

Thanks Curtis, haven't seen this one. Safe to say we will not see any support from Treasury for new 1504 regs, correct?

Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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On Tue, Oct 10, 2017 at 10:24 AM, <Curtis.Carlson@treasury.gov> wrote:

FYI – In case you haven't seen this.

Treasury Releases Second Report OnThe Administration's Core Principles Of Financial Regulation

Additional recommendations in the report include:

- Repealing Section 1502, 1503, 1504 and 953(b) of the Dodd-Frank Act;

<https://www.treasury.gov/press-center/press-releases/Pages/sm0173.aspx>

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

From: "Carlson, Curtis" </o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Horowitz, John" <john.horowitz@treasury.gov>, (b)(6)@treasury.gov, (b)(6)@treasury.gov, (b)(6)@treasury.gov, (b)(6)@treasury.gov
Cc: (b)(6)@treasury.gov
Date: Wed, 11 Oct 2017 13:53:01 +0000

Just to follow up on this. I have been told the Administration will be withdrawing its application to EITI and disbanding the associated multi-stakeholder group the week of Nov 9th. This information has not been made public to anyone.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

From: Horowitz, John
Sent: Wednesday, September 27, 2017 10:33 AM
To: (b)(6) (b)(6) Carlson, Curtis
Cc: (b)(6)
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Curtis Carlson is Treasury's point person on EITI.

From: (b)(6)
Sent: Wednesday, September 27, 2017 10:25 AM
To: (b)(6) (b)(6) Horowitz, John
Cc: (b)(6)
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

(b)(6) is better placed than me to address broader EITI policy issues. The country context is that EITI found that their big success story, Azerbaijan, was no longer in compliance with their principles after it cracked down on NGOs and civil society. EITI suspended Azerbaijan, which withdrew from the organization.

My understanding is that EITI is now trying to figure out how to lower its bar so that some countries qualify, while not completely abandoning any credibility it once had.

From: (b)(6)
Sent: Wednesday, September 20, 2017 4:07 PM
To: (b)(6) (b)(6) Horowitz, John
Cc: (b)(6)
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

This is a long e-mail chain and it's not clear to me what the issue is.

(b)(6)

Please feel free to give me a call. X24377.

(b)(6)

From: (b)(6)
Sent: Wednesday, September 20, 2017 3:51 PM
To: (b)(6) (b)(6) Horowitz, John
Cc: (b)(6)
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi (b)(6)
Not really. Copying (b)(6) in case he has lately, and John in Tax Policy who had some interaction on EITI stuff in the past.
Thanks,

(b)(6)

From: (b)(6)
Sent: Wednesday, September 20, 2017 3:16 PM
To: (b)(6)@treasury.gov

Cc: (b)(6) <(b)(6)@treasury.gov>

Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi (b)(6) - is this something your office would be tracking, and have any input on?

Thanks,

(b)(6)

From: (b)(6)

Sent: Sunday, September 17, 2017 2:11 PM

To: McCauley, Brian <mccauleb@ebrd.com>; Hamilton, James <HamiltonJN@state.gov>; (b)(6)

(b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6)

(b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6)

(b)(6) <(b)(6)@treasury.gov>

Cc: Plowden, Marisa <PlowdenM@ebrd.com>; Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6)

(b)(6) <(b)(6)@treasury.gov>; Senseney, Celine <csenseney@adb.org>

Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Jim - Could you ask whoever covers EITI for State about my question on EITI below? Has there been an update on the US position you shared in June/July?

What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Have we sent an observer to the commission's meeting?

The presentation is Wednesday in London, so a response by Tuesday COB would be helpful.

Thanks.

From: (b)(6) <(b)(6)@treasury.gov>

Date: September 17, 2017 at 4:43:13 AM EDT

To: (b)(6) <(b)(6)@treasury.gov>, (b)(6) <(b)(6)@treasury.gov>, Hamilton,

James <HamiltonJN@state.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, (b)(6)

(b)(6) <(b)(6)@treasury.gov>, (b)(6) <(b)(6)@treasury.gov>, McCauley, Brian

<mccauleb@ebrd.com>

Cc: Severens, Alex <Clarence.Severens@treasury.gov>, (b)(6) <(b)(6)@treasury.gov>,

Plowden, Marisa <PlowdenM@ebrd.com>, Senseney, Celine <csenseney@adb.org>

Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -- I haven't focused on the EITI issues. I'm more focused on additionally when it comes to MDB projects in the countries I cover.

--Rich

From: (b)(6) <(b)(6)@treasury.gov>

Date: September 16, 2017 at 2:06:12 AM GMT+2

To: (b)(6) <(b)(6)@treasury.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, (b)(6)

(b)(6) <(b)(6)@treasury.gov>, (b)(6) <(b)(6)@treasury.gov>, (b)(6)

(b)(6) <(b)(6)@treasury.gov>, McCauley, Brian <mccauleb@ebrd.com>, Hamilton, James

<HamiltonJN@state.gov>

Cc: (b)(6) <(b)(6)@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Severens,

Alex <Clarence.Severens@treasury.gov>, Senseney, Celine <csenseney@adb.org>

Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Rich - What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Did we send an observer?

Brian / Marisa - I looked through the presentation and it provides more information on the SGC and the overall planned participation of the EBRD than what I remember from the earlier presentation. The additional transparency should be welcomed. Broadly, the United States supports the SGC for geopolitical reasons, but another two rounds of MDB financing for SGC is a bit ridiculous and I think we should make clear that we need to see the EBRD being additional. A few potential points to make:

- Push Management on when BP will release the remaining parts of the ESMP. I'd recommend taking them to task if they still haven't come through since this summer's vote on Lukoil. As background, at the fall 2016 Bank/Fund SOFAZ chairman Movsumov told Marisa Lago that he would talk to BP about releasing the necessary documents.

- Ask for more information about what the EBRD getting is getting in return for the proposed loan to SGCC (slide 12)? We should press the EBRD to be receiving additional aspects of TI for each round of financing that are part of a coherent transition / development plan not simply one-off promises each time a consortium participant needs money for a cash call. The following are a few points on some of the EBRD attributes:
 - The EBRD should push the use of inclusive value chains to increase the participation of local, private businesses and job creation wherever possible.
 - TANAP has already received financing from the World Bank, so is subject to WB safeguards and monitoring. How is the independent E/S consultant for TANAP additional?
 - What gaps have been identified in SGCC corporate governance that require EBRD to implement a Compliance Action Plan?
 - Provide additional details on the implementation of policy dialogue in the Azerbaijan power sector (slide 19)? GoA announced its broader reform agenda at the end of 2016 (slide 19). In 2016, the ADB Board approved a \$750 million multi-tranche facility for power transmission. How does the EBRD plan to complement the work of other MDBs? What systemic change will occur at the local level in country as a result of the policy dialogue?
 - The training of 1,550 teachers in local Turkish schools and the tourism opportunities are great, but how is this connected to the project and did this result from an EBRD intervention?
- Both the potential TANAP and TAP loans have 18-year tenors. These loans will tie up a significant amount of capital and staff time for the EBRD that could be used to develop projects elsewhere with higher transition impact.
- Slide 9 mentions that the EBRD is exploring a number of other gas infrastructure projects. Similar to above, I worry that the EBRD is involving itself too heavily in the European gas infrastructure and is not truly additional. While I cannot find any U.S. public position the projects referenced, is the EBRD the appropriate vehicle to support these projects? Is sufficient private financing not available?

Alex also included SGC as something worthwhile for Geoffrey to raise with EBRD management during his visit. Not top priority, but I've sent Steve a few bullets and background for Geoffrey's briefer.

From: (b)(6)
Sent: Wednesday, September 13, 2017 6:39 PM
To: (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Senseney, Celine <csenseney@adb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Will do. Doug, could you please forward the EBRD slides to me?

From: (b)(6)
Sent: Wednesday, September 13, 2017 6:17 PM
To: (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
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Subject: Re: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -
 Per our discussion earlier today, would you take the lead on this for us?
 -ddw

From: McCauley, Brian <mccauleb@ebrd.com>
Date: September 13, 2017 at 1:07:56 PM EDT
To: Hamilton, James <HamiltonJN@state.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org <cguest@worldbank.org>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; Plowden, Marisa <PlowdenM@ebrd.com>; Senseney, Celine <csenseney@adb.org>; (b)(6) <(b)(6)@treasury.gov>
Subject: New EBRD info session on Southern Gas Corridor projects - Sep 20

OFFICIAL USE

Hi all,

Please find attached the agenda and slides for a new info session on the Southern Gas Corridor projects that will take place next Wed, Sep 20.

Note that the first part of the session will include a presentation by the Executive Director of SOFAZ and the Chairman of the Commission on Transparency in Extractive Industries, and he'll be accompanied by the General Director of the Southern Gas Corridor Company. They'll then leave before directors and Management turn to the rest of the presentations.

We'd welcome any comments/questions in advance.

Thanks,
Brian

From: (b)(6)@treasury.gov [mailto:(b)(6)@treasury.gov]
Sent: 02 June 2017 21:31
To: McCauley, Brian; (b)(6)@treasury.gov; cguest@worldbank.org; (b)(6)@treasury.gov; USA - Stephan Vitvitsky; Evangelia.Bouzis@treasury.gov; HamiltonJN@state.gov
Cc: USA - (b)(6) (b)(6) Plowden, Marisa; (b)(6) Sambasivam, Richard; csenseney@adb.org; Clarence.Severens@treasury.gov; USA - (b)(6)
Subject: RE: EBRD info session on Southern Gas Corridor and EITI

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi Brian,

Sorry for the delay. My view is that the tone is still the same – SSGC is still of vital importance but we remain focused on the E&S diligence of the overall project. I too am curious what this dilemma is that they speak of on adhering to EITI principles (note that most of the developing countries voiced concern, most likely bc of the reporting burden but the transparency objectives are clearly important and should be preserved). In addition to following up on how the EBRD will push for more CSO engagement, also ask why EBRD now has a change of heart and are preparing a \$100 M deal for Lukoil (when incidentally would that come to the Board?)

Welcome views from others.

From: McCauley, Brian [mailto:mccauleb@ebrd.com]
Sent: Friday, June 02, 2017 4:01 PM
To: (b)(6) Christopher Colin Guest; (b)(6) Vitvitsky, Stephan; Bouzis, Evangelia; Hamilton, James N
Cc: (b)(6) (b)(6); Plowden, Marisa; (b)(6); Sambasivam, Richard; Senseney, Celine
Subject: Re: EBRD info session on Southern Gas Corridor and EITI

Just circling back in case there are any comments before the board info session on Mon.

Thanks,
Brian

From: McCauley, Brian
Sent: Tuesday, 30 May 2017 20:07
To: (b)(6) Christopher Colin Guest; (b)(6) USA - Stephan Vitvitsky; Lea Bouzis; Hamilton, James N
Cc: USA - (b)(6) (b)(6) Plowden, Marisa; (b)(6); Sambasivam, Richard; Celine Senseney
Subject: Fw: EBRD info session on Southern Gas Corridor and EITI

Hi all,

Apologies to anyone who already received this message already, but an IT problem prevented the message from reaching the Treasury recipients.

