Senators: Stop Stimulus, Investment In Foreign Manufacturers

Frederic J. Frommer, Associated Press Writer

WASHINGTON (AP) — A group of Democratic senators is urging the Obama administration to suspend an economic stimulus program aimed at financing renewable energy, complaining that money is going to projects that are creating jobs in foreign countries.

The four senators, led by Chuck Schumer of New York, wrote to Treasury Secretary Timothy Geithner on Tuesday to request a moratorium on the Recovery Act program. They asked that the moratorium remain in place until they can pass legislation mandating stimulus aid flow only to projects which preserve and create U.S. jobs.

"A critical Recovery Act priority is investment in the domestic renewable and clean energy industry, not investment in foreign manufacturers," the senators wrote in the letter, obtained Tuesday by The Associated Press. The letter, which will be disclosed at a news conference Wednesday, was also signed by Sens. Sherrod Brown of Ohio, Robert Casey of Pennsylvania and Jon Tester of Montana.

The lawmakers cited a report by the Investigative Reporting Workshop which found that a majority of the program's grants went to foreign-owned companies, and that a majority of the turbines purchased with the money were built by foreign manufacturers.

"This is not the intended use of Recovery Act funds," they wrote.

A Treasury Department spokesman declined to comment Tuesday.

Dan Leistikow, a spokesman at the Energy Department, which was copied in on the letter, said the program has helped put Americans to work, and said it funds only projects built in the U.S. He added that the Recovery Act has helped attract more than $10 billion of foreign investment into this country's wind industry, including new manufacturing plants.

"It's the opposite of outsourcing, and we should encourage — not discourage — those kinds of investments," Leistikow said.

While some of the grants go to foreign-owned companies, the administration argues that more than half the components, measured by their value, are built in this country and all the energy projects are installed in this country.

Late last year, a joint venture was announced involving China's Shenyang Power Group, Cielo Wind Power LP of Austin, Texas, and a private equity firm, U.S.

Renewable Energy Group, to build a $1.5 billion Texas wind energy project. Because the wind turbines are to be manufactured in China, Schumer wrote to Energy Secretary Steven Chu in November urging him to reject federal funding for the project.

"The idea that stimulus funds would be used to create jobs overseas is quite troubling," Schumer wrote, "and, therefore, I urge you to reject any request for stimulus money unless the high-value components, including the wind turbines, are manufactured in the United States."

In response, Chu wrote that the program in question is "available to all qualifying entities; it is not a discretionary grant program administered by the Department of Energy." He also said all the money awarded from the program helps put Americans to work.

"All of the wind turbine installation jobs are created here in America," Chu said.

On Tuesday, Walt Hornaday, president of Cielo Wind Power, said the company has not yet applied for federal money. He said it is looking at several federal grant programs, including one that would provide 30 percent of approved costs, or around $450 million.

He took issue with Schumer's characterization of jobs, saying a majority of those created for the project would be in the United States.

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