Re: Treasury mention in EITI report to Congress

From: "Runge, Sarah" <sarah.runge@treasury.gov>
To: "Watson, Micah L" <watsonml@state.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, "Hurley, John" <john.hurley@treasury.gov>, "Baker, Susan L" <susan.baker@treasury.gov>
Cc: "Sweetnam, Glen" <glen.sweetnam@hq.doe.gov>, "Pasalic, Blair" <blair.pasalic@hq.doe.gov>, "Rembrandt, Scott" <scott.rembrandt@treasury.gov>, "Lee, Young" <young.lee2@treasury.gov>
Date: Tue, 16 May 2017 00:15:24 +0000

John is currently away from Treasury. Susan, can you please advise who can advise on thiis?

Thank you!

From: Watson, Micah L
Sent: Monday, May 15, 2017 8:08 PM
To: Carlson, Curtis; Hurley, John; Runge, Sarah
Cc: Sweetnam, Glen; Pasalic, Blair
Subject: Treasury mention in EITI report to Congress

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To: "Runge, Sarah" <sarah.runge@treasury.gov>, "Watson, Micah L" <watsonml@state.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, "Hurley, John" <john.hurley@treasury.gov>, "Veltri, Joanna" <joanna.veltri@treasury.gov>
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Date: Tue, 16 May 2017 09:38:10 +0000

And Malachy

Susan L. Baker, susan.baker@treasury.gov

From: Baker, Susan L
Sent: Tuesday, May 16, 2017 10:36 AM
To: Runge, Sarah; Watson, Micah L; Carlson, Curtis; Hurley, John; Veltri, Joanna
Cc: Sweetnam, Glen; Pasalic, Blair; Pelton, Billy (Bill); Rembrandt, Scott; Lee, Young
Subject: Re: Treasury mention in EITI report to Congress

Joanna?

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Cc: Sweetnam, Glen; Pasalic, Blair; Baker, Susan L; Pelton, Billy (Bill); Rembrandt, Scott; Lee, Young
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Date:	Tue, 16 May 2017 18:42:19 +0000
Attachments:	Draft 2017 Report to Congress v1 BP GSawl.docx (39.66 kB)

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Cc: Sweetnam, Glen; Pasalic, Blair; Baker, Susan L; Pelton, Billy (Bill); Rembrandt, Scott; Lee, Young
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Date:	Thu, 18 May 2017 14:32:05 +0000
Attachments:	2017 Report to Congress v2.docx (39.39 kB)

Good morning. State proposes that the Treasury/IFI paragraph be deleted. I've done so in the attached version.

The report contains these two mentions of Treasury:
In addition, the Departments of State, Treasury, Interior, Energy, and the U.S. Agency for International Development (USAID) have taken steps to help resource-rich countries meet the goal of increasing transparency in extractive industry payments.
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Interior is supported by an inter-agency working group that includes the National Security Council; the Office of Management and Budget; the Department of State; and the Department of the Treasury.

Please let Nathan and me know by 10am Friday 5/19 if you object to deleting the IFI paragraph. Thank you.

Official - SBU
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To: 'Susan.Baker@treasury.gov'; Runge, Sarah; Curtis.Carlson@treasury.gov; Hurley, John (Treasury.gov); Joanna.Veltri@treasury.gov
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From: "Carlson, Curtis" <curtis.carlson@treasury.gov>
To: "Watson, Micah L" <watsonml@state.gov>
Date: Thu, 18 May 2017 14:34:28 +0000

Micah

I have no objections but this is the international folks call.

Sent from my BlackBerry 10 smartphone.

From: Watson, Micah L
Sent: Thursday, May 18, 2017 10:32 AM
To: Baker, Susan L; Runge, Sarah; Carlson, Curtis; Hurley, John; Veltri, Joanna
Cc: Pelton, Billy (Bill); Rembrandt, Scott; Lee, Young; Nugent, Malachy; Hernandez, Nathan R
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Date: Thu, 18 May 2017 14:36:02 +0000

Thanks, Micah. We defer to Treasury/IA on this.

Sarah

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To: Baker, Susan L; Runge, Sarah; Carlson, Curtis; Hurley, John; Veltri, Joanna
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From: Watson, Micah L
Sent: Monday, May 15, 2017 8:08 PM
To: Carlson, Curtis; Hurley, John; Runge, Sarah
Cc: Sweetnam, Glen; Pasalic, Blair
Subject: Treasury mention in EITI report to Congress

Treasury colleagues, the DOE team noticed this paragraph at the end of the Report that we need to revise. Am I correct that we cannot say that it's still U.S. policy to vote against assistance to any country that doesn't meet #1 or #2? Please send me your preferred edit ASAP. Thanks.

Treasury Department and IFI Activities

Treasury has the lead on U.S. government relations with the International Financial Institutions (IFIs), including the World Bank and other multilateral development banks (MDBs). Treasury has, in line with legislative guidance, advised the IFIs and the public that it is U.S. policy to vote against any assistance by such institutions for the extraction and export of natural resources if the government of the country has done one of the following: (1) prevented through laws and regulations the public disclosure of company payments as required by Dodd-Frank Section 1504; or (2) not adopted laws, regulations or procedures, in the sector in which assistance is being considered, for accurately accounting for and publicly disclosing payments to the government by companies exporting natural resources, independent auditing of such payments, and public disclosure of concession agreements and bidding documents allowing in any such disclosure for the redaction of, or exceptions for, information that is commercially proprietary or that would create competitive disadvantage.[SG1] Treasury officials consistently stress the importance of resource revenue transparency in Board consideration of MDB projects, country and sector strategies, IMF Article IV consultations, Poverty Reduction Strategy Papers, diagnostic studies, and in bilateral meetings with country counterparts.

[SG1]Is it possible to shorten this section and make it more general so that it is still accurate, but doesn't highlight that the U.S. is voting against assistance to countries that don't implement Section 1504 (the same provision that we have just blocked domestically)?

