

Instead, we required them to focus on real issues, such as better treatment technologies for small communities and more focused monitoring of likely contaminants.

That law was a real bipartisan effort. It extended over several years. It involved a Republican Congress and a Democratic Administration.

Senator Dirk Kempthorne of Idaho, now Governor Kempthorne, was a leader in that process. It was a consensus among state and local officials and environmentalists.

It involved all the key players from the very beginning. It was, as I like to say, pretty much a win-win all around.

Where to now?

But where can we duplicate that success today?

Climate change is an obvious candidate. We are all familiar with the mounting scientific evidence that human activity is changing our atmosphere and our weather.

Two years ago, Vice President Gore wanted to see the effect of climate change. I said let's go to Glacier National Park in my home state of Montana.

We traveled to the Grinnell Glacier and saw firsthand how far the glacier has receded — 3,100 feet over the past century.

The reason? Evidence strongly points to the warming of the climate over the past 100 years. In fact, park scientists predict that if the warming continues, this 10,000 year-old glacier will be entirely gone within 30 years.

Gone. Disappeared. Vanished.

I grew up in Montana. I, like most Montanans, have a special reverence for the outdoors, for nature's beauty.

We hike, and fish, and hunt. It is part of our spirit.

Part of who we are.

**The risk that a very special part of my state will be gone, because of something mankind is doing, fills me with a deep sense of loss. Loss not just for myself, or for you. But for our children, and their children, who may not have the opportunity to see this wonder of nature.**

The agreement that 160 countries reached in 1997 in Kyoto, Japan to reduce climate change by limiting the emission of greenhouse gasses is a good start.

It's not perfect. There is a lot more work to be done before that treaty will be ready for Senate ratification.

For instance, major developing countries, such as China, and Indonesia and Brazil need to participate.

We need rules to govern the trading of credits so that emission reductions can be achieved economically.

And the forestry and agriculture sectors must get credit for removing carbon from the atmosphere.

One thing we know for certain. The earlier we start to reduce greenhouse gasses, the easier it will be.

That is why I am encouraged by a bipartisan bill introduced at the end of last year by Senators Chafee, Lieberman and Mack.

It would set up a voluntary system to give credit to companies that reduce greenhouse gas emissions or increase the removal of carbon from the atmosphere. In essence, it encourages early action .

There is still work to do to develop broad, bipartisan consensus on the bill. But it is a good start. If we can agree on this small step, we can start to turn away from harsh words and polarization and toward constructive solutions.

## Brownfields and Trade

There are some other areas I think are ripe for bipartisan progress. Let me name a few:

Brownfields. For the past few years, Republicans have insisted on some radical reforms to the Superfund program. I respect their view.

But last year demonstrated that such drastic changes won't happen. Instead of breaking our pick on that load again, let's see if we can move a more limited package of items that we agree on.



Cleaning up abandoned, contaminated industrial sites, called brownfields, and returning them to productive use has a lot of support. Certainly, we should be able to agree on that one.

Trade negotiations. The increase in global trade is also heightening the need to have clearer, more transparent rules regarding environmental protection.

Let's take advantage of the upcoming meeting in Seattle later this year to elevate the consideration of environmental issues, while still pursuing free trade.

The bottom line is whatever the issue -- alternative fuels, like methanol, or more effective compliance strategies -- we must seek compromise and consensus.

Take the Senate Finance Committee. We will probably consider bills on alternative fuels that will be important to you. We also have members on the committee who support different fuels. Myself and Senator Grassley, for instance, are strong supporters of that OTHER fuel — ethanol.

So why am I speaking to you today? It's to drive home the need to work together. We may have our differences.

But if we focus on what unites us, in this case the need for alternative fuel technology — and really **listen** to each other, and understand our needs — then we can fashion a bipartisan, consensus policy that's good for us all. A policy that's good for the environment AND good for the economy.

## Conclusion

I know that some of the pundits in town believe that bipartisanship is out of fashion. They say partisan tensions over the impeachment will be long lasting and will prevent progress on major legislation.

Well, that may be. We haven't heard the last word on the impeachment trial yet, though hopefully we will soon!.