Thanks,
Brian

From: McCauley, Brian <mccauleb@ebrd.com>
Sent: Tuesday, 30 May 2017 15:09
To: C. Colin Guest; (b)(6)@treasury.gov; (b)(6)@treasury.gov; (b)(6)@treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Evangelia Bouzis
Cc: (b)(6); Sambasivam, Richard; Plowden, Marisa; csenseney@adb.org; (b)(6) USA - (b)(6)
Subject: EBRD info session on Southern Gas Corridor and EITI

OFFICIAL USE

Hi all,

Next Mon EBRD Management will hold a board info session on the Southern Gas Corridor (SGC) projects and EITI developments in its COOs (slides attached). I'm also attaching a recent letter CSOs sent the Bank regarding EITI issues in Azerbaijan.

On the back of the Apr discussions at the WB, summarized below by Colin, I wanted to seek input before next week's discussion here, in particular the tone we should strike (e.g., general agreement on strategic importance of SGC and the importance of Azerbaijan delivering on its commitments to uphold EITI principles, but continued issues around E&S matters have consistently hampered our ability to support).

- Similar to what WB Management said, EBRD Management believe that by continuing to engage in the Azeri oil and gas sector, even if just under the Azeri's new system of commitment to EITI principles, the Bank can support progress of CSO engagement and beneficial ownership. Would like to press for more details on the Bank's support.
- Presentation mentions an EITI reform paper addressing the dilemma of how far EITI should go in providing safeguards to CSOs; says EBRD and WB will have chance to comment on paper. Curious to learn more about this "dilemma."
- The WB presentation touched upon SGCC's continued access to international capital markets post-EITI withdrawal, but there is nothing new in the EBRD paper on SGCC or SOCAR's market access or other macro developments in Azerbaijan, and any impacts on the proposed projects.
- Note the ongoing discussions with BP regarding the release of additional ESMPs linked to Shah Deniz II. Can ask for likelihood of those talks getting anywhere before the first of the SGC projects comes to the EBRD Board (TANAP likely to come first in late-Q3 or Q4 2017).
- Whenever asked in 2016 about the possibility of additional financing for Shah Deniz II, Management always said that was not something the Bank was considering, in part given existing exposure to the project. The Bank is now considering an additional \$100 M to Lukoil, and mobilizing \$300 M from commercial banks. However, there isn't any explanation behind the Bank's change of position, nor mention of how much exposure to the overarching suite of SGC projects the Bank is comfortable with.

Thanks,
Brian

From: C. Colin Guest [mailto:cguest@worldbank.org]

Sent: 17 April 2017 21:43

To: (b)(6) @treasury.gov; McCauley, Brian; (b)(6) USA - (b)(6) (b)(6) @treasury.gov; (b)(6) @treasury.gov; USA - Stephan Vitvitsky, hamiltonj@state.gov; Reich, Nathan M; Snyder, Carla E; Silkworth, William R; Stein, Daniel D; Watson, Micah L

Subject: World Bank TANAP briefing readout

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi all,

Apologies for the delay in getting this out! The TANAP update last week went as expected, in that IBRD/MIGA will take no measures to impede the loan or guarantees due to Azerbaijan's withdrawal from EITI. Key takeaways below – the meeting was long, but fairly short on substance. For reference, I've attached the Board paper used for the meeting that contains the GoAz decree and other info. For those interested, I've also attached a scan of a presentation we received last week from the CEO of the SGC Closed Joint Stock Company (the Azerbaijani SPV that is implementing their part of TANAP and other SGC components) – some good data in the first half, and way too many project photos in the second half. Thanks and please let me know whether you have any questions!

Colin

- Unanimous Board support for continuing both projects, and broad support for the signals the GoAz sent with its decision to establish a new, domestic extractive industry transparency commission that would use the same indicators, reporting requirements, and principles as EITI, though many European chairs expressed disappointment with Azerbaijan's decision to withdraw.
- Management provided a broad and vague commitment to continue supporting "vigorous CSO engagement" in Azerbaijan post-EITI.
- Despite lots of pre-meeting saber-rattling among Board advisors, there were only very mild expressions of disappointment towards Bank management for inaccurately assessing Azerbaijan's EITI position and then failing to follow through on its promise to keep the Board informed of developments.
- With varying degrees of tact, India, Saudi, and other representatives expressed support for Azerbaijan's contention that EITI has strayed too far from its founding principles. The Chinese ED applauded the decision to stay engaged on TANAP as a triumph for "evidence-based, rather than ideology-based, decision-making." Surprisingly, Bank management was pretty forward in also supporting this view by suggesting EITI might consider "recalibrating" its standards in response to Azerbaijan's withdrawal and the other three member suspensions.

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The contents of this e-mail do not necessarily represent the views of the EBRD.

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RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

From: "Carlson, Curtis" </o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Severens, Alex" <clarence.severens@treasury.gov>
Date: Wed, 11 Oct 2017 18:18:05 +0000

I will ask Interior if they have any talking points that they can share. NEC, Sate and Interior were working on this.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

From: Severens, Alex
Sent: Wednesday, October 11, 2017 2:14 PM
To: Carlson, Curtis
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi Curtis,
Will there be a plan for making this information public and talking points circulated to principals who may get asked?

Thanks,
Alex

From: (b)(6)
Sent: Wednesday, October 11, 2017 12:19 PM
To: Severens, Alex
Cc: 'McCauley, Brian'
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

FYI.

From: Carlson, Curtis
Sent: Wednesday, October 11, 2017 9:53 AM
To: Horowitz, John <John.Horowitz@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>
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Cc: Plowden, Marisa <PlowdenM@ebrd.com>; Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Senseney, Celine <csenseney@adb.org>
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Cc: Severens, Alex <Clarence.Severens@treasury.gov>, (b)(6) <(b)(6)@treasury.gov>,

Plowden, Marisa <PlowdenM@ebrd.com>, Senseney, Celine <csenseney@adb.org>
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Date: September 16, 2017 at 2:06:12 AM GMT+2
To: (b)(6) <[REDACTED]@treasury.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, (b)(6) <[REDACTED]@treasury.gov>, (b)(6) <[REDACTED]@treasury.gov>, (b)(6) <[REDACTED]@treasury.gov>, (b)(6) <[REDACTED]@treasury.gov>, McCauley, Brian <mccauleb@ebrd.com>, Hamilton, James <HamiltonJN@state.gov>
Cc: (b)(6) <[REDACTED]@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Severens, Alex <Clarence.Severens@treasury.gov>, Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Rich -- What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Did we send an observer?

Brian / Marisa -- I looked through the presentation and it provides more information on the SGC and the overall planned participation of the EBRD than what I remember from the earlier presentation. The additional transparency should be welcomed. Broadly, the United States supports the SGC for geopolitical reasons, but another two rounds of MDB financing for SGC is a bit ridiculous and I think we should make clear that we need to see the EBRD being additional. A few potential points to make:

- Push Management on when BP will release the remaining parts of the ESMP. I'd recommend taking them to task if they still haven't come through since this summer's vote on Lukoil. As background, at the fall 2016 Bank/Fund SOFAZ chairman Movsumov told Marisa Lago that he would talk to BP about releasing the necessary documents.
- Ask for more information about what the EBRD getting in return for the proposed loan to SGCC (slide 12)? We should press the EBRD to be receiving additional aspects of TI for each round of financing that are part of a coherent transition / development plan not simply one-off promises each time a consortium participant needs money for a cash call. The following are a few points on some of the EBRD attributes:
 - The EBRD should push the use of inclusive value chains to increase the participation of local, private businesses and job creation wherever possible.
 - TANAP has already received financing from the World Bank, so is subject to WB safeguards and monitoring. How is the independent E/S consultant for TANAP additional?
 - What gaps have been identified in SGCC corporate governance that require EBRD to implement a Compliance Action Plan?
 - Provide additional details on the implementation of policy dialogue in the Azerbaijan power sector (slide 19)? GoA announced its broader reform agenda at the end of 2016 (slide 19). In 2016, the ADB Board approved a \$750 million multi-tranche facility for power transmission. How does the EBRD plan to complement the work of other MDBs? What systemic change will occur at the local level in country as a result of the policy dialogue?
 - The training of 1,550 teachers in local Turkish schools and the tourism opportunities are great, but how is this connected to the project and did this result from an EBRD intervention?
- Both the potential TANAP and TAP loans have 18-year tenors. These loans will tie up a significant amount of capital and staff time for the EBRD that could be used to develop projects elsewhere with higher transition impact.
- Slide 9 mentions that the EBRD is exploring a number of other gas infrastructure projects. Similar to above, I worry that the EBRD is involving itself too heavily in the European gas infrastructure and is not truly additional. While I cannot find any U.S. public position the projects referenced, is the EBRD the appropriate vehicle to support these projects? Is sufficient private financing not available?

Alex also included SGC as something worthwhile for Geoffrey to raise with EBRD management during his visit. Not top priority, but I've sent Steve a few bullets and background for Geoffrey's briefer.

From: (b)(6) <[REDACTED]@treasury.gov>
Sent: Wednesday, September 13, 2017 6:39 PM
To: (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) <[REDACTED]@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; Senseney, Celine <csenseney@adb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Will do. Doug, could you please forward the EBRD slides to me?

From: (b)(6) <[REDACTED]@treasury.gov>
Sent: Wednesday, September 13, 2017 6:17 PM

To: (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) <[REDACTED]@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; Senseney, Celine <csenseney@adb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: Re: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -
Per our discussion earlier today, would you take the lead on this for us?
-ddw

From: McCauley, Brian <mccauleb@ebrd.com>
Date: September 13, 2017 at 1:07:56 PM EDT
To: Hamilton, James <HamiltonJN@state.gov>; (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>; cguest@worldbank.org <cguest@worldbank.org>; (b)(6) <[REDACTED]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; Plowden, Marisa <PlowdenM@ebrd.com>; Senseney, Celine <csenseney@adb.org>; (b)(6) <[REDACTED]@treasury.gov>
Subject: New EBRD info session on Southern Gas Corridor projects - Sep 20

OFFICIAL USE

Hi all,

Please find attached the agenda and slides for a new info session on the Southern Gas Corridor projects that will take place next Wed, Sep 20.

Note that the first part of the session will include a presentation by the Executive Director of SOFAZ and the Chairman of the Commission on Transparency in Extractive Industries, and he'll be accompanied by the General Director of the Southern Gas Corridor Company. They'll then leave before directors and Management turn to the rest of the presentations.

We'd welcome any comments/questions in advance.