Official - SBU
UNCLASSIFIED

USEITI - Office of the Inspector General Report

From:	"OS, USEITI" <useiti@ios.doi.gov>
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 P. 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 (RTHQ) <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>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.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 Levine <mlevine@oceana.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>
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Date:	Thu, 18 May 2017 16:21:20 +0000
Attachments:	AIE_EITI_FinalInspectionReport_Public_05-18-17.pdf (1.32 MB)

Hello and good afternoon MSG Members:

I have attached the OIG Final Inspection Report (2016-EAU-041) for USEITI that was made public today. Please review and retain for your records.

The Report can also be found on the Interior's OIG Website: https://www.doioig.gov/reports/united-states-implementation-extractive-industries-transparency-initiative or the MSG website: https://www.doi.gov/eiti/index-news

Thank you,
Kim Oliver

Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone
Kimiko.Oliver@ONRR.gov

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Follow us on Twitter and Facebook

Regards,

USEITI Secretariat
202-208-0272 voicemail

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

United States' Implementation of the Extractive Industries Transparency Initiative

Report No.: 2016 EAU 041

May 2017

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

Memorandum

MAY 15 2017

To: Greg Gould
Director, Office of Natural Resources Revenue

From: Mary L. Kendall Mary L. Kendall
Deputy Inspector General

Subject: Final Inspection Report – United States' Implementation of the Extractive Industries Transparency Initiative
Report No. 2016-EAU-041

This memorandum transmits the findings of our inspection of the United States' implementation of the Extractive Industries Transparency Initiative (EITI). Our inspection objective was to determine the status of the U.S. implementation of the EITI standard. We are not making any recommendations in this report but are providing it for information purposes only.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions concerning this report, please do not hesitate to contact me at 202-208-5745.

Table of Contents

Results in Brief

The United States (U.S.) has made significant progress meeting the individual requirements necessary to achieve compliant status with the Extractive Industries Transparency Initiative (EITI). EITI is a global initiative that promotes revenue transparency and accountability for natural resource extraction. The Department of the Interior (DOI) works in collaboration with industry and civil society partners[1] to implement EITI on behalf of the United States.

Our review found that the U.S. has met seven of the eight EITI requirements and partially met one requirement in its effort to achieve EITI compliant status, the highest level of implementation. It has only partially met the revenue collection requirement (Requirement 4) because it has been unable to obtain full disclosure of extractive resource payments from companies, thus preventing the required reconciliation to Government receipts. In addition, the U.S. has encountered challenges as part of its participation in EITI that could prevent it from reaching the goal of compliant status. Should the U.S. not achieve compliant status, its standing in EITI would be diminished.

In spite of the framework laid out in Requirement 4 and the ensuing challenges, the U.S. could still meet this requirement. Through its regular ongoing operations, the U.S. has a system in place that achieves the standard's disclosure and reconciliation requirement, through a process known as mainstreaming. This reporting method may enable the U.S. to meet the EITI reporting and reconciliation mandates without necessarily following the prescriptive language of the standard.

We are not making any recommendations in this report but are providing this document for informational purposes to the Office of Natural Resources Revenue—DOI's EITI representative—and to the members of the U.S. EITI multi-stakeholder group for use as they move forward.

At the close of our field work, senior Government officials disclosed that the U.S. was considering all options associated with the validation process in spite of uncertainties in achieving Requirement 4. We learned that the U.S. is scheduled to undergo validation in April 2018, even though it expects the EITI international board to find that it has made inadequate progress toward validation. If that occurs, the U.S. likely would transition from an implementing country to a country that only supports EITI. The U.S. intends to continue its efforts to disclose revenue and maintain its public website by institutionalizing EITI processes.

[1] Civil society is defined as community and citizenry involvement. In the U.S., it includes academia, non-governmental organizations, and labor unions.

Introduction

Objective

We conducted this inspection to determine the status of the United States' implementation of the Extractive Industries Transparency Initiative (EITI) standard.

Appendix 1 contains the scope and methodology, as well as sites visited.

Background

EITI is a global initiative that aims to promote revenue transparency and accountability for natural resource extraction (e.g. oil, natural gas, coal, non-energy minerals such as gold, and renewable energy). The initiative grew out of concern about corruption and mismanagement of these resources worldwide. Many EITI participating countries are in developing parts of the world, and the initiative seeks to strengthen these government and company systems. The U.S. Government, however, has long had a management system featuring numerous controls and protections to oversee natural resource extraction, which helps reduce the risk of corruption.

As a leading extractive producer of such natural resources as oil, natural gas, and coal, the U.S. announced its intention to join EITI in September 2011. The Secretary of the Interior serves as the Administration's senior official responsible for EITI implementation. The Office of Natural Resources Revenue (ONRR) within DOI serves as the Government's lead representative on the multi-stakeholder group (MSG). The U.S. has been working toward achieving compliant status, and validation is scheduled to begin in April 2018.

To date, DOI expenditures for EITI have totaled approximately $6.5 million, of which the Government spent $2.8 million in fiscal year 2016. The largest expenditures included Government labor and contracts for outside services. Current estimates of expenditures for reconciliation of Government receipts to company payments total $519,000 per year.

The EITI standard has eight primary requirements and multiple subparts that countries must follow when implementing EITI. A synopsis of the eight EITI standard requirements is detailed in Figure 1 below.

EITI Standard Requirements
1: Multi-stakeholder group oversight. Government, industry, and civil society engagement.

EITI Standard Requirements
2: Legal and institutional framework. Disclosure of legal framework and fiscal regime governing extractive industries.
3: Exploration and production. Disclosure of exploration and production activities, as well as export data.
4: Revenue collection. Disclosure and reconciliation of company payments and Government revenues.
5: Revenue allocations. Disclosure of revenue distribution, revenue management, and expenditures.
6: Social and economic spending. Disclosure of social expenditures and the extractive sector's impact on the economy.
7: Outcomes and impact. Disclosure of discrepancies identified in EITI reports, as well as lessons learned during implementation.
8: Compliance and deadlines for implementing countries. Outlines timeframes established by the EITI international board and consequences of noncompliance with the deadlines and requirements for EITI implementation.

Figure 1. A full explanation of EITI requirements is available at https://eiti.org/eiti-requirements.