**But that view is short-sighted and cynical. The truth is, the ONLY way a representative democracy can flourish is with an open, bipartisan consensus. And I need your support on that.**

Not policies worked out behind closed doors. Not with one party in control, ignoring the other. Not with one branch of government to the exclusion of the other.

As I have relearned recently, our founding fathers had a remarkable gift for preventing tyranny by balancing the powers of the three branches government.

They wanted us to work together. They even warned us of the dangers of lapsing into “factions”, their word for political parties. I think they knew that if we didn’t work together, government might not work at all.

**But, bipartisanship is not just a job for elected officials. All of us, you and me, as citizens, need to practice it. We need to do this together. I need your help.**

So I ask you to join me in seeking lasting, win-win solutions, and to reject the lure of quick, partisan victories. We'll all be better off, as individuals, and as a country.

**Let's not stop here. Let's continue this conversation. I need your support. WE need to do this together.**

Thank you.

# PSW, INC.

February 4, 1999

Memorandum

To: Chris Niedermeier  
From: Joe O'Neill  
Subj: Senator Baucus Speech to National Fuel Cell Conference

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Chris, here is the latest. Per earlier discussions with the Senator's office, the uncertainty of a Senate vote on Friday changed the logistics somewhat.

Pending other commitments, we'd like him to arrive at the front entrance of the Hotel Washington (15<sup>th</sup> Street side) at approximately 11:50 a.m. I will be there to meet him. Just around the corner will be the Georgetown University Fuel Cell Bus where we will have a quick photo-op of the Senator with the bus. Jim Larkins, Program Manager for the Fuel Cell Program at Georgetown University will be there to give a short briefing.

From there we will proceed to the main ballroom located on the lower level of the hotel where we will be met in the holding room by Pierre Choquette (Shōkēt). Choquette is President and CEO of Methanex Corporation (bio attached) as well as John Lynn, President of the American Methanol Institute. John is a former AA to both Congressman Jim Jones and Senator Bennett Johnston.

Choquette will introduce the Senator. After the Senator has completed his remarks, a few minutes of Q&A would be great. Because of the unknown over a possible Senate vote, Max is now off the hook for lunch and should be able to leave around 12:30 p.m.

Thanks again for all the help and please let me know if you need anything further.

**12Sep94 CANADA: METHANEX CORP. ANNOUNCES CHANGES IN MANAGEMENT TEAM.**

VANCOUVER, Sept. 12 /PRNewswire/ -- J.E. (Ted) Newall, chairman of Methanex Corp. (Nasdaq-NNM: MEOHF; Toronto, Montreal) (the "company"), today announced changes in the executive leadership of the company.

Brooke Wade, who has served most recently as the president of Methanex, has announced his intention to leave the company to start his own investment firm. Wade has been responsible for the development of Methanex from a small Canadian player to the world's leading methanol producer and marketer. He has led the company through several years of strong growth through a series of acquisitions and mergers. "I have enjoyed the challenges of Methanex but I feel it's time for me to pursue my personal goal of having my own firm which with other investors will pursue investments in the chemical and energy industries," said Wade.

Wade will continue on the Methanex board and will also serve as a strategic advisor to the company. "I am pleased that Mr. Wade has agreed to remain involved with Methanex," said Ted Newall. "His strategic insight and talent for contributing to corporate growth will continue to be valuable to Methanex."

Dr. Brian Hannan, deputy chairman and chief executive officer, will assume the position of deputy chairman and executive vice president. Hannan will return to his native New Zealand where he will take on the full responsibility for Methanex operations in the southern hemisphere and Asia.

Pierre Choquette has been appointed president and chief executive officer. Choquette has most recently been president and chief operating officer of Novacorp International Inc. Novacorp, a global natural gas services company with investments and operations throughout the world, is owned by Calgary-based NOVA Corp. Choquette has more than 20 years of international senior management experience in commodity chemicals, polymers and natural gas services.

"Methanex has two main strategic objectives -- the efficient operation of its global assets to remain the lowest cost producer of methanol in the world and focused growth of the company," said Newall. "Mr. Choquette's and Dr. Hannan's extensive backgrounds in international chemical businesses will be an important asset in continuing to pursue the implementation of this strategy. These appointments allow Methanex to move purposefully and with confidence into the next stage of the company's growth."