Thanks,
Brian

From: (b)(6) <[REDACTED]@treasury.gov [mailto:[REDACTED]@treasury.gov]>
Sent: 02 June 2017 21:31
To: McCauley, Brian; (b)(6) <[REDACTED]@treasury.gov>; cguest@worldbank.org; (b)(6) <[REDACTED]@treasury.gov>; USA - Stephan Vitvitsky; Evangelia.Bouzis@treasury.gov; HamiltonJN@state.gov
Cc: USA - (b)(6) <[REDACTED]>; (b)(6) <[REDACTED]>; Plowden, Marisa; (b)(6) <[REDACTED]>; Sambasivam, Richard; csenseney@adb.org; Clarence.Severens@treasury.gov; USA - (b)(6) <[REDACTED]>
Subject: RE: EBRD info session on Southern Gas Corridor and EITI

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi Brian,

Sorry for the delay. My view is that the tone is still the same – SSGC is still of vital importance but we remain focused on the E&S diligence of the overall project. I too am curious what this dilemma is that they speak of on adhering to EITI principles (note that most of the developing countries voiced concern, most likely bc of the reporting burden but the transparency objectives are clearly important and should be preserved). In addition to following up on how the EBRD will push for more CSO engagement, also ask why EBRD now has a change of heart and are preparing a \$100 M deal for Lukoil (when incidentally would that come to the Board?)

Welcome views from others.

From: McCauley, Brian [mailto:mccauleb@ebrd.com]
Sent: Friday, June 02, 2017 4:01 PM
To: (b)(6) <[REDACTED]>; Christopher Colin Guest; (b)(6) <[REDACTED]>; (b)(6) <[REDACTED]>; Vitvitsky, Stephan; Bouzis, Evangelia; Hamilton, James N
Cc: (b)(6) <[REDACTED]>; (b)(6) <[REDACTED]>; Plowden, Marisa; (b)(6) <[REDACTED]>; Sambasivam, Richard; Senseney, Celine
Subject: Re: EBRD info session on Southern Gas Corridor and EITI

Just circling back in case there are any comments before the board info session on Mon.

Thanks,
Brian

From: McCauley, Brian

Sent: Tuesday, 30 May 2017 20:07

To: (b)(6); Christopher Colin Guest; (b)(6) USA - Stephan Vitvitsky; Lea Bouzis; Hamilton, James N

Cc: USA - (b)(6); (b)(6) Plowden, Marisa; (b)(6); Sambasivam, Richard; Celine Senseney

Subject: Fw: EBRD info session on Southern Gas Corridor and EITI

Hi all,

Apologies to anyone who already received this message already, but an IT problem prevented the message from reaching the Treasury recipients.

Thanks,
Brian

From: McCauley, Brian <mccauleb@ebrd.com>

Sent: Tuesday, 30 May 2017 15:09

To: C. Colin Guest; (b)(6) @treasury.gov; (b)(6) @treasury.gov; (b)(6) @treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Evangelia Bouzis

Cc: (b)(6); Sambasivam, Richard; Plowden, Marisa; csenseney@adb.org; (b)(6) USA - (b)(6)

Subject: EBRD info session on Southern Gas Corridor and EITI

OFFICIAL USE

Hi all,

Next Mon EBRD Management will hold a board info session on the Southern Gas Corridor (SGC) projects and EITI developments in its COOs (slides attached). I'm also attaching a recent letter CSOs sent the Bank regarding EITI issues in Azerbaijan.

On the back of the Apr discussions at the WB, summarized below by Colin, I wanted to seek input before next week's discussion here, in particular the tone we should strike (e.g., general agreement on strategic importance of SGC and the importance of Azerbaijan delivering on its commitments to uphold EITI principles, but continued issues around E&S matters have consistently hampered our ability to support).

- Similar to what WB Management said, EBRD Management believe that by continuing to engage in the Azeri oil and gas sector, even if just under the Azeri's new system of commitment to EITI principles, the Bank can support progress of CSO engagement and beneficial ownership. Would like to press for more details on the Bank's support.
- Presentation mentions an EITI reform paper addressing the dilemma of how far EITI should go in providing safeguards to CSOs; says EBRD and WB will have chance to comment on paper. Curious to learn more about this "dilemma."
- The WB presentation touched upon SGCC's continued access to international capital markets post-EITI withdrawal, but there is nothing new in the EBRD paper on SGCC or SOCAR's market access or other macro developments in Azerbaijan, and any impacts on the proposed projects.
- Note the ongoing discussions with BP regarding the release of additional ESMPs linked to Shah Deniz II. Can ask for likelihood of those talks getting anywhere before the first of the SGC projects comes to the EBRD Board (TANAP likely to come first in late-Q3 or Q4 2017).
- Whenever asked in 2016 about the possibility of additional financing for Shah Deniz II, Management always said that was not something the Bank was considering, in part given existing exposure to the project. The Bank is now considering an additional \$100 M to Lukoil, and mobilizing \$300 M from commercial banks. However, there isn't any explanation behind the Bank's change of position, nor mention of how much exposure to the overarching suite of SGC projects the Bank is comfortable with.

Thanks,
Brian

From: C. Colin Guest [mailto:cguest@worldbank.org]

Sent: 17 April 2017 21:43

To: (b)(6) @treasury.gov; McCauley, Brian; (b)(6) USA - (b)(6); (b)(6) @treasury.gov; (b)(6) @treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Reich, Nathan M; Snyder, Carla E; Silkworth, William R; Stein, Daniel D; Watson, Micah L

Subject: World Bank TANAP briefing readout

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi all,

Apologies for the delay in getting this out! The TANAP update last week went as expected, in that IBRD/MIGA will take no measures to impede the loan or guarantees due to Azerbaijan's withdrawal from EITI. Key takeaways below – the meeting was long, but fairly short on substance. For reference, I've attached the Board paper used for the meeting that contains the GoAz

decree and other info. For those interested, I've also attached a scan of a presentation we received last week from the CEO of the SGC Closed Joint Stock Company (the Azerbaijani SPV that is implementing their part of TANAP and other SGC components) – some good data in the first half, and way too many project photos in the second half. Thanks and please let me know whether you have any questions!

Colin

- Unanimous Board support for continuing both projects, and broad support for the signals the GoAz sent with its decision to establish a new, domestic extractive industry transparency commission that would use the same indicators, reporting requirements, and principles as EITI, though many European chairs expressed disappointment with Azerbaijan's decision to withdraw.
- Management provided a broad and vague commitment to continue supporting "vigorous CSO engagement" in Azerbaijan post-EITI.
- Despite lots of pre-meeting saber-rattling among Board advisors, there were only very mild expressions of disappointment towards Bank management for inaccurately assessing Azerbaijan's EITI position and then failing to follow through on its promise to keep the Board informed of developments.
- With varying degrees of tact, India, Saudi, and other representatives expressed support for Azerbaijan's contention that EITI has strayed too far from its founding principles. The Chinese ED applauded the decision to stay engaged on TANAP as a triumph for "evidence-based, rather than ideology-based, decision-making." Surprisingly, Bank management was pretty forward in also supporting this view by suggesting EITI might consider "recalibrating" its standards in response to Azerbaijan's withdrawal and the other three member suspensions.

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Re: 1504 Treasury Report

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Cc: Greg Gould <greg.gould@onrr.gov>
Date: Thu, 12 Oct 2017 18:14:01 +0000

I have Q&As to forward and States draft cable to their desk Officers in EITI Supporting and Implementing Countries. On the way

On Thu, Oct 12, 2017 at 2:10 PM, <Curtis.Carlson@treasury.gov> wrote:

Another follow up on this: the International staff at Treasury would be interested to know if there are any talking points being developed for the withdrawal. They are more likely to get questions on this from other countries or groups than tax policy would. Please keep us in the loop if there is information that you can share with us going forward.

Thanks.

Curtis

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 3:47 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

Thanks Curtis. On a related note, we will be withdrawing our application to EITI and disbanding the MSG the week of Nov 9th.

Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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On Tue, Oct 10, 2017 at 12:00 PM, <Curtis.Carlson@treasury.gov> wrote:

This is the language from the report. I haven't talked to the finance folks about this. Eliminating 1504 would require legislation so absence that I assume Treasury would be open to regulations that are considered less burdensome to smaller firms at least.

Treasury recommends that Section 1502, Section 1503, Section 1504, and Section 953(b) of Dodd-Frank be repealed and any rules issued pursuant to such provisions be withdrawn, as proposed by H.R. 10, the Financial CHOICE Act of 2017. To the extent Congress determines that it is desirable to require disclosure from all companies, both public and private, this oversight responsibility could be moved from the SEC to a more appropriate federal agency, such as the Departments of State, Commerce, Homeland Security, Labor, or Energy. In the absence of legislative action, Treasury recommends that the SEC consider exempting smaller reporting companies (SRCs) and EGCs [emerging growth company] from these requirements.

I'm not an expert on the SEC's authority so I don't know the smaller reporting company and emerging growth company exemptions fit into the existing 1504 rules.

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 1:50 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

Thanks Curtis, haven't seen this one. Safe to say we will not see any support from Treasury for new 1504 regs, correct?

Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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On Tue, Oct 10, 2017 at 10:24 AM, <Curtis.Carlson@treasury.gov> wrote:

FYI – In case you haven't seen this.

Additional recommendations in the report include:

- Repealing Section 1502, 1503, 1504 and 953(b) of the Dodd-Frank Act;

<https://www.treasury.gov/press-center/press-releases/Pages/sm0173.aspx>

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

Re: 1504 Treasury Report

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Cc: Greg Gould <greg.gould@onrr.gov>
Date: Thu, 12 Oct 2017 18:22:00 +0000
Attachments: drft comms Q & A 10_12_17final clean.docx (18.88 kB); USEITI Withdrawal letter 10_12_17 final clean.docx (17.43 kB); USEITI Withdrawal Cable to Posts (1).docx (27.44 kB)

Curtis, consider all draft final.

On Thu, Oct 12, 2017 at 2:10 PM, <Curtis.Carlson@treasury.gov> wrote:

Another follow up on this: the International staff at Treasury would be interested to know if there are any talking points being developed for the withdrawal. They are more likely to get questions on this from other countries or groups than tax policy would. Please keep us in the loop if there is information that you can share with us going forward.

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Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

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Sent: Tuesday, October 10, 2017 3:47 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

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Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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I'm not an expert on the SECs authority so I don't know the smaller reporting company and emerging growth company exemptions fit into the existing 1504 rules.

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 1:50 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

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Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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- Repealing Section 1502, 1503, 1504 and 953(b) of the Dodd-Frank Act;

<https://www.treasury.gov/press-center/press-releases/Pages/sm0173.aspx>

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

Fwd: USEITI Update

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Thu, 12 Oct 2017 18:27:36 +0000

Curtis,
Also FYI. We and State agreed with Sam's assessment and thought it balanced.

----- Forwarded message -----

From: Sam Bartlett <SBartlett@eiti.org>

Date: Mon, Oct 9, 2017 at 11:47 AM

Subject: USEITI Update

To: "DavyRC@state.gov" <DavyRC@state.gov>, "Greg Gould (Greg.Gould@onrr.gov)" <Greg.Gould@onrr.gov>

Cc: "Judith Wilson (judith.wilson@onrr.gov)" <judith.wilson@onrr.gov>, "WatsonML@state.gov" <WatsonML@state.gov>, Jonas Moberg <JMoberg@eiti.org>

Dear Chris and Greg,

Greetings from Oslo. With the EITI Board meeting in Manila at the end of the month, it would be good to take stock on the outlook for the USEITI. I attach below the entry we have prepared for our Implementation Progress Report (IPR). There will surely be questions from Board members in Manila about the next steps. As we have highlighted previously, the lack of a functioning MSG may lead to calls for the US to be suspended. While it seems unlikely that the Board would take such a step in Manila, the situation is becoming increasingly untenable. If the US does decide to withdraw, it would be good if we could **coordinate messaging on this**.

If a call would be useful this week to take stock, please let us know a time that would suit.

Regards

Sam & Jonas

IPR entry – United States

The United States government is considering withdrawing from the EITI. The MSG has not met since February, as the Department of Interior (DOI) has suspended all Federal Advisory Committee Act (FACA) meetings and activities pending a review by Interior's new leadership^[1]. MSG members have continued to discuss the outlook for the EITI informally. CSO representatives have expressed strong concerns with the process and actions of the other parties^[2].

On 14 February 2017, the President of the United States Donald Trump signed into law Congressional action to disapprove the SEC Rules on Dodd Frank 1504. It was hoped that the implementation of the SEC rule would address the challenges regarding company participation in the EITI process, especially with respect to corporate income tax. In the last EITI Report, only seven of 38 applicable companies consented to disclose and reconcile income tax data. While a new rule may be issued, it is clear that most companies will not disclose data voluntarily.

The DOI continues to work on the 2017 Report (covering 2016 data). The DOI has made excellent progress in mainstreaming full government disclosure of non-tax revenues through the US-EITI data portal^[3], including several innovations that exceed the EITI requirements, including county level case studies, new information about the Abandoned Mine Land Reclamation Program, and detailed review of audit and assurance practices and controls in the United States. However, the 2017 report is also problematic:

1. There is no reporting from companies, no reconciliation, and no assessment from an Independent Administrator as per the EITI Standard. While it may be possible to argue that company reporting and reconciliation are already done routinely

(making the work of the Independent Administrator redundant), this approach would require a mainstreaming application endorsed by the MSG and the EITI Board prior to the publication of the report.

2. There's no pathway for meeting the EITI's requirements regarding reporting of income corporate income tax.
3. The Report won't be an MSG approved document.

In light of these developments, most stakeholders appear to agree that that the process should be discontinued. While the government is considering withdrawing from the EITI, the timeframe for a decision is unclear.

Samuel R Bartlett, PhD

Technical Director

Extractive Industries Transparency Initiative (EITI) International Secretariat

Phone: +47 9026 7530

New address: [Skippergate 22, 0154, Oslo, Norway](#)

Email: sbartlett@eiti.org

Web: www.eiti.org

Twitter: [@SamuelRBartlett](#) and [@EITlorg](#)



[1] https://www.usbr.gov/uc/rm/amp/twg/mtgs/17apr20/Attach_12b.pdf

[2] <http://www.pogo.org/our-work/letters/2017/pogo-and-colleagues-object-to-actions.html> <http://www.pwypusa.org/pwyp-news/useiti-cso-statement-march-20-2017/> <http://www.pwypusa.org/interior-inspector-general-misses-chance-to-help-save-useiti/>

[3] <https://useiti.doi.gov/>

--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov

Interior Dept and 1603

From: "Carlson, Curtis" </o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Hodes, Rochelle" <rochelle.hodes@treasury.gov>
Date: Thu, 12 Oct 2017 18:36:36 +0000

Rochelle;

The Administration is going to withdraw from a transparency initiative on federal government mineral receipts, the Extractive Industry Transparency Initiative (EITI). The inability to release tax information without a firm's permission was a major hurdle. Are you ok with this statement that Interior drafted describing Section 1603? It seems ok to me.

Explain what the challenges were for the U.S. to implement the EITI Standard

Domestic implementation of EITI is subject to existing laws and regulations. For example, the Trade Secrets Act and the Federal Oil and Gas Royalty Management Act (FOGRMA) of 1982, prohibit the Federal government from releasing company pricing information and Federal employees are subject to criminal penalties if they violate these laws. Another example is Section 6103 of the Internal Revenue Code (IRC) provides that tax returns and tax return information are confidential and prohibited from disclosure, unless an exception identified in the IRC is applicable. The IRC imposes civil and criminal penalties for violations of the disclosure prohibitions.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

RE: Interior Dept and 1603

From: "Carlson, Curtis" </o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Hodes, Rochelle" <rochelle.hodes@treasury.gov>
Date: Thu, 12 Oct 2017 18:41:31 +0000

Thanks

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

From: Hodes, Rochelle
Sent: Thursday, October 12, 2017 2:40 PM
To: Carlson, Curtis
Subject: RE: Interior Dept and 1603

That's fine—though there appears to be a typo, corrected in red below

From: Carlson, Curtis
Sent: Thursday, October 12, 2017 2:37 PM
To: Hodes, Rochelle
Subject: Interior Dept and 1603

Rochelle;

The Administration is going to withdraw from a transparency initiative on federal government mineral receipts, the Extractive Industry Transparency Initiative (EITI). The inability to release tax information without a firm's permission was a major hurdle. Are you ok with this statement that Interior drafted describing Section 1603? It seems ok to me.

Explain what the challenges were for the U.S. to implement the EITI Standard

Domestic implementation of EITI is subject to existing laws and regulations. For example, the Trade Secrets Act and the Federal Oil and Gas Royalty Management Act (FOGRMA) of 1982, prohibit the Federal government from releasing company pricing information and Federal employees are subject to criminal penalties if they violate these laws. Another example is Section 6103 of the Internal Revenue Code (IRC), **which** provides that tax returns and tax return information are confidential and prohibited from disclosure, unless an exception identified in the IRC is applicable. The IRC imposes civil and criminal penalties for violations of the disclosure prohibitions.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

RE: 1504 Treasury Report

From: "Carlson, Curtis" </o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Wilson, Judith" <judith.wilson@onrr.gov>
Cc: Greg Gould <greg.gould@onrr.gov>
Date: Thu, 12 Oct 2017 18:44:51 +0000

Thanks. Is there going to be a formal announcement or is this going to show up in the federal register?

I also found a typo, corrected in red below.

Explain what the challenges were for the U.S. to implement the EITI Standard

Domestic implementation of EITI is subject to existing laws and regulations. For example, the Trade Secrets Act and the Federal Oil and Gas Royalty Management Act (FOGRMA) of 1982, prohibit the Federal government from releasing company pricing information and Federal employees are subject to criminal penalties if they violate these laws. Another example is Section 6103 of the Internal Revenue Code (IRC), **which** provides that tax returns and tax return information are confidential and prohibited from disclosure, unless an exception identified in the IRC is applicable. The IRC imposes civil and criminal penalties for violations of the disclosure prohibitions.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Wilson, Judith [mailto:judith.wilson@onrr.gov]
Sent: Thursday, October 12, 2017 2:22 PM
To: Carlson, Curtis
Cc: Greg Gould
Subject: Re: 1504 Treasury Report

Curtis, consider all draft final.

On Thu, Oct 12, 2017 at 2:10 PM, <Curtis.Carlson@treasury.gov> wrote:

Another follow up on this: the International staff at Treasury would be interested to know if there are any talking points being developed for the withdrawal. They are more likely to get questions on this from other countries or groups than tax policy would. Please keep us in the loop if there is information that you can share with us going forward.

Thanks.
Curtis

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 3:47 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

Thanks Curtis. On a related note, we will be withdrawing our application to EITI and disbanding the MSG the week of Nov 9th.

Greg

Gregory J. Gould

Director

Warning: This message is intended only for use of the individual or entity to which it is addressed and may contain information that is privileged or confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail.

On Tue, Oct 10, 2017 at 12:00 PM, <Curtis.Carlson@treasury.gov> wrote:

This is the language from the report. I haven't talked to the finance folks about this. Eliminating 1504 would require legislation so absent that I assume Treasury would be open to regulations that are considered less burdensome to smaller firms at least.

Treasury recommends that Section 1502, Section 1503, Section 1504, and Section 953(b) of Dodd-Frank be repealed and any rules issued pursuant to such provisions be withdrawn, as proposed by H.R. 10, the Financial CHOICE Act of 2017. To the extent Congress determines that it is desirable to require disclosure from all companies, both public and private, this oversight responsibility could be moved from the SEC to a more appropriate federal agency, such as the Departments of State, Commerce, Homeland Security, Labor, or Energy. In the absence of legislative action, Treasury recommends that the SEC consider exempting smaller reporting companies (SRCs) and EGCs [emerging growth company] from these requirements.

I'm not an expert on the SEC's authority so I don't know the smaller reporting company and emerging growth company exemptions fit into the existing 1504 rules.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]

Sent: Tuesday, October 10, 2017 1:50 PM

To: Carlson, Curtis

Cc: Judith Wilson

Subject: Re: 1504 Treasury Report

Thanks Curtis, haven't seen this one. Safe to say we will not see any support from Treasury for new 1504 regs, correct?

Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

Warning: This message is intended only for use of the individual or entity to which it is addressed and may contain information that is privileged or confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return e-mail.

On Tue, Oct 10, 2017 at 10:24 AM, <Curtis.Carlson@treasury.gov> wrote:

FYI – In case you haven't seen this.

Treasury Releases Second Report OnThe Administration's Core Principles Of Financial Regulation

Additional recommendations in the report include:

- Repealing Section 1502, 1503, 1504 and 953(b) of the Dodd-Frank Act;

<https://www.treasury.gov/press-center/press-releases/Pages/sm0173.aspx>

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

--

Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

From: "Severens, Alex" <clarence.severens@treasury.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Thu, 12 Oct 2017 19:06:14 +0000

Understood. Will keep it close hold.

From: Carlson, Curtis
Sent: Thursday, October 12, 2017 2:52 PM
To: Severens, Alex
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Alex,
Attached are draft final background and talking points documents from Interior and State.
The draft statement below is from an assessment from the Extractive Industries Transparency Initiative (EITI) International Secretariat
Obviously, this is all close hold until the withdrawal next month.
Let me know if you have any questions.
Curtis

IPR entry – United States

The United States government is considering withdrawing from the EITI. The MSG has not met since February, as the Department of Interior (DOI) has suspended all Federal Advisory Committee Act (FACA) meetings and activities pending a review by Interior's new leadership[1]. MSG members have continued to discuss the outlook for the EITI informally. CSO representatives have expressed strong concerns with the process and actions of the other parties[2].

On 14 February 2017, the President of the United States Donald Trump signed into law Congressional action to disapprove the SEC Rules on Dodd Frank 1504. It was hoped that the implementation of the SEC rule would address the challenges regarding company participation in the EITI process, especially with respect to corporate income tax. In the last EITI Report, only seven of 38 applicable companies consented to disclose and reconcile income tax data. While a new rule may be issued, it is clear that most companies will not disclose data voluntarily.

The DOI continues to work on the 2017 Report (covering 2016 data). The DOI has made excellent progress in mainstreaming full government disclosure of non-tax revenues through the US-EITI data portal[3], including several innovations that exceed the EITI requirements, including county level case studies, new information about the Abandoned Mine Land Reclamation Program, and detailed review of audit and assurance practices and controls in the United States. However, the 2017 report is also problematic:

1. There is no reporting from companies, no reconciliation, and no assessment from an Independent Administrator as per the EITI Standard. While it may be possible to argue that company reporting and reconciliation are already done routinely (making the work of the Independent Administrator redundant), this approach would require a mainstreaming application endorsed by the MSG and the EITI Board prior to the publication of the report.
2. There's no pathway for meeting the EITI's requirements regarding reporting of income corporate income tax.
3. The Report won't be an MSG approved document.