The initiative is implemented by governments, in collaboration with the MSG, which includes industry and civil society, the latter defined as community and citizenry involvement (e.g. academia and non-governmental organizations). In the U.S., MSG formation in 2012 brought together these three sectors for the first time to achieve a common goal. Initially skeptical, MSG members found that genuine cooperation could generate appreciation for differing viewpoints.

EITI has 56 participating countries. Each country that chooses to implement the EITI standard must establish an MSG that oversees implementation. In addition, most countries, including the U.S., create a national secretariat with a full-time staff to administer the program. The EITI international board, headquartered in Oslo, Norway, is the governing body. Countries implementing the standard publish an annual report in which governments publicly disclose payments received from companies obtaining extractive resources, which an independent administrator reconciles with payments disclosed by those companies.

Countries join EITI with the goal of achieving compliance with the EITI standard. To achieve compliant status, a country must go through the EITI validation process. This includes a comprehensive evaluation of the country's progress toward achieving the eight requirements, as determined by the EITI international board. A country must make satisfactory progress on each requirement in the standard in order to achieve compliant status.

Results

Progress in Complying with EITI

The U.S. has been working on EITI implementation since 2011. It has made significant progress meeting the individual requirements necessary to achieve the highest level of EITI implementation, known as compliant status. Based on our analysis, the U.S. has met seven of the eight requirements and partially met Requirement 4, which necessitates that all Government revenue receipts be reported and subjected to reconciliation. Reconciliation involves comparison of Government receipts to company payments, and explains significant discrepancies between the two. This activity is performed by a third party, known as the independent administrator. The Office of Inspector General (OIG) independently assessed the status of DOI's EITI implementation, as shown in Figure 2.[2]

OIG Assessment of DOI EITI Implementation		
Requirement	**Status**	**Comments**
1 – MSG oversight.	Met	MSG formed, with equal representation by government, industry, and civil society. All required meetings and work products achieved.

[2] The EITI international board is the body that officially determines whether a country has fulfilled the standard, and sets four categories of progress for assessing a country's compliance with each requirement: satisfactory, meaningful, inadequate, and no progress. Our determination of the status does not directly align with those categories identified in the standard. Our assessment was not intended to mirror the board or duplicate any effort. For simplicity, we established our own categories: met, partially met, and not met.

OIG Assessment of DOI EITI Implementation		
Requirement	**Status**	**Comments**
2 – Legal and institutional framework.	Met	Collaborating with the General Services Administration, DOI produced a public website known as the portal, which houses natural resource data along with the electronic version of the annual EITI report. We found that the portal, which went online in December 2015, presents natural resource-related information in a user-friendly format. The international board has recognized the portal as a model for other countries to emulate. Online data portal provides details on allocation of contracts and licenses, with links to Bureau of Land Management and Bureau of Ocean Energy Management websites.
3 – Exploration and production.	Met	Online data portal provides details on fossil fuels, renewable energy, and non-energy minerals, as well as exports of various commodities.
4 – Revenue collection.	Partially Met	Low disclosure of nontax and tax revenues by companies prevent required comprehensive reconciliation of Government revenue receipts to company payments.
5 – Revenue allocations.	Met	Online data portal provides details on all revenue streams, distribution of revenues, and recipients.
6 – Social and economic spending.	Met	Online data portal provides details on extractive sector contributions to the economy.

OIG Assessment of DOI EITI Implementation		
Requirement	**Status**	**Comments**
7 – Outcomes and impact.	Met	Online data portal contains recommendations for addressing reconciliation discrepancies and improving the EITI process. To illustrate extractive industry impacts on local communities, the annual report includes 12 county case studies from across the country, as well as data from 18 states, in an effort to increase public awareness. MSG has actively solicited input from the general public concerning U.S. involvement in EITI. Public interest in EITI is not yet strong, but MSG efforts to obtain outside input and to publish meeting minutes promote EITI's principles of openness and transparency.
8 – Compliance and deadlines for implementing countries.	Met	Deadlines for annual progress reports met, and deadlines for EITI reports surpassed.

Figure 2: OIG's assessment of DOI implementation of EITI requirements.

Challenges in Complying with EITI Revenue Collection Requirement

DOI faces numerous difficulties in trying to meet Requirement 4. Some are less challenging than others, providing opportunities for solutions, while others may offer no alternative course of action.

Voluntary initiative

The voluntary nature of EITI makes full company participation in nontax and tax revenue disclosures difficult to obtain. Companies are not compelled to report revenue and tax data, and do not see the benefit of participation. Consequently, a significant number have chosen not to participate.

U.S. privacy laws

Section 6103 of the Internal Revenue Code (26 U.S.C.) provides for the confidentiality of tax returns and return information. It prevents the U.S. Internal

Revenue Service (IRS) from disclosing returns and return information unless the taxpayer authorizes the release or one of several exceptions are met.

Low company participation

EITI Requirement 4 calls for comprehensive disclosure and reconciliation of company payments and Government revenues from extractive industries. Companies make payments to the U.S., and the payments are considered revenues when collected.

In the U.S., revenues associated with extractive industries consist of two categories—nontax and tax. Nontax revenues are comprised of 11 revenue streams (e.g., royalties, bonuses, rents, inspection and permit fees, and civil penalties), whereas tax revenues represent corporate income tax payments reported to the IRS.

Requirement 4 presents a major challenge for the U.S. because of the numerous companies that operate on Federal lands and large sums of revenue involved. Specifically, more than 3,000 companies paid the Federal Government $12.64 billion and $7.80 billion in nontax extractive revenue for the 2015 and 2016 reports, respectively. Since full company participation in the initiative would have been too time consuming and costly to accomplish, the MSG decided to select a manageable sample of companies. This required establishing materiality thresholds, as the standard allows, for company reporting and subsequent reconciliation. The MSG found that a significant and achievable sample of companies could be selected by setting the threshold at $50 million and $37.5 million of total annual revenue reported to ONRR by a parent company, including its subsidiaries, for 2015 and 2016. The threshold amount varies yearly due to changes in commodity prices, which in turn affects the amount of payments made to ONRR. For nontax revenues, this reduced the 3,000 company universe to 45 companies for the 2015 annual report, and 41 companies for the 2016 report. For tax revenues, the sample became 41companies for the 2015 report, and 38 companies for the 2016 report. The number of companies can change from year to year due to factors such as mergers, acquisitions, and bankruptcies.[3]

Unfortunately, a significant number of companies that were asked to participate declined the request, and so the amount of revenues actually reported and reconciled were far less than the 80 percent target (see Figure 3).[4] We determined the U.S. has only partially met Requirement 4. Since the EITI standard requires comprehensive company disclosure, this low level of company participation is of concern as the U.S. seeks validation.