Methanol is used in the manufacture of a wide range of products including resins, acetic acid, solvents, fibers and methylated spirits. The largest area for growth is in the manufacture of MTBE, an oxygenate and octane enhancer used in reformulated, cleaner burning gasolines.

Methanex is a Vancouver-based, publicly traded company engaged in the worldwide production of methanol. Methanex's shares are listed for trading on the Toronto and Montreal stock exchanges in Canada under the trading symbol "MX" and on the Nasdaq-NNM in the United States under the trading symbol "MEOHF."

Anyone wishing to participate in a conference call on Sept. 12, 1994, at 2 p.m. Vancouver time to discuss this news release, please call the Confertech operator at 5 p.m. Eastern Time at 604-895-7750.

See following appendices which refer to background on Methanex Corp. and Choquette.

**BIOGRAPHY****Pierre Choquette**

President and Chief Executive Officer

Methanex Corp.

**EDUCATION**

Laval University, 1961-1966  
 -- B.A., B.Sc., M.Sc. in Chemical Engineering  
 Harvard University, 1985  
 -- Graduate of Advanced Management Program

**CAREER****POLYSAR**

1966 Joined Polysar Ltd. and held several assignments in manufacturing and marketing in North America; small business start-up (U.S.); manufacturing management (Belgium); sales management (Switzerland).  
 1980 Vice President, Diversified Products and Corporate Development  
 1982 Vice President, North and South America Rubber  
 1986 Group Vice President, Rubber  
 1988 President, Polysar Polymers

**NOVA**



## Business Briefing

Page 2

1988 Appointed Senior Vice President, NOVA Corp.  
 1991 Executive Vice President, Novacor Chemicals  
 1993 President, Novacorp International Inc.

## OTHER AFFILIATIONS

- Director, Asia Pacific Foundation
- Member, Executive Committee,  
National Research Council
- Director, Gennum Corporation

## METHANEX CORP.

## Backgrounder

Jan. 14, 1994 -- Methanex completes the acquisition from NOVA Corp. of the methanol assets at Medicine Hat, Alberta. Increases annual production capacity by 1.1 million tons.

March 31 -- Global average contract price for the first quarter for methanol increases to U.S.\$0.51 per gallon. Net earnings increase to \$19.6 million for first quarter.

June 30 -- Global average contract price for second quarter for methanol increases to U.S.\$0.60 per gallon. Net earnings increase to U.S.\$68.4 million versus U.S.\$2.2 million in the same period in 1993.

July 27 -- Methanex announces four new board members, bringing strong industry and financial experience to the company. Board members are: Dr. E.P. Blanchard, chairman of Dupont Canada; Robert B. Findlay, president and CEO of MacMillan Bloedel Limited; Brian D. Gregson, chairman of Barbican Properties Inc.; and Graham D. Sweeney, president and CEO of Dow Chemical Canada Inc.

July -- Price announcements demonstrate that prices are continuing to strengthen. U.S. Gulf Coast contract price is announced at U.S.\$1.00 per gallon.

August -- Price increases announced, increases would raise U.S. Gulf Coast contract price to U.S.\$1.18 per gallon.

September -- Fortier, Louisiana site construction nears completion. Methanol production to commence during month. Plant production is 570,000 tons per year. Distillation III at Methanex's Motunui site in New Zealand is on schedule for start-up in January 1995. Production capacity is approximately 700,000 tons per year.

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9/12/94

/CONTACT: Bruce Burton or Bruce Aitken, Investor Relations of Methanex, 604-661-2600/  
 (MEOHF)

PR NEWSWIRE

## MEMORANDUM

TO: Senator Baucus

FROM: Tom Sliter

DATE: February 4, 1999

SUBJECT: American Methanol Institute speech

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You are scheduled to deliver the keynote luncheon address to the American Methanol Institute's conference on fuel cell vehicles at the Hotel Washington on Friday, February 5, 1999 at 12:00 pm. The conference is designed to foster the commercialization of fuel cell vehicles as an alternative to the internal combustion engine. There will be a press conference and photo opportunity at 12:15 in front of the hotel to "roll out" the world's first 40-foot fuel cell powered transit bus (fueled by methanol).