In light of these developments, most stakeholders appear to agree that the process should be discontinued. While the government is considering withdrawing from the EITI, the timeframe for a decision is unclear.

Samuel R Bartlett, PhD
Technical Director
Extractive Industries Transparency Initiative (EITI) International Secretariat

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Severens, Alex
Sent: Wednesday, October 11, 2017 2:14 PM
To: Carlson, Curtis
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi Curtis,
Will there be a plan for making this information public and talking points circulated to principals who may get asked?

Thanks,
Alex

From: Suter, Sean
Sent: Wednesday, October 11, 2017 12:19 PM
To: Severens, Alex
Cc: 'McCauley, Brian'
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

FYI.

From: Carlson, Curtis
Sent: Wednesday, October 11, 2017 9:53 AM
To: (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>
Cc: (b)(6) <(b)(6)@treasury.gov>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Just to follow up on this. I have been told the Administration will be withdrawing its application to EITI and disbanding the associated multi-stakeholder group the week of Nov 9th. This information has not been made public to anyone.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

From: Horowitz, John
Sent: Wednesday, September 27, 2017 10:33 AM
To: (b)(6) <(b)(6)> Carlson, Curtis
Cc: (b)(6) <(b)(6)>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Curtis Carlson is Treasury's point person on EITI.

From: Johnston, Richard
Sent: Wednesday, September 27, 2017 10:25 AM
To: (b)(6) <(b)(6)> Horowitz, John
Cc: (b)(6) <(b)(6)>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

(b)(6) is better placed than me to address broader EITI policy issues. The country context is that EITI found that their big success story, Azerbaijan, was no longer in compliance with their principles after it cracked down on NGOs and civil society. EITI suspended Azerbaijan, which withdrew from the organization.

My understanding is that EITI is now trying to figure out how to lower its bar so that some countries qualify, while not completely abandoning any credibility it once had.

From: (b)(6) <(b)(6)>
Sent: Wednesday, September 20, 2017 4:07 PM
To: (b)(6) <(b)(6)> Horowitz, John
Cc: (b)(6) <(b)(6)>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

This is a long e-mail chain and it's not clear to me what the issue is.

Carol,

Please feel free to give me a call. X24377.

David

From: (b)(6) <(b)(6)>
Sent: Wednesday, September 20, 2017 3:51 PM
To: (b)(6) <(b)(6)> Horowitz, John
Cc: (b)(6) <(b)(6)>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi Carol,
Not really. Copying David in case he has lately, and John in Tax Policy who had some interaction on EITI stuff in the past.
Thanks,
Jess

From: (b)(6)
Sent: Wednesday, September 20, 2017 3:16 PM
To: (b)(6) <(b)(6)@treasury.gov>
Cc: (b)(6) <(b)(6)@treasury.gov>
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi Jess – is this something your office would be tracking, and have any input on?
Thanks,
carol

From: (b)(6)
Sent: Sunday, September 17, 2017 2:11 PM
To: McCauley, Brian <mccauleb@ebrd.com>; Hamilton, James <HamiltonJN@state.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>
Cc: Plowden, Marisa <PlowdenM@ebrd.com>; Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Jim - Could you ask whoever covers EITI for State about my question on EITI below? Has there been an update on the US position you shared in June/July?

What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Have we sent an observer to the commission's meeting?

The presentation is Wednesday in London, so a response by Tuesday COB would be helpful.

Thanks.

From: (b)(6) <(b)(6)@treasury.gov>
Date: September 17, 2017 at 4:43:13 AM EDT
To: (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Hamilton, James <HamiltonJN@state.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Plowden, Marisa <PlowdenM@ebrd.com>; Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -- I haven't focused on the EITI issues. I'm more focused on additionally when it comes to MDB projects in the countries I cover.

--Rich

From: (b)(6) <(b)(6)@treasury.gov>
Date: September 16, 2017 at 2:06:12 AM GMT+2
To: (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Johnston, Richard <Richard.Johnston@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; Hamilton, James <HamiltonJN@state.gov>
Cc: (b)(6) <(b)(6)@treasury.gov>; Plowden, Marisa <PlowdenM@ebrd.com>; Severens, Alex <Clarence.Severens@treasury.gov>; Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Rich – What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Did we send an observer?

Brian / Marisa – I looked through the presentation and it provides more information on the SGC and the overall planned participation of the EBRD than what I remember from the earlier presentation. The additional transparency should be welcomed. Broadly, the United States supports the SGC for geopolitical reasons, but another two rounds of MDB financing for SGC is a bit ridiculous and I think we should make clear that we need to see the EBRD being additional. A few potential points to make:

- Push Management on when BP will release the remaining parts of the ESMP. I'd recommend taking them to task if they still haven't come through since this summer's vote on Lukoil. As background, at the fall 2016 Bank/Fund SOFAZ chairman Movsumov told Marisa Lago that he would talk to BP about releasing the necessary documents.
- Ask for more information about what the EBRD getting is getting in return for the proposed loan to SGCC (slide 12)? We should press the EBRD to be receiving additional aspects of TI for each round of financing that are part of a coherent transition / development plan not simply one-off promises each time a consortium participant needs money for a cash call. The following are a few points on some of the EBRD attributes:
 - The EBRD should push the use of inclusive value chains to increase the participation of local, private businesses and job creation wherever possible.
 - TANAP has already received financing from the World Bank, so is subject to WB safeguards and monitoring. How is the independent E/S consultant for TANAP additional?
 - What gaps have been identified in SGCC corporate governance that require EBRD to implement a Compliance Action Plan?
 - Provide additional details on the implementation of policy dialogue in the Azerbaijan power sector (slide 19)? GoA announced its broader reform agenda at the end of 2016 (slide 19). In 2016, the ADB Board approved a \$750 million multi-tranche facility for power transmission. How does the EBRD plan to complement the work of other MDBs? What systemic change will occur at the local level in country as a result of the policy dialogue?
 - The training of 1,550 teachers in local Turkish schools and the tourism opportunities are great, but how is this connected to the project and did this result from an EBRD intervention?
- Both the potential TANAP and TAP loans have 18-year tenors. These loans will tie up a significant amount of capital and staff time for the EBRD that could be used to develop projects elsewhere with higher transition impact.
- Slide 9 mentions that the EBRD is exploring a number of other gas infrastructure projects. Similar to above, I worry that the EBRD is involving itself too heavily in the European gas infrastructure and is not truly additional. While I cannot find any U.S. public position the projects referenced, is the EBRD the appropriate vehicle to support these projects? Is sufficient private financing not available?

Alex also included SGC as something worthwhile for Geoffrey to raise with EBRD management during his visit. Not top priority, but I've sent Steve a few bullets and background for Geoffrey's briefer.

From: (b)(6)
Sent: Wednesday, September 13, 2017 6:39 PM
To: (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Senseney, Celine <csenseney@asdb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Will do. Doug, could you please forward the EBRD slides to me?

From: (b)(6)
Sent: Wednesday, September 13, 2017 6:17 PM
To: (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Senseney, Celine <csenseney@adb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: Re: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -
Per our discussion earlier today, would you take the lead on this for us?
-ddw

From: McCauley, Brian <mccauleb@ebrd.com>
Date: September 13, 2017 at 1:07:56 PM EDT
To: Hamilton, James <HamiltonJN@state.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org <cguest@worldbank.org>; (b)(6) <(b)(6)@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; Plowden, Marisa <PlowdenM@ebrd.com>; Senseney,

Celine <csenseney@adb.org>, (b)(6) <(b)(6)@treasury.gov>
Subject: New EBRD info session on Southern Gas Corridor projects - Sep 20

OFFICIAL USE

Hi all,

Please find attached the agenda and slides for a new info session on the Southern Gas Corridor projects that will take place next Wed, Sep 20.

Note that the first part of the session will include a presentation by the Executive Director of SOFAZ and the Chairman of the Commission on Transparency in Extractive Industries, and he'll be accompanied by the General Director of the Southern Gas Corridor Company. They'll then leave before directors and Management turn to the rest of the presentations.

We'd welcome any comments/questions in advance.

Thanks,
Brian

From: (b)(6) <(b)(6)@treasury.gov> [mailto:(b)(6)@treasury.gov]
Sent: 02 June 2017 21:31
To: McCauley, Brian; (b)(6) <(b)(6)@treasury.gov>; cguest@worldbank.org; (b)(6) <(b)(6)@treasury.gov>; USA - Stephan Vitvitsky; Evangelia.Bouzis@treasury.gov; HamiltonJN@state.gov
Cc: USA - (b)(6) <(b)(6)@treasury.gov>; Plowden, Marisa; (b)(6) <(b)(6)@treasury.gov>; Sambasivam, Richard; csenseney@adb.org; Clarence.Severens@treasury.gov; USA - (b)(6) <(b)(6)@treasury.gov>
Subject: RE: EBRD info session on Southern Gas Corridor and EITI

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi Brian,

Sorry for the delay. My view is that the tone is still the same – SSGC is still of vital importance but we remain focused on the E&S diligence of the overall project. I too am curious what this dilemma is that they speak of on adhering to EITI principles (note that most of the developing countries voiced concern, most likely bc of the reporting burden but the transparency objectives are clearly important and should be preserved). In addition to following up on how the EBRD will push for more CSO engagement, also ask why EBRD now has a change of heart and are preparing a \$100 M deal for Lukoil (when incidentally would that come to the Board?)

Welcome views from others.

From: McCauley, Brian [mailto:mccauleb@ebrd.com]
Sent: Friday, June 02, 2017 4:01 PM
To: (b)(6) <(b)(6)@treasury.gov>; Christopher Colin Guest; (b)(6) <(b)(6)@treasury.gov>; Vitvitsky, Stephan; Bouzis, Evangelia; Hamilton, James N
Cc: (b)(6) <(b)(6)@treasury.gov>; Plowden, Marisa; (b)(6) <(b)(6)@treasury.gov>; Sambasivam, Richard; Senseney, Celine
Subject: Re: EBRD info session on Southern Gas Corridor and EITI

Just circling back in case there are any comments before the board info session on Mon.

Thanks,
Brian

From: McCauley, Brian
Sent: Tuesday, 30 May 2017 20:07
To: (b)(6) <(b)(6)@treasury.gov>; Christopher Colin Guest; (b)(6) <(b)(6)@treasury.gov>; USA - Stephan Vitvitsky; Lea Bouzis; Hamilton, James N
Cc: USA - (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Plowden, Marisa; (b)(6) <(b)(6)@treasury.gov>; Sambasivam, Richard; Celine Senseney
Subject: Fw: EBRD info session on Southern Gas Corridor and EITI

Hi all,

Apologies to anyone who already received this message already, but an IT problem prevented the message from reaching the Treasury recipients.

