



Congresswoman
VERONICA ESCOBAR
Texas' 16th Congressional District

H.R 5625, The Targeting Environmental and Climate Recklessness Act (TECRA)

H.R. 5625, the Targeting Environmental and Climate Recklessness Act (TECRA), introduced by Congresswomen Veronica Escobar (TX-16) and Nydia M. Velázquez (NY-07) on January 16, 2020. The corresponding Senate bill was introduced by Senator Markey (MA-5) on November 21, 2019.

New patterns of foreign investment are incentivizing emissions “lock-in” across the developing world as energy demand grows. Deforestation continues globally even as the IPCC finds that most pathways to limit warming require reduced deforestation as well as reforestation.

A comprehensive effort to combat climate change must include a foreign policy component that brings to bear our sharpest foreign policy tools and avoids worsening global inequality, especially because climate change itself has disproportionate impact on poorer communities. Targeted measures against the individuals and companies most responsible for exacerbating climate change can meet this urgent need.

The United States government already implements a number of targeted, conduct-based sanctions programs to address transnational challenges including cyber-enabled malicious activity, transnational organized crime, drug trafficking, WMD proliferation, terrorism, and corruption. The government also already seeks to apply, and has applied, existing sanctions authorities against individuals and entities engaged in wildlife trafficking.

An executive branch that is serious about climate challenge should be similarly empowered to limit access to the U.S. financial system for those responsible for the most reckless acts of environmental destruction, including willful damage to climate stability.

The Targeting Environmental and Climate Recklessness Act (TECRA):

- Makes clear that the restrictions in the bill are only one part of what must be a comprehensive approach to addressing climate change, and that the United States must ensure that U.S. companies refrain from the egregious behaviors targeted in the bill.
- Highlights opportunities for climate cooperation with China.
- Establishes discretionary authority to target any foreign person or company, including officials, involved in (or providing financial support for) activities in a foreign country:
 - Causing significant excess greenhouse gas emissions in electrical power generation, including construction, import, and export of subcritical coal plants;

- Causing significant or illegal deforestation, including promotion of systematic deforestation, engagement in/failure to combat illegal logging, mining, or ranching, and unjust actions against those opposing deforestation; or
- Knowingly misrepresenting the environmental impact of a project, investment, or product, including by misrepresenting emissions.
- Provides a menu of penalties ranging from sanctions designation (traditional asset blocking) to more tailored prohibitions that can be applied to targets as appropriate.
- Makes clear that corruption and human rights violations with an environmental nexus (e.g., abuses of environment defenders or climate-displaced persons) are already targetable under the Global Magnitsky sanctions program.
- Authorizes funds as necessary to support additional targeting staff at Treasury, including on human rights and corruption programs.

Section-by-Section:

Section 1: Short title is “Targeting Environmental and Climate Recklessness Act.”

Section 2: Findings that highlight strong support, including from civil society, to pressure those most responsible for climate change; the urgency of action given trends in power plant investment and deforestation; threats to environment defenders; and why corruption is doubly damaging when it enables environmentally destructive projects, among other issues.

Section 3: Sense of Congress explaining that the measures in this bill are only one component of what must be a comprehensive approach to addressing climate change; that the United States must recommit to the Paris Agreement and ensure that U.S. companies are not engaged in the egregious behaviors for which foreign persons may be targeted under this bill; and that the U.S. should also be offering positive incentives to promote green development abroad.

Section 4: Sense of Congress that the U.S. Government should diplomatically engage China to secure, for instance, reductions in the environmental impacts of foreign investments.

Section 5: Statement of policy to clarify that both (1) corruption and (2) human rights violations with an environmental nexus are targetable under the existing Global Magnitsky sanctions program. Makes clear that existing authorities should address abuses against those seeking to protect the environment and abuses against climate-displaced persons.

Section 6: Provides discretionary authority for the executive branch to target any person or company involved (including financial and other forms of support) in a list of covered activities.

Covered activities, listed below, are modeled after existing sanctions criteria that give the Department of the Treasury discretion to selectively target those that threaten peace, security, or stability; undermine democratic processes; or engage in other broadly defined misconduct. In this bill, covered activities include:

- Causing significant excess greenhouse gas emissions in electrical power generation, including construction, import, and export of subcritical coal plants and actions that undermine a country’s efforts to adopt high-efficiency or renewable infrastructure;

- Causing significant or illegal deforestation, including promotion of systematic deforestation, engagement in/failure to combat illegal logging, mining, or ranching, and unjust actions against those opposing deforestation; or
- Knowingly misrepresenting the environmental impact of a project, investment, or product, including by misrepresenting emissions.

Penalties for targeted persons and entities include a menu of options drawn from existing law. These penalties provide a range of consequences of varying severity with the intention to increase the credibility of use and thus deterrent effect.

Section 7: Authorizes to be appropriated additional resources for the Office of Foreign Assets Control to enhance efforts to target persons under the Act as well as human rights and corruption authorities.