You will give the address in the Washington Ballroom and then the attendees will move to a separate room for lunch. The audience will be approximately 125 people, mostly executives and technical people from methanol companies, auto companies, and research laboratories. There will be about 20 print reporters attending, mostly from trade and technical journals, but including the AP, Washington Post, and Wall Street Journal. They do not expect radio or TV coverage.

Joe O'Neill will be there to greet you at the press conference.

You will be introduced by Mr. Pierre Choquette, President and CEO of Methanex Corp., a large Canadian methanol producer. The company is based in Vancouver and has plants in Louisiana, Canada, Chile, and New Zealand. It produces about 27 percent of the world's methanol. Mr. Choquette joined the company in 1994 following a career in chemicals and plastics. He is a chemical engineer and attended Harvard University's advanced management program.

The conference began on Thursday and the attendees have heard from administration officials on its view of fuel cells (favorable), the advantages of fuel cell vehicles for reducing greenhouse gasses, and from researchers and auto company executives on the status of various research and commercialization efforts.

Briefly, fuel cells combine hydrogen and oxygen, in the presence of a catalyst like platinum and palladium, to make water and an electric current. It's the reverse of the more common "electrolysis" where electricity is applied to water to make oxygen and hydrogen.) Ideally, pure hydrogen is used, but it's very difficult to handle so normally other materials supply the hydrogen, such as methanol (in which case a device called a "reformer" must be used to separate the hydrogen from the carbon). Ethanol, or gasoline, could be used, too, but methanol is more efficient, and cleaner. There is research underway on a direct methanol fuel cell, which eliminates the need for a separate reformer to separate the hydrogen.

## Tough questions for Methanol Speech

Q: What is the EPW committee agenda this year?

A: The trial has slowed everything down a little. Sen. Chafee has said he wants to go to work on the **water resources** bill, which got stuck in the House last year over the American Rivers project in Sacramento. Hopefully, the Committee can report out that bill soon and the Senate can pass it.

A couple more items on the agenda: the **credit for early action** bill that I mentioned in my remarks will be a focus. **Superfund** is also likely, though whether it will be last year's bill or something more bipartisan, I don't know yet. We'll also have more extensive **oversight of EPA** than we've had in some time. Possibly some action on **RCRA remediation** waste, though that will depend on whether EPA's new rules solved most problems. And we may get back into the issue of **interstate waste** control, especially now that the mayor of New York City and the governor of Virginia are mixing it up!

I'd also like to see action on a bill to encourage the **cleanup of abandoned mining sites**, which in the west can cause some serious water quality problems. I think there is a way to reach a consensus among the interests, states, mining companies, environmentalists, etc. and get it done.

Q: Do you see any incentives for technology development, like fuel cells, in the this Congress?

A: The President's budget has \$3.6 billion over five years earmarked for tax incentives to combat climate change, part of which is proposed to go into tax credits for fuel efficient cars, including those using fuel cells. There is also \$264 million in funding for the Partnership for New Generation Vehicles, a government-industry effort to develop much more fuel-efficient, affordable cars. As you know, fuel cell technology is clearly in that mix.

There has been skepticism of climate change from many Republicans, and some Democrats. But one thing that can unite the skeptics and the believers is better, more fuel efficient technologies. So even if you don't get agreement on an early credit bill, for example, it is still possible to get some technology incentives.

Of course, there will be a battle in the Congress, and the Finance Committee, on how to allocate any tax incentives. Child care, education, and open space preservation will be competing with other proposals for tax incentives. And despite the apparent budget surplus, even after reserving the Social Security portion, we cannot be sure that the economy will continue to generate such impressive growth — and budget surplus.

Q: The Endangered Species Act reform was a bipartisan bill. What happened to it last year?

A: The bill was a bipartisan one. We spent several years developing it. Sen. Chafee, Kempthorne, Reid and I, along with Secretary Babbitt endorsed it. It was reported from Committee by a 15 to 3 vote. Unfortunately, partisan forces reared their head and the bill never made it to the floor. There was an attempt to pass it toward the end of the session, but it was unsuccessful.

I'd like to try again. ESA needs some reform to better recover endangered species and to make implementation of the bill easier for states and landowners. But I don't know if we can restore bipartisan momentum. Of course, the House never even reported a bill from committee. I'm willing to try again, but only if there is some hope we can succeed.

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