Thanks,
Brian

From: McCauley, Brian <mccauleb@ebrd.com>
Sent: Tuesday, 30 May 2017 15:09

To: C. Colin Guest; (b)(6)@treasury.gov; (b)(6)@treasury.gov; (b)(6)@treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Evangelia Bouzis
Cc: (b)(6); Sambasivam, Richard; Plowden, Marisa; csenseney@adb.org; (b)(6) USA - (b)(6)
Subject: EBRD info session on Southern Gas Corridor and EITI

OFFICIAL USE

Hi all,

Next Mon EBRD Management will hold a board info session on the Southern Gas Corridor (SGC) projects and EITI developments in its COOs (slides attached). I'm also attaching a recent letter CSOs sent the Bank regarding EITI issues in Azerbaijan.

On the back of the Apr discussions at the WB, summarized below by Colin, I wanted to seek input before next week's discussion here, in particular the tone we should strike (e.g., general agreement on strategic importance of SGC and the importance of Azerbaijan delivering on its commitments to uphold EITI principles, but continued issues around E&S matters have consistently hampered our ability to support).

- Similar to what WB Management said, EBRD Management believe that by continuing to engage in the Azeri oil and gas sector, even if just under the Azeri's new system of commitment to EITI principles, the Bank can support progress of CSO engagement and beneficial ownership. Would like to press for more details on the Bank's support.
- Presentation mentions an EITI reform paper addressing the dilemma of how far EITI should go in providing safeguards to CSOs; says EBRD and WB will have chance to comment on paper. Curious to learn more about this "dilemma."
- The WB presentation touched upon SGCC's continued access to international capital markets post-EITI withdrawal, but there is nothing new in the EBRD paper on SGCC or SOCAR's market access or other macro developments in Azerbaijan, and any impacts on the proposed projects.
- Note the ongoing discussions with BP regarding the release of additional ESMPs linked to Shah Deniz II. Can ask for likelihood of those talks getting anywhere before the first of the SGC projects comes to the EBRD Board (TANAP likely to come first in late-Q3 or Q4 2017).
- Whenever asked in 2016 about the possibility of additional financing for Shah Deniz II, Management always said that was not something the Bank was considering, in part given existing exposure to the project. The Bank is now considering an additional \$100 M to Lukoil, and mobilizing \$300 M from commercial banks. However, there isn't any explanation behind the Bank's change of position, nor mention of how much exposure to the overarching suite of SGC projects the Bank is comfortable with.

Thanks,
Brian

From: C. Colin Guest [<mailto:cguest@worldbank.org>]

Sent: 17 April 2017 21:43

To: (b)(6)@treasury.gov; McCauley, Brian; (b)(6) USA - (b)(6) (b)(6)@treasury.gov; (b)(6)@treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Reich, Nathan M; Snyder, Carla E; Silkworth, William R; Stein, Daniel D; Watson, Micah L

Subject: World Bank TANAP briefing readout

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi all,

Apologies for the delay in getting this out! The TANAP update last week went as expected, in that IBRD/MIGA will take no measures to impede the loan or guarantees due to Azerbaijan's withdrawal from EITI. Key takeaways below – the meeting was long, but fairly short on substance. For reference, I've attached the Board paper used for the meeting that contains the GoAz decree and other info. For those interested, I've also attached a scan of a presentation we received last week from the CEO of the SGC Closed Joint Stock Company (the Azerbaijani SPV that is implementing their part of TANAP and other SGC components) – some good data in the first half, and way too many project photos in the second half. Thanks and please let me know whether you have any questions!

Colin

- Unanimous Board support for continuing both projects, and broad support for the signals the GoAz sent with its decision to establish a new, domestic extractive industry transparency commission that would use the same indicators, reporting requirements, and principles as EITI, though many European chairs expressed disappointment with Azerbaijan's decision to withdraw.
- Management provided a broad and vague commitment to continue supporting "vigorous CSO engagement" in Azerbaijan post-EITI.
- Despite lots of pre-meeting saber-rattling among Board advisors, there were only very mild expressions of disappointment towards Bank management for inaccurately assessing Azerbaijan's EITI position and then failing to follow through on its promise to keep the Board informed of developments.
- With varying degrees of tact, India, Saudi, and other representatives expressed support for Azerbaijan's contention that EITI has strayed too far from its founding principles. The Chinese ED applauded the decision to stay engaged on TANAP as a triumph for "evidence-based, rather than ideology-based, decision-making." Surprisingly, Bank management was pretty forward in also supporting this view by suggesting EITI might consider "recalibrating" its standards in response to Azerbaijan's withdrawal and the other three member suspensions.

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The contents of this e-mail do not necessarily represent the views of the EBRD.

OFFICIAL USE

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Re: 1504 Treasury Report

From: "Gould, Greg" <greg.gould@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Cc: Judith Wilson <judith.wilson@onrr.gov>, "Watson, Micah L" <watsonml@state.gov>
Date: Thu, 12 Oct 2017 21:32:30 +0000

Judy is working with our Comms folks and will send you our comms plan next week. I'm including Micah at State on this reply, they are working on talking points as well.

Thanks,

Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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On Thu, Oct 12, 2017 at 12:10 PM, <Curtis.Carlson@treasury.gov> wrote:

Another follow up on this: the International staff at Treasury would be interested to know if there are any talking points being developed for the withdrawal. They are more likely to get questions on this from other countries or groups than tax policy would. Please keep us in the loop if there is information that you can share with us going forward.

Thanks.

Curtis

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 3:47 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

Thanks Curtis. On a related note, we will be withdrawing our application to EITI and disbanding the MSG the week of Nov 9th.

Greg

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On Tue, Oct 10, 2017 at 12:00 PM, <Curtis.Carlson@treasury.gov> wrote:

This is the language from the report. I haven't talked to the finance folks about this. Eliminating 1504 would require legislation so absence that I assume Treasury would be open to regulations that are considered less burdensome to smaller firms at least.

Treasury recommends that Section 1502, Section 1503, Section 1504, and Section 953(b) of Dodd-Frank be repealed and any rules issued pursuant to such provisions be withdrawn, as proposed by H.R. 10, the Financial CHOICE Act of 2017. To the extent Congress determines that it is desirable to require disclosure from all companies, both public and private, this oversight responsibility could be moved from the SEC to a more appropriate federal agency, such as the Departments of State, Commerce, Homeland Security, Labor, or Energy. In the absence of legislative action, Treasury recommends that the SEC consider exempting smaller reporting companies (SRCs) and EGCs [emerging growth company] from these requirements.

I'm not an expert on the SECs authority so I don't know the smaller reporting company and emerging growth company exemptions fit into the existing 1504 rules.

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 1:50 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

Thanks Curtis, haven't seen this one. Safe to say we will not see any support from Treasury for new 1504 regs, correct?

Greg

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On Tue, Oct 10, 2017 at 10:24 AM, <Curtis.Carlson@treasury.gov> wrote:

FYI – In case you haven't seen this.

Treasury Releases Second Report OnThe Administration's Core Principles Of Financial Regulation

Additional recommendations in the report include:

- Repealing Section 1502, 1503, 1504 and 953(b) of the Dodd-Frank Act;

<https://www.treasury.gov/press-center/press-releases/Pages/sm0173.aspx>

Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

Re: 1504 Treasury Report

From: "Carlson, Curtis" <curtis.carlson@treasury.gov>
To: "Gould, Greg" <greg.gould@onrr.gov>
Date: Thu, 12 Oct 2017 23:06:56 +0000

Thanks

From: Gould, Greg <greg.gould@onrr.gov>
Date: October 12, 2017 at 5:42:03 PM EDT
To: Carlson, Curtis <Curtis.Carlson@treasury.gov>
Cc: Judith Wilson <judith.wilson@onrr.gov>, Watson, Micah L <WatsonML@state.gov>
Subject: Re: 1504 Treasury Report

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U.S. Department of the Treasury

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Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

(b)(6)

curtis.carlson@treasury.gov

Pls Clr: TPs and Background for EITI Board Meeting

From: "Watson, Micah L" <watsonml@state.gov>
To: "Schnabel, Amy D" <schnabelad@state.gov>, "Demi, Endrit" <demie@state.gov>, "Apud, Maria M" <apudmm@state.gov>, "Hays, Clayton P" <hayscp@state.gov>, "Gallagher, Leo" <gallagherl@state.gov>, "Miller, Schuyler M" <millersm3@state.gov>, "Toussaint, Marianne S" <toussaintms@state.gov>, Judith Wilson <judith.wilson@onrr.gov>, Greg Gould <greg.gould@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <mayr@state.gov>
Date: Fri, 13 Oct 2017 14:25:22 +0000
Attachments: Annotated Agenda for Manila Board Meeting.docx (41.63 kB)

Would appreciate your **clearance by COB today** (Fri 10/13) on this Annotated Agenda for Chris Davy to deliver at the EITI Board Meeting. As a Board alternate, Chris will not be "sitting at the table" or speaking to the Board much. These TPs would mostly be used for hallway, committee and informal conversations. USG participants will be Chris, Jen from USAID, and me. Thanks, Micah.

Official - SBU
UNCLASSIFIED

Re: Pls Clr: TPs and Background for EITI Board Meeting

From: "Gould, Greg" <greg.gould@onrr.gov>
To: "Watson, Micah L" <watsonml@state.gov>
Cc: "Schnabel, Amy D" <schnabelad@state.gov>, "Demi, Endrit" <demie@state.gov>, "Apud, Maria M" <apudmm@state.gov>, "Hays, Clayton P" <hayscp@state.gov>, "Gallagher, Leo" <gallagherl@state.gov>, "Miller, Schuyler M" <millersm3@state.gov>, "Toussaint, Marianne S" <toussaintms@state.gov>, Judith Wilson <judith.wilson@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <mayr@state.gov>
Date: Fri, 13 Oct 2017 14:50:43 +0000
Attachments: Annotated Agenda for Manila Board Meeting gg cmts.docx (42.19 kB)

Micah,

Attached are some minor edits. Judy is traveling back to DC today, so if you do not hear from her by COB, please consider this cleared by DOI.

Thanks,

Greg

Gregory J. Gould

*Director
Office of Natural Resources Revenue
U.S. Department of the Interior*

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On Fri, Oct 13, 2017 at 8:25 AM, Watson, Micah L <WatsonML@state.gov> wrote:

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Official - SBU

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RE: Pls Clr: TPs and Background for EITI Board Meeting

From: "Gallagher, Leo" <gallagherl@state.gov>
To: "Watson, Micah L" <watsonml@state.gov>, "Schnabel, Amy D" <schnabelad@state.gov>, "Demi, Endrit" <demie@state.gov>, "Apud, Maria M" <apudmm@state.gov>, "Hays, Clayton P" <hayscp@state.gov>, "Miller, Schuyler M" <millersm3@state.gov>, "Toussaint, Marianne S" <toussaintms@state.gov>, Judith Wilson <judith.wilson@onrr.gov>, Greg Gould <greg.gould@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <mayr@state.gov>
Date: Fri, 13 Oct 2017 15:03:35 +0000
Attachments: Annotated Agenda for Manila Board Meeting (3).docx (43.38 kB)

Clear with a couple of changes.

Has USEITI already been dissolved? If so, best to say that it was dissolved on October... or that it will be dissolved on November xxx.

I can't find the word "decharter or de-charter" in a dictionary. Suggest we use standard written English with a phrase like "dissolved the organization" or "terminated the charter."

Official - SBU
UNCLASSIFIED

From: Watson, Micah L
Sent: Friday, October 13, 2017 10:25 AM
To: Schnabel, Amy D; Demi, Endrit; Apud, Maria M; Hays, Clayton P; Gallagher, Leo; Miller, Schuyler M; Toussaint, Marianne S; Judith Wilson; Greg Gould; Lewis, Jennifer; Curtis.Carlson@treasury.gov; Heidi Badaracco; May, Ryan
Subject: Pls Clr: TPs and Background for EITI Board Meeting

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RE: Pls Clr: TPs and Background for EITI Board Meeting

From: Judith Wilson <judith.wilson@onrr.gov>
To: "Gould, Greg" <greg.gould@onrr.gov>, "Watson, Micah L" <watsonml@state.gov>
Cc: "Schnabel, Amy D" <schnabelad@state.gov>, "Demi, Endrit" <demie@state.gov>, "Apud, Maria M" <apudmm@state.gov>, "Hays, Clayton P" <hayscp@state.gov>, "Gallagher, Leo" <gallagherl@state.gov>, "Miller, Schuyler M" <millersm3@state.gov>, "Toussaint, Marianne S" <toussaintms@state.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <mayr@state.gov>
Date: Fri, 13 Oct 2017 15:07:31 +0000

Ok, I read all. Thank you Micah. It strikes a good tone. I want to be sure, we are now confirming Nov.2 as the date to withdraw.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

From: "Gould, Greg" <greg.gould@onrr.gov>
Date: 10/13/17 8:51 AM (GMT-07:00)
To: "Watson, Micah L" <WatsonML@state.gov>
Cc: "Schnabel, Amy D" <SchnabelAD@state.gov>, "Demi, Endrit" <DemiE@state.gov>, "Apud, Maria M" <ApudMM@state.gov>, "Hays, Clayton P" <HaysCP@state.gov>, "Gallagher, Leo" <GallagherL@state.gov>, "Miller, Schuyler M" <MillerSM3@state.gov>, "Toussaint, Marianne S" <ToussaintMS@state.gov>, Judith Wilson <judith.wilson@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, Curtis Carlson <Curtis.Carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <MayR@state.gov>
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Greg

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Director
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Official - SBU

UNCLASSIFIED

RE: Pls Clr: TPs and Background for EITI Board Meeting

From: "Carlson, Curtis" </o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Watson, Micah L" <watsonml@state.gov>
Date: Fri, 13 Oct 2017 15:55:22 +0000

Ok with me. Thanks.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6)
curtis.carlson@treasury.gov

From: Watson, Micah L [mailto:WatsonML@state.gov]
Sent: Friday, October 13, 2017 10:25 AM
To: Schnabel, Amy D; Demi, Endrit; Apud, Maria M; Hays, Clayton P; Gallagher, Leo; Miller, Schuyler M; Toussaint, Marianne S; Judith Wilson; Greg Gould; Lewis, Jennifer; Carlson, Curtis; Heidi Badaracco; May, Ryan
Subject: Pls Clr: TPs and Background for EITI Board Meeting

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From: "Hays, Clayton P" <hayscp@state.gov>
To: Judith Wilson <judith.wilson@onrr.gov>, "Gallagher, Leo" <gallagherl@state.gov>, "Watson, Micah L" <watsonml@state.gov>, "Schnabel, Amy D" <schnabelad@state.gov>, "Demi, Endrit" <demie@state.gov>, "Apud, Maria M" <apudmm@state.gov>, "Miller, Schuyler M" <millersm3@state.gov>, "Toussaint, Marianne S" <toussaintms@state.gov>, Greg Gould <greg.gould@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <mayr@state.gov>
Date: Fri, 13 Oct 2017 16:29:14 +0000

Clear for NEA/RMA.

Thank you.

Clayton Hays

Bureau of Near Eastern Affairs
Office of Regional and Multilateral Affairs (NEA/RMA)

T: (b)(6)

From: Judith Wilson [mailto:judith.wilson@onrr.gov]
Sent: Friday, October 13, 2017 11:17 AM
To: Gallagher, Leo <GallagherL@state.gov>; Watson, Micah L <WatsonML@state.gov>; Schnabel, Amy D <SchnabelAD@state.gov>; Demi, Endrit <DemiE@state.gov>; Apud, Maria M <ApudMM@state.gov>; Hays, Clayton P <HaysCP@state.gov>; Miller, Schuyler M <MillerSM3@state.gov>; Toussaint, Marianne S <ToussaintMS@state.gov>; Greg Gould <greg.gould@onrr.gov>; Lewis, Jennifer <jenlewis@usaid.gov>; Curtis, Carlson <curtis.carlson@treasury.gov>; Heidi Badaracco <heidi.badaracco@onrr.gov>; May, Ryan <MayR@state.gov>
Subject: RE: Pls Clr: TPs and Background for EITI Board Meeting

The advisory committee would be terminated. We have not yet terminated as the Committee is under review.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

From: "Gallagher, Leo" <GallagherL@state.gov>
Date: 10/13/17 9:05 AM (GMT-07:00)
To: "Watson, Micah L" <WatsonML@state.gov>, "Schnabel, Amy D" <SchnabelAD@state.gov>, "Demi, Endrit" <DemiE@state.gov>, "Apud, Maria M" <ApudMM@state.gov>, "Hays, Clayton P" <HaysCP@state.gov>, "Miller, Schuyler M" <MillerSM3@state.gov>, "Toussaint, Marianne S" <ToussaintMS@state.gov>, Judith Wilson <judith.wilson@onrr.gov>, Greg Gould <greg.gould@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, Curtis, Carlson <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <MayR@state.gov>
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RE: Pls Clr: TPs and Background for EITI Board Meeting

From: "Miller, Schuyler M" <millersm3@state.gov>
To: "Gallagher, Leo" <gallagherl@state.gov>, "Watson, Micah L" <watsonml@state.gov>, "Schnabel, Amy D" <schnabelad@state.gov>, "Demi, Endrit" <demie@state.gov>, "Apud, Maria M" <apudmm@state.gov>, "Hays, Clayton P" <hayscp@state.gov>, "Toussaint, Marianne S" <toussaintms@state.gov>, Judith Wilson <judith.wilson@onrr.gov>, Greg Gould <greg.gould@onrr.gov>, "Lewis, Jennifer" <jenlewis@usaid.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Heidi Badaracco <heidi.badaracco@onrr.gov>, "May, Ryan" <mayr@state.gov>
Date: Fri, 13 Oct 2017 21:25:20 +0000
Attachments: AA for Manila Board Meeting_INL Edits.docx (44.62 kB)

Clear with comments/edits. Thanks for the opportunity to review, and have a good weekend.

Official - SBU
UNCLASSIFIED

From: Gallagher, Leo
Sent: Friday, October 13, 2017 11:04 AM
To: Watson, Micah L; Schnabel, Amy D; Demi, Endrit; Apud, Maria M; Hays, Clayton P; Miller, Schuyler M; Toussaint, Marianne S; Judith Wilson; Greg Gould; Lewis, Jennifer; Curtis.Carlson@treasury.gov; Heidi Badaracco; May, Ryan
Subject: RE: Pls Clr: TPs and Background for EITI Board Meeting

Clear with a couple of changes.

Has USEITI already been dissolved? If so, best to say that it was dissolved on October... or that it will be dissolved on November xxx.

I can't find the word "decharter or de-charter" in a dictionary. Suggest we use standard written English with a phrase like "dissolved the organization" or "terminated the charter."

Official - SBU
UNCLASSIFIED

From: Watson, Micah L
Sent: Friday, October 13, 2017 10:25 AM
To: Schnabel, Amy D; Demi, Endrit; Apud, Maria M; Hays, Clayton P; Gallagher, Leo; Miller, Schuyler M; Toussaint, Marianne S; Judith Wilson; Greg Gould; Lewis, Jennifer; Curtis.Carlson@treasury.gov; Heidi Badaracco; May, Ryan
Subject: Pls Clr: TPs and Background for EITI Board Meeting

Would appreciate your clearance by COB today (Fri 10/13) on this Annotated Agenda for Chris Davy to deliver at the EITI Board Meeting. As a Board alternate, Chris will not be "sitting at the table" or speaking to the Board much. These TPs would mostly be used for hallway, committee and informal conversations. USG participants will be Chris, Jen from USAID, and me. Thanks, Micah.

Official - SBU
UNCLASSIFIED

USEITI CSO Statement

From: Danielle Brian <dbrian@pogo.org>
To: Bruce Barnett <bbarnett@choctawnation.com>, Claire Ware <claire.ware007@yahoo.com>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Greg Gould <greg.gould@onrr.gov>, Jim Steward <jim.steward@onrr.gov>, Julie A Lenoir <jlenoir@blackfeetnation.com>, Marina Voskanian <marina.voskanian@slc.ca.gov>, Michael D Matthews <mike.matthews@wyo.gov>, Mike Smith <mike.smith@iogcc.state.ok.us>, Aaron Padilla <padillaa@api.org>, Christopher Chambers <christopher_chambers@fmi.com>, David Romig <david_romig@fmi.com>, Edwin Mongan <edwin.mongan@bhpbilliton.com>, Johanna Nesseth Tuttle <johanna.nesseth@chevron.com>, Michael Gardner <michael.gardner@riotinto.com>, Nicholas Cotts <nicholas.cotts@newmont.com>, Nicholas Welch <nick.welch@nblenergy.com>, Phillip Denning <phillip.denning@shell.com>, Stella Alvarado <stella.alvarado@anadarko.com>, Susan Ginsberg <sginsberg@ipaa.org>, Veronika Kohler <vkohler@nma.org>
Cc: secretariat@eiti.org, Sam Bartlett <sbartlett@eiti.org>, Jonas Moberg <jmoberg@eiti.org>, exsec@ios.doi.gov, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, David Chambers <dchambers@csp2.org>, Isabel Munilla <imunilla@oxfamamerica.org>, Jana Morgan <jmorgan@pwypusa.org>, Jennifer Krill <jkrill@earthworksaction.org>, Keith Romig <kromig@usw.org>, Lynda Farrell <lynda@pscoalition.org>, Michael Ross <mross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>, Michael Levine <mlevine@oceanconservancy.org>
Date: Wed, 25 Oct 2017 20:39:53 +0000
Attachments: USEITI CSO Statement.pdf (220.8 kB)

Dear colleagues,

Please find attached a letter from the civil society sector of the U.S. Extractive Industry Transparency Initiative, concerning the future of this federal advisory committee.