[3] Companies chosen for participation represent the largest producers of oil, gas, coal, and hard rock in the U.S., including, among others, ExxonMobil Corporation, Chevron Corporation, Shell E&P Company, Arch Coal, Inc., and Peabody Energy Corporation.

[4] Although the target for reconciling tax revenue was all the companies asked to participate in EITI, the U.S. did not report the total amount of tax revenue because companies are not required to disclose this information.

Results From Companies Subject To Reconciliation (Dollars in Billions)				
Report Year	**Nontax**		**Tax**	
	Target	**Achieved**	**Target**	**Achieved**
2015				
Number of Companies Disclosed	45	31 (69%)	41	12 (29%)
Number of Companies Reconciled	45	31 (69%)	41	5 (12%)
Revenues Reconciled	$10.44	$8.50 (81%)		
2016				
Number of Companies Disclosed	41	25 (61%)	38	12 (32%)
Number of Companies Reconciled	41	25 (61%)	38	7 (18%)
Revenues Reconciled	$6.11	$4.83 (79%)		

Figure 3. Information about companies not disclosing their payments. In the tax column, the target for revenues reconciled could not be established and reconciled because most companies did not report tax data. The independent administrator reconciled all of the revenue that companies reported, but the reconciliation did not reflect the target revenues.

Subnational reporting

The EITI standard requires that MSG establish whether or not direct payments from companies to subnational government entities (states and tribes in the U.S.) are significant.[4] If significant, then disclosure and reconciliation of payments to these entities are included in the EITI report. Given significant practical barriers to collecting data from all 50 states, the MSG focused its efforts on 18 states with the most extractive revenue.

To date, only three of these 18 states have chosen to disclose data about their extractive industries. These three still have not agreed to reconcile company payments to Government receipts. Further, since U.S. law recognizes tribes as

[4] Subnational is defined as below the national Government level—in the U.S. this refers primarily to state and tribal governments.

sovereign nations, they are not bound to participate in EITI, and no tribes have volunteered for this purpose.

Although the U.S. received approval from the EITI international board to deviate from full subnational reporting for past reports, it has no guarantee that this approval will continue in the future. The U.S. EITI MSG endorsed a renewed request to deviate from subnational reporting, which it submitted to the international board in December 2016.

Beneficial ownership

As of January 2020, the standard requires disclosure of beneficial ownership information in the EITI report. Beneficial ownership refers to individuals who directly or indirectly own or control a corporate entity.

In December 2016, the U.S. published its "roadmap" or plan for meeting the future beneficial ownership disclosure requirement. Collection and disclosure of this information may prove problematic, however, since the U.S. does not have an institutional structure for public disclosure of beneficial ownership, and voluntary participation may produce limited results. For example, DOI does not have any mechanism to collect beneficial ownership information when conducting lease sales related to extractive industry operating rights on U.S. Federal lands or for regulating extractive operations, as well as collecting production related fees and royalties.

Mainstreaming

Mainstreaming is a mechanism through which countries disclose revenue collection, accounting, and disbursement as part of routine Government operations. It is advantageous for two reasons – first, it highlights countries that make transparency an integral and routine feature of their management systems. Second, countries that achieve mainstreaming do not have to undergo the reconciliation process. To achieve mainstreaming, the U.S. must submit to a rigorous application process, which is subject to approval by the international board.

We found the U.S. is actively pursuing mainstreaming to satisfy Requirement 4 by reporting that it routinely discloses 100 percent of all nontax revenue streams. In addition, the U.S. is preparing a thorough description of its robust audit processes and procedures for the 2017 annual report. Among these are the following—

- ONRR and its State and tribal partners help ensure that companies pay correctly through the use of audits, compliance reviews, data mining, and an enforcement program;
- ONRR accounts for nontax revenues using company-submitted royalty reports—more than 150 up-front automated edits of these reports help detect irregularities;
- Bureau of Land Management and Bureau of Safety and Environmental Enforcement conduct physical inspections of lease operations;

- An independent accounting firm annually audits DOI's financial statements, which include extractive revenue;
- DOI and DOI's bureaus are independently audited by the Office of Inspector General, and IRS receives audit oversight from the Treasury Inspector General for Tax Administration; and
- IRS verifies tax payments made by companies.

These processes and procedures ensure accountability for 100 percent of natural resource revenues. Accordingly, the U.S. could be in compliance with Requirement 4, even if full reporting and reconciliation from the EITI international board is considered questionable. Although mainstreaming could be a possible solution to demonstrate that the U.S has complied with Requirement 4, the request has not yet been approved by the international board. Further, it is questionable whether or not the international board would grant such approval. Also, the U.S. still has work left to accomplish in order to develop the contextual narrative of its audit processes and procedures in a manner that fully demonstrates compliance with Requirement 4.

At the close of our field work, Government senior officials disclosed that the U.S. is considering all options regarding validation. It expects to produce its third annual report in December 2017 and undergo validation in April 2018. Although it has met 7 out of 8 requirements it expects not to be found in compliance with the EITI standard until companies follow through on EITI reporting requirements outlined in Requirement 4. Instead, the U.S. will move from being an implementing country to only a supporting country of EITI. Nevertheless, the U.S. intends to continue its efforts to disclose revenue and maintain the online data portal, thus institutionalizing EITI processes.

Appendix 1: Scope and Methodology

Scope

Our inspection examined the activities of the United States' implementation of the Extractive Industry Transparency Initiative (EITI) since 2011.

Methodology

We conducted this review from June 2016 through March 2017. During our inspection, we—

- reviewed relevant laws, regulations, policies and procedures concerning U.S. EITI implementation;
- reviewed and analyzed data and documents, both hardcopy and electronic;
- reviewed the EITI standard and requirements;
- attended two multi-stakeholder group meetings;
- interviewed representatives from the EITI international board's secretariat and U.S. Department of State;
- interviewed key members of Government, industry, and civil society sectors;
- interviewed the Director of the Office of Natural Resources Revenue (ONRR) and key agency staff with EITI responsibilities; and
- interviewed key representatives from the independent administrator, Deloitte Touche, LLP.

We visited—

- ONRR offices in Washington, D.C., and Lakewood, CO; and
- Deloitte Touche, LLP, in Arlington, VA.

We did not test operation and reliability of internal controls related to U.S. EITI. We were provided with computer-generated data related to EITI expenditures, which we used but did not test for completeness and accuracy.

We conducted this inspection in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusion.

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By Mail:	U.S. Department of the Interior Office of Inspector General Mail Stop 4428 MIB 1849 C Street, NW. Washington, DC 20240	

Re: USEITI MSG Co-chair Meeting

From: "Voskanian, Marina@SLC" <marina.voskanian@slc.ca.gov>
To: "Wilson, Judith" <judith.wilson@onrr.gov>
Cc: Bruce Barnett <bbarnett@choctawnation.com>, "Ware, Claire R" <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>, Michael D Matthews <mike.matthews@wyo.gov>, Mike Smith <mike.smith@iogcc.state.ok.us>, Aaron P. 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 (RTHQ) <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>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.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 Levine <mlevine@oceana.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>, Tushar Kansal <tkansal@cbuilding.org>, Pat Field <pfield@cbuilding.org>, "Oliver, Kimiko" <kimiko.oliver@onrr.gov>, Chris Mentasti <chris.mentasti@onrr.gov>
Date: Thu, 18 May 2017 21:13:21 +0000

Thank you Judith for the update.

Marina

On May 18, 2017, at 12:46 PM, Wilson, Judith <judith.wilson@onrr.gov> wrote:

> All,
> The USEITI MSG co-chairs, along with a colleague from each of their sectors, met with representatives from the EITI International Secretariat and the US Department of State to discuss possible future directions for USEITI. This meeting took place on May 11, 2017 in Washington DC. Tushar Kansal took notes and prepared the meeting summary. The summary was provided to the Co-Chairs today. There were no decisions made at the May 11 meeting. The Co-chairs agreed to report back to their sectors the discussion and options for consideration. The Co-Chairs will reconvene on June 22nd in Washington. At that meeting the Co-chairs will report out and discuss the three sectors' preferred path forward. The objective of that meeting is for the Co-Chairs to agree on the path forward and we will proceed accordingly.
>
> Meeting Participants
>
> Discussion participants
> Sam Bartlett (via phone) - EITI Secretariat
> Danielle Brian -
> Co-Chair from CSO sector, in person
> Greg Gould - Co-Chair from government sector, in person
> Veronika Kohler -
> Co-Chair from industry sector, in person
> Jonas Moberg -
> EITI Secretariat, in person
> Isabel Munilla -
> Oxfam America, CSO sector representative
> Johanna Nesseth - Chevron, industry sector representative
> Micah Watson -
> US Department of State
> Judy Wilson - USEITI Secretariat, government sector representative
> Process support
> Tushar Kansal - Consensus Building Institute
>
> Additionally the IG report on the field investigation of USEITI implementation was released to the public today and you have been provided a copy via e-mail from Kim Oliver. We will post that report on the MSG website.

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

Fwd: Final Summary from May 11 Co-Chairs Meeting

From:	"Wilson, Judith" <judith.wilson@onrr.gov>
To:	"Carlson, Curtis" <curtis.carlson@treasury.gov>
Date:	Fri, 19 May 2017 19:22:52 +0000
Attachments:	USEITI - May 2017 Co-Chairs Mtg - Mtg Summary v2 (170519).docx (123.52 kB)

FYI
---------- Forwarded message ----------
From: **Wilson, Judith** <judith.wilson@onrr.gov>
Date: Fri, May 19, 2017 at 3:04 PM
Subject: Final Summary from May 11 Co-Chairs Meeting
To: Greg Gould <Greg.Gould@onrr.gov>, "vkohler@nma.org" <vkohler@nma.org>, Danielle Brian <dbrian@pogo.org>, Johanna Nesseth <johanna.nesseth@chevron.com>, Isabel Munilla <isabel.munilla@gmail.com>, "Watson, Micah L" <watsonml@state.gov>
Cc: Tushar Kansal <tkansal@cbuilding.org>, Pat Field <pfield@cbuilding.org>

is attached.

--
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Program Manager USEITI Secretariat
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UNITED STATES EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
MULTI-STAKEHOLDER GROUP CO-CHAIRS MEETING
MAY 11, 2017

MEETING SUMMARY

Background
The USEITI MSG co-chairs, along with a colleague from each other their sectors, met with representatives from the EITI International Secretariat and the US Department of State to discuss possible future directions for USEITI. This meeting took place on May 11, 2017 in Washington DC.

This summary provides a high-level synthesis of the key options with regards to the future direction of USEITI explored during the meeting. No decisions about USEITI's future were made at this meeting. Rather, each sector will discuss internally and the co-chairs are planning to reconvene on June 22 for an anticipated decision on that date.

Options Considered for USEITI's Future
Meeting participants considered the following four options for the future of USEITI:
1) Request a temporary, voluntary suspension from EITI
2) The International EITI Board could create a new path for USEITI to continue under different requirements / protocols
3) Mainstreaming of USEITI reporting into US government reporting
4) Withdrawal of the United States from EITI

Option 1: Request a temporary, voluntary suspension from EITI

In this option, the US government would formally write to the International EITI board for a two-year "pause" on implementation of EITI in the United States. The following activities would take place during this two-year pause:
- Congress and the SEC will have time to move forward around the Dodd–Frank Act, and specifically rule making under Section 1504 of the Dodd-Frank Act, which will clarify publicly traded USEITI-participating companies' requirements for corporate income tax disclosure.
- ONRR will continue to update the online data portal (the USEITI website) on a regular basis with unilateral disclosure of non-tax revenues from the US government. ONRR will also proceed with a pilot rollout of one state's revenue information. The USEITI name would be removed from the website for the duration of the pause.
- There would *not* be any USEITI MSG meetings held.
- Ambassador Warlick will continue participating on the EITI International Board.

- There is an opportunity to see if the EITI Standard evolves in a way to allow greater flexibility for countries like the United States that have very robust transparency and reporting procedures already in place.
- The CSO and industry sectors can explore whether to pursue outreach and advocacy efforts to the government to create a true multistakeholder forum for the USEITI MSG that is not constrained by FACA.

Considerations around this option:

- The provision in the EITI Standard outlining the conditions in which an implementing country can request a "pause" generally is envisioned for situations of civil conflict in the form of a coup or civil war.
- Inherent in the concept of a "pause" is that there exists a clear pathway and timeframe for USEITI to restart its work in compliance with the EITI Standard and have a strong case for validation.
    - Outstanding questions about the prospects for corporate income tax reporting in quantities that would meet the requirements of the EITI Standard in the United States raise questions about USEITI's future pathway to validation under the EITI Standard.
    - Standing up the USEITI MSG as a FACA subcommittee within the Department of the Interior may need to be revisited. FACA committees are advisory to the US Government, whereas EITI MSGs are intended to be independent decision-making bodies.

<u>Option 2:</u> The International EITI Board could create a new path for USEITI to continue under different requirements / protocols

In this option, USEITI would send a letter to the EITI International Board explaining its context and situation. The letter would detail what steps USEITI is able to take and in what ways it anticipates being able to meet or exceed elements of the EITI Standard. The letter would also detail challenges that USEITI is facing and which elements of the Standard it does not anticipate being able to comply with. The EITI International Board, as the creator of the Standard and as the ultimate decision-making body for EITI, would then decide how to handle USEITI's situation and could create a new pathway for countries in a similar situation to continue participating or sign up to EITI.

Considerations around this option:

- It is unknown how the EITI International Board will approach the US' case. Given the ongoing uncertainty about corporate income tax reporting as part of USEITI, risk exists that USEITI and the US government are not looked upon favorably by members of the International Board and that the reputations of the United States and of USEITI are degraded.

<u>Option 3:</u> Mainstreaming of USEITI reporting into US government reporting

In this option, the US Government would include reporting of the elements included in the EITI Standard through its own channels in lieu of publication of an independent USEITI report.

Considerations around this option:

- The mainstreaming concept, as articulated in the EITI Standard, is intended to preserve the same comprehensiveness and granularity of reporting as is done under standard EITI reporting (in which EITI implementing countries publish annual EITI reports). Given the ongoing uncertainty about corporate income tax reporting as part of USEITI, as well as the recent decision by the USEITI MSG to rely on the government's existing audit and assurance processes, USEITI would be deviating in two significant respects from the EITI Standard.

<u>Option 4:</u> Withdrawal of the United States from EITI

In this option, the US Government would submit a letter to the EITI International Board articulating its decision to withdraw from EITI. The letter could come from any member of the US Government who is able to speak on the government's behalf with regards to this decision. The EITI Secretariat indicated that EITI would not need the letter to articulate why the US Government is making this decision.

With this option, ONRR could also continue to update the online data portal (the USEITI website) on a regular basis with unilateral disclosure of non-tax revenues from the US government. ONRR will also proceed with a pilot rollout of one state's revenue information. The USEITI name would be removed from the website. In addition, the Department of the Interior could maintain the USEITI website, containing MSG meeting information and other materials, as a publicly available website.

Considerations around this option:

- The reputational risk to USEITI and to the US Government would be time-limited. The government has already been accused of giving up on transparency and, while this accusation will be made again with the official announcement of withdrawal, the decision will conclude the matter.
- The nature of the letter and how much support it can receive from members of the other sectors will affect the nature of press coverage and reputational impact of the withdrawal decision.
- Implications for ongoing US' support of EITI, including representation on the EITI International Board, are unknown and will need to be explored.
- Withdrawal of the United States from EITI could negatively influence perceptions of EITI in some countries and among some companies.

Additional Key Considerations and Next Steps

Meeting participants also discussed the pending release of a report by the Department of the Interior's Office of Inspector General. The report is expected to be released the week of May 15 and is anticipated to say that USEITI successfully met 8 of the 9 elements of the EITI Standard and has expended $6.2 million in 2016.

No decisions about USEITI's future were made at this meeting. Rather, each sector will discuss internally and the co-chairs are planning to reconvene on June 22 for an anticipated decision on that date.

Meeting Participants

Discussion participants	
Sam Bartlett *(via phone)*	EITI Secretariat
Danielle Brian	Project on Government Oversight, USEITI MSG Advisory Committee Co-Chair from CSO sector
Greg Gould	US Department of the Interior, USEITI MSG Advisory Committee Co-Chair from government sector
Veronika Kohler Shime	National Mining Association, USEITI MSG Advisory Committee Co-Chair from industry sector
Jonas Moberg	EITI Secretariat
Isabel Munilla	Oxfam America, CSO sector representative
Johanna Nesseth	Chevron, industry sector representative
Micah Watson	US Department of State
Judy Wilson	US Department of the Interior, government sector representative
Process support	
Tushar Kansal	Consensus Building Institute

Re: Final Summary from May 11 Co-Chairs Meeting

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Fri, 19 May 2017 19:47:14 +0000

Send in the dogs!!! Greg hasn't scheduled a meeting for Government Sector. The Co-Chairs will meet on June 22 to discuss sector views.

On Fri, May 19, 2017 at 3:35 PM, <Curtis.Carlson@treasury.gov> wrote:

> Will there be a meeting to discuss the options (and can I bring my dogs).
>
> ---
>
> Curtis Carlson
>
> Office of Tax Analysis
>
> U.S. Department of the Treasury
>
> (b)(6) [redacted]
>
> curtis.carlson@treasury.gov
>
> **From:** Wilson, Judith [mailto:judith.wilson@onrr.gov]
> **Sent:** Friday, May 19, 2017 3:23 PM
> **To:** Carlson, Curtis
> **Subject:** Fwd: Final Summary from May 11 Co-Chairs Meeting
>
> FYI
>
> ---------- Forwarded message ----------
> From: **Wilson, Judith** <judith.wilson@onrr.gov>
> Date: Fri, May 19, 2017 at 3:04 PM
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> To: Greg Gould <Greg.Gould@onrr.gov>, "vkohler@nma.org" <vkohler@nma.org>, Danielle Brian <dbrian@pogo.org>, Johanna Nesseth <johanna.nesseth@chevron.com>, Isabel Munilla <isabel.munilla@gmail.com>, "Watson, Micah L" <watsonml@state.gov>
> Cc: Tushar Kansal <tkansal@cbuilding.org>, Pat Field <pfield@cbuilding.org>
>
> is attached.
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USEITI Draft Forestry Addition

From: "Oliver, Kimiko" <kimiko.oliver@onrr.gov>
To: Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.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 Levine <mlevine@oceana.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>, 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 P. 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 (RTHQ) <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: Chris Mentasti <chris.mentasti@onrr.gov>, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Judith Wilson <judith.wilson@onrr.gov>, Emily Hague <hague@api.org>, Mia Steinle <msteinle@pogo.org>, "Norfleet, Charles" <charles.norfleet@boem.gov>, Robert Kronebusch <robert.kronebusch@onrr.gov>, Nathan Brannberg <nathan.brannberg@onrr.gov>, Sarah Platts (US - Arlington) <splatts@deloitte.com>, amaxwell <amaxwell@deloitte.com>, jcassidy@deloitte.com, John Mennel <jmennel@deloitte.com>, Luke Malcolm Hawbaker (US - Arlington) <lhawbaker@deloitte.com>
Date: Mon, 22 May 2017 19:10:27 +0000
Attachments: USEITI Forestry Highlight_DRAFT_2017_05_22.pdf (548.92 kB)

Hello and good afternoon MSG Members:

I have attached a draft of the Forestry Addition for the 2017 USEITI Report.

Please let me know by COB, June 12, 2017, if you have any comment or edits for the Addition. No response means approval.

Thank you,
Kim

--
Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone
Kimiko.Oliver@ONRR.gov

USEITI
The United States Extractive Industries Transparency Initiative

Forestry Addition

May 2017

Deloitte.

Forestry

Overview

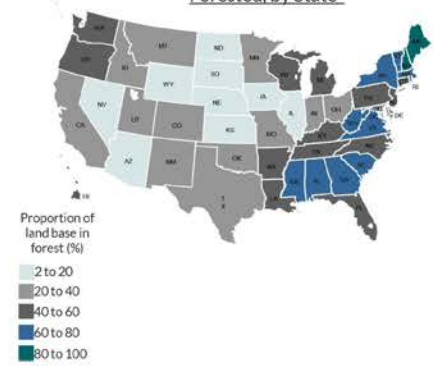
The forests of the United States cover 766 million acres and provide extensive resources, ecosystem services, and opportunities for recreation. Beyond providing timber and other products, they purify our air, provide clean water, reduce the effects of drought and floods, store carbon, and provide wildlife habitat, among other vital services. The forests of the U.S. split nearly evenly west and east of the Great Plains and exist in four major biomes. The U.S. Forest Service (the Forest Service) divides the country into four corresponding assessment regions. The eastern half of the country consists of the North and South regions, with 244,716,000 and 167,378,000 acres of forest respectively. The Rocky Mountain (131,338,000 acres) and Pacific Coast zones (214,604,000 acres) spread across the West, and include Alaska and Hawaii. The greatest concentrations of forests lie in the South and the Northeast, though Alaska has the largest total forest land area.[1]

The United States generally classifies forests by their ownership (public or private), their capacity to produce timber (timberland, reserved forests, and low-productivity land), and their wood type (hardwood or softwood).[2]

The federal government manages forests across the country. The U.S. Forest Service manages 191 million acres of national forests, with forests actually covering 73% of those acres. The Bureau of Land Management (BLM) manages 65 million acres of forests and woodlands across 12 western states and Alaska. [The Forest Service provides a map of national forests here.][3]

Major Ecoclimactic Zones and Assessment Regions of the United States[4]

Percent of Total Land Area That is Forested, by State[5]

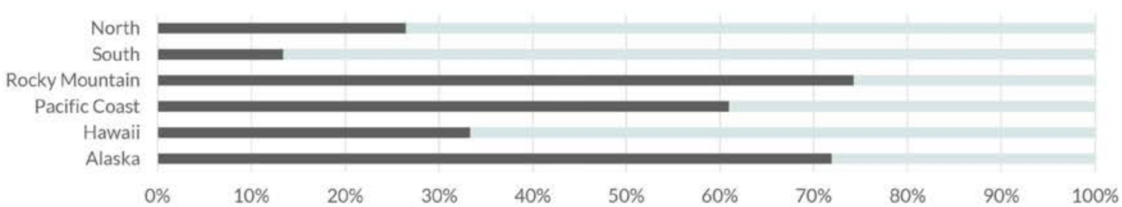


Forest Ownership

Private individuals and organizations own the majority of forests in the United States. Private individuals and organizations, tribes, nongovernment organizations, and others own 58% of forests in the United States. Federal, state, and local governments own 42% of forests. The majority of private forests can be found in the North and the South, while public ownership predominates in the West, including the Rocky Mountain zone, the Pacific Coast, Hawaii and Alaska.[1]

Not all forests have characteristics that make them suitable or available for timber production. Government and industry classify land that can support timber production as timberland. By definition, timberland can produce 20 cubic feet of industrial wood per acre and timber harvest must be allowed on the land. 68% of forest in the United States meets this classification. The remainder constitutes either low-productivity forest or legally protected forest. These legally protected forests are referred to as reserved forest land. The majority of reserved forest land belongs to the public. Alaska (46%) and the Intermountain West (24%) contain the majority of reserved forest land.[2]

Forest Ownership Patterns by Region, 2012[3]



	Alaska	Hawaii	Pacific Coast	Rocky Mountain	South	North
Public	92.5	0.6	51.4	97.5	32.7	46.5
Private	36.1	1.2	32.9	33.8	212	129.1

■ Public ■ Private

Forestry (2/11)

Federal Governance

U.S. Forest Service Governance

The U.S. Forest Service manages 191 million acres of national forests. Forests actually cover 73% of that land. Of that forested land, regular timber harvest can occur on 25% of it and logging companies harvest roughly 0.5% of trees in any one year. Congress or the Executive Branch has designated 65% of land for non-timber use either because it has been protected as wilderness, set aside for another purpose such as recreation, or cannot be harvested due to environmental conditions. The Forest Service provides a map of national forests here.

The majority of national forests in the West were designated out of the public domain in the early 20th century under the Forest Reserve Act of 1891. In the East, the Weeks Act of 1911 enabled the government to buy private lands to establish publicly owned forests, leading to 52 national forests in 26 states in the East as well as an addition of 19.7 million acres across 41 states and Puerto Rico. Today, the Forest Service uses the Land and Water Conservation Fund (LWCF) to add to national forest lands for the benefit of the public. To read more about how LWCF works, the projects it funds, or to nominate a project see the LWCF page on the Forest Service Website.[2]

Extensive planning goes into managing the national forests. Each national forest develops a comprehensive plan for its management, based on public input and scientific insights. The Forest Service manages the national forests for a wide range of interrelated purposes reflecting the myriad roles forests play in our society and planet. The table below outlines major planning topics. The Forest Service's Citizen's Guide to National Forest Planning provides clear, detailed information on the planning process, its major phases, its relationship to the NEPA process, and major planning topics.[3]

Major Planning Topics[4]	
Adjacent Lands and Inholdings	Grazing and Rangelands
Air Quality	Renewable/Nonrenewable Energy & Mineral Resources
Climate Change	Social and Economic Sustainability
Cultural Resources	Soil
Ecological Sustainability	Sustainable Recreation
Fire and Fuels Management	Water and Watersheds
Fish, Wildlife, and Plants	Wild and Scenic Rivers
Fishing, Hunting, Trapping, and Gathering	Wilderness
Forest and Timber Management	

This management and planning occurs under the National Forest Management Act (NFMA) of 1976 and planning regulations known as the planning rule, the most recent from 2012. The Forest Service provides extensive information on the 2012 Planning Rule on its site.[5]

Each major planning topic has additional key considerations. Planning for timber management, in particular, includes:
- Determining land suitable for timber production
- Establishing desired conditions for that area of timber (such as mix of age classes of tree and species mix)
- Determining the sustained yield limit (amount of timber that could be removed annually in perpetuity on a sustained-yield basis), projected wood sale quantity (an estimate of the quantity of all timber or other wood products expected to be sold annually during the plan period), and projected timber sale quantity (an estimate of the quantity of timber that meets utilization standards to be sold annually during the plan period)[6]

For additional information, see the Citizen's Guide to National Forest Planning , the Forest Service Budget Justification and the Forest Management page.

BLM Governance

BLM manages 65 million acres of forests and woodlands across 12 western states and Alaska. The majority of those 65 million acres are woodlands, with forests focused in Oregon. The BLM provides a map of managed forests and woodlands on its website. BLM manages forests and woodlands under the Federal Land Policy and Management Act of 1976 which mandates that forests must be able to provide in the future all the services they provide today.[1]

Forestry (3/11)

Federal Governance (continued)

BLM Governance (continued)

The majority of timber production occurs on the 2.4 million acres of O&C and CBWR lands in Oregon. BLM manages these lands under the Oregon and California Revested Lands Sustained Yield Management Act of 1937. They manage the lands for permanent forest production with the principle of sustained yield, protecting watersheds, regulating stream flow, contributing to the economic stability of local communities, and providing recreational facilities. BLM provides more information on O&C lands here. In August 2016, BLM completed resource management plans for Western Oregon to balance timber production, protections for the northern spotted owl and other species, and recreation. Timber production can occur on roughly a quarter of the 2.5 million O&C acres. BLM provides the resource management plans here.[2]

Similar to the Forest Service, BLM sells timber through a bidding process. The process of proposing, designing, analyzing, and selling a timber sale contract takes 2-5 years. Interdisciplinary teams work together to select and design projects that will best meet the Resource Management Plan. Any proposed sale also goes through the NEPA process. Information on timber sales, notices, prospectuses, and sale results can be found here.[3]

Tribal Governance

Tribal lands across the U.S. include 18.2 million acres of trust forest acres. The Forest Service's Tribal Relations site provides an interactive map of national forests and grasslands, tribal trust lands, and tribal lands ceded as part of a treaty. The How it Works / Tribal Ownership page [Link to be added when tribal addition is complete] includes more information on the trust responsibility of the federal government. BIA, the tribes themselves, or a combination of the two manage these lands. Tribes and the BIA jointly manage 54% of tribal trust acres. BIA independently manages 25% of the acres. Tribes exercise self-governance on a further 7% and manage 14% of trust forest lands under self-determination contracts. Tribal participation in forest management occurs under 37 self-governance compacts and 54 self-determination contracts covering all or part of the forestry program of the tribe. To read more about extraction on tribal lands see, [links to be included to tribal addition pages when added to the data portal.] The Tribal Relations page of the Forest Service provides more information on the Forest Service's work with tribes. The Bureau of Indian Affairs Division of Forestry and Wildland Fire Management provides more information on BIA's work and role. [1]

State Governance

A number of states also have their own state forests managed for purposes as diverse as the national forest system. States establish their own laws to govern the management of these laws. Individual state government agencies will provide information on state-by-state governance. Example of agencies include the Department of Natural Resources, Forestry Commission, or Division of Forestry.

Production

All Lands Production