Sincerely,
Danielle Brian

--

Danielle Brian

Executive Director

Project On Government Oversight | pogo.org
1100 G Street NW, Washington DC 20005
202.347.1122

October 25, 2017

USEITI Multi-Stakeholder Group
U.S. Department of the Interior
1849 C Street NW
Washington, DC 20240

Dear Members of the USEITI Multi-Stakeholder Group,

The Civil Society Sector of the U.S. Extractive Industries Transparency Initiative (USEITI) Multi-Stakeholder Group (MSG) writes to seek clarification about your intentions with regard to the Initiative. We again request that you be accountable to the United States' commitments to the EITI Standard, USEITI Charter, and USEITI Terms of Reference. We stand ready to continue the activities of the USEITI MSG provided that it is reinstated publicly, that the scheduled meetings are reestablished, and that a plan to move forward is implemented.

In May, members of the USEITI federal advisory committee's multi-stakeholder group (MSG) learned that Interior Secretary Zinke suspended the activities of all Interior advisory committees while they underwent a review that is expected to end in November. The USEITI MSG has not met since February, despite its impending deadline to complete a report by the end of the year and submit it to the EITI International Board in early 2018. Interior has indefinitely delayed two USEITI meetings that were previously scheduled for June and November 2017.

However, the Royalty Policy Committee (RPC)—a federal advisory committee like the USEITI MSG—is holding meetings and covering some of the same ground USEITI did.¹ The inaugural meeting of the U.S. Department of the Interior's Royalty Policy Committee on October 4 is the latest in a series of indications that the U.S. Extractive Industries Transparency Initiative (USEITI) exists only on paper.

We previously appealed to the USEITI Secretariat via letter in February, demanding that the US be held to the same standards as other EITI implementing countries. Our letter specifically raised concerns about the February USEITI MSG meeting, which ended when a presiding government representative shut off the microphones of civil society MSG members when they raised concerns about the nullification of the Securities and Exchange Commission's payment disclosure rule and the involvement of a MSG industry member, the American Petroleum Institute (API), in lobbying for its removal. The letter went on to make the case that API should be removed from the MSG for this act of bad faith.²

We have yet to receive an official response to that communication.

¹ "Royalty Policy Committee," U.S. Department of the Interior, www.doi.gov/rpc.

² "POGO and Colleagues Object to Actions of Transparency Initiative Stakeholders," Project On Government Oversight, Feb 9, 2017, www.pogo.org/our-work/letters/2017/pogo-and-colleagues-object-to-actions.html.

We did receive a letter from Interior in March, which thanked MSG members for their participation in USEITI and said that, "in December 2017, ONNR (Interior's Office of Natural Resource Revenues) will complete a third online report." However, because the USEITI MSG and its working groups have not met since February, such a report would be inconsistent with EITI's processes and standards.

Despite nearly five years of commendable effort by many members of the USEITI MSG, and the ongoing work of Interior to maintain a natural resources web portal, the inability of government to revive MSG meetings so that civil society can adequately participate in the process threatens the legitimacy of EITI in the United States and around the world.

Today, we again call on the USEITI MSG and Secretary Zinke to be accountable to its commitments to the EITI Standard, USEITI Charter, and USEITI Terms of Reference. We stand ready to continue the activities of the USEITI MSG provided that Secretary Zinke reinstates it publicly and our 2017 meetings are reestablished.

If these steps are not taken we believe the EITI International Secretariat and Board must take action to address the root causes of this circumstance before the release of the USEITI report in December, which lacks the backing and adequate participation of civil society. We recommend these steps include consideration of early validation to determine how and why the function of the USEITI MSG has ceased and where the process has gone out of compliance with the EITI Standard with particular regard to protecting civil society involvement.

Sincerely,

The Civil Society Sector of the USEITI MSG

CC:

Fredrik Reinfeldt, Chair, EITI International Board

Jonas Moberg, Head, EITI International Secretariat

Sam Bartlett, Technical Director, EITI International Secretariat

Ryan Zinke, U.S. Secretary of the Interior

U.S. withdraws from Extractive Industries Transparency Initiative (EITI)

From: "Nickoloff, Peter" <peter.nickoloff@treasury.gov>
To: "Baker, Susan L" <susan.baker@treasury.gov>, "Pelton, Billy (Bill)" <bill.pelton@treasury.gov>, "Sturm Jr., Rex (Logan)" <logan.sturm@treasury.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, "Yang, Sharon" <sharon.yang@treasury.gov>, "Veltri, Joanna" <joanna.veltri@treasury.gov>
Cc: "Smith, Brian" <brian.smith@treasury.gov>, "Rollins, Monique" <monique.rollins@treasury.gov>
Date: Fri, 03 Nov 2017 15:44:11 +0000

FYI, some of you may already be aware.

US withdraws from global oil anti-corruption pact

<http://www.washingtonexaminer.com/us-withdraws-from-global-oil-anti-corruption-pact/article/2639488>

Cardin-Lugar Joint Statement

<https://www.cardin.senate.gov/newsroom/press/release/11/02/2017/cardin-lugar-statement-on-us-withdrawal-from-extractive-industries-transparency-initiative>




DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

February 6, 2017

ACTION MEMORANDUM


TO: Rochelle Granat, Acting General Counsel
Luke Ballman, Deputy Assistant Secretary for Legislative Affairs (TFI)

FROM: Monique Rollins 
Acting Assistant Secretary for Financial Markets

RE: Transmittal to OMB of Treasury's Letter on Enrolled Bill H.J. Res. 41, providing for Congressional nullification of a Securities and Exchange Commission (SEC) rule relating to "Disclosure of Payments by Resource Extraction Issuers"

RECOMMENDATION:

That you sign the letter at Tab 1 and authorize the electronic transmittal of the letter on Enrolled Bill H.J. Res. 41 (Tab 2) to the OMB Legislative Reference Division.

 Agree Disagree Let's Discuss

BACKGROUND AND BILL SUMMARY:

H.J. Res. 41 was passed by voice vote in both the House (235 – 187 on February 1, 2017) and the Senate (52 – 48 on February 2, 2017), pursuant to the Congressional Review Act. It expresses congressional disapproval of a rule submitted by the Securities and Exchange Commission (SEC) relating to "Disclosure of Payments by Resource Extraction Issuers" (the Disclosure Rule). If enacted, it would nullify the Disclosure Rule and prevent the SEC from reissuing a rule that is substantially the same. There is a Statement of Administration Policy supporting H.J. Res. 41.

DISCUSSION:

The SEC issued the Disclosure Rule in compliance with Section 1504 of Dodd-Frank, which directs the SEC to issue a rule requiring certain resource extraction companies to include in their annual reports information relating to payments made to governments for the purpose of the commercial development of oil, natural gas, or minerals. The SEC sought to finalize the rule in a way that would support the U.S. government's commitment to international transparency promotion efforts relating to commercial development of oil, natural gas, and minerals.

Supporters of the Disclosure Rule argue it is needed to help fight corruption and increase transparency in developing countries. They also argue that it provides investors with information about a company's potential contribution to, or inadvertent facilitation of, corruption that could lead to future lawsuits or enforcement actions. Supporters also argue that in the absence of information from the Disclosure Rule, the Extractive Industry Transparency Initiative (EITI) will be forced to rely on voluntary tax reporting, which has been and will likely continue to be insufficient to meet EITI standards. Critics of the Disclosure Rule argue that it requires

disclosure of information immaterial to an investment decision, increasing costs for companies without providing a corresponding benefit to investors. Critics also argue that the rule could lead to potential competitive disadvantages for U.S. issuers in cases where their competitors are not subject to similar requirements. Though the SEC stated it would consider exemptive relief for legally prohibited disclosures on a case-by-case basis if warranted, critics have pointed to uncertainty as to how that would be done. Competition concerns are mitigated somewhat by the recent adoption of similar rules in the EU and Canada.

While H.J. Res. 41 nullifies the Disclosure Rule, it does not eliminate section 1504 of Dodd-Frank. Thus, the SEC would still be required to promulgate a regulation, albeit one that is not substantially the same as the existing Disclosure Rule. Section 1504 also includes a statutory deadline for the SEC to promulgate the rule. The SEC did not meet that deadline, which resulted in a lawsuit and a court order compelling promulgation of the rule. Similar litigation risk could arise if the SEC were to not promulgate a new rule in time.

CONCLUSION

In light of the applicable Statement of Administration Policy, we recommended that the President sign H.J. Res. 41 into law.

Attachments:

- Tab 1 Enrolled Bill Letter
- Tab 2 H.J. Res. 41

TAB 1



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 6, 2017

Mr. Mark Sandy
Acting Director, Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Dear Acting Director Sandy:

This letter responds to your request for the views of this Department on Enrolled Bill H.J. Res. 41.

H.J. Res. 41, pursuant to the Congressional Review Act, expresses congressional disapproval of a rule submitted by the Securities and Exchange Commission (SEC) relating to "Disclosure of Payments by Resource Extraction Issuers" (the Disclosure Rule). If enacted, it would nullify the Disclosure Rule and prevent the SEC from reissuing a rule that is substantially the same.

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We note there is a Statement of Administration Policy supporting H.J. Res. 41. In light of the Statement of Administration Policy, we recommended that the President sign H.J. Res. 41 into law.

Sincerely,


Rochelle Granat
Acting General Counsel


Luke Ballman
Deputy Assistant Secretary for
Legislative Affairs (TFI)

TAB 2

115TH CONGRESS
1ST SESSION

H. J. RES. 41

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1, 2017

Received

JOINT RESOLUTION

Providing for congressional disapproval under chapter 8 of title 5, United States Code, of a rule submitted by the Securities and Exchange Commission relating to “Disclosure of Payments by Resource Extraction Issuers”.

- 1 *Resolved by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*
- 3 That Congress disapproves the rule submitted by the

1 Securities and Exchange Commission relating to “Disco-
2 sure of Payments by Resource Extraction Issuers” (pub-
3 lished at 81 Fed. Reg. 49359 (July 27, 2016)), and such
4 rule shall have no force or effect.

Passed the House of Representatives February 1,
2017.

Attest:

KAREN L. HAAS,

Clerk.

Action Memorandum Clearance Sheet

Subject: Enrolled Bill H.J. Res. 41, providing for Congressional nullification of SEC's Disclosure Rule

Drafted: Peter Nickoloff (2-1692)

Approved: Monique Rollins, Acting Assistant Secretary for Financial Markets (2/4/17)

Cleared: Capital Markets – Brian Smith (2/4/17)
Domestic Finance – Jared Roscoe (2/4/17)
AGC/B&F – Stephen Milligan (2/6/17)
Exec Sec – Mary Ellen Mitchell (2/5/17)
Leg Affairs – Luke Ballman (2/6/17)
LLR – Peter Lee (2/3/17)

FYI: PA – Joyce Harris




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Supporters of the Disclosure Rule argue it is needed to help fight corruption and increase transparency in developing countries. They also argue that it provides investors with information about a company's potential contribution to, or inadvertent facilitation of, corruption that could lead to future lawsuits or enforcement actions. Supporters also argue that in the absence of information from the Disclosure Rule, the Extractive Industry Transparency Initiative (EITI) will be forced to rely on voluntary tax reporting, which has been and will likely continue to be insufficient to meet EITI standards. Critics of the Disclosure Rule argue that it requires

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Acting General Counsel


Luke Ballman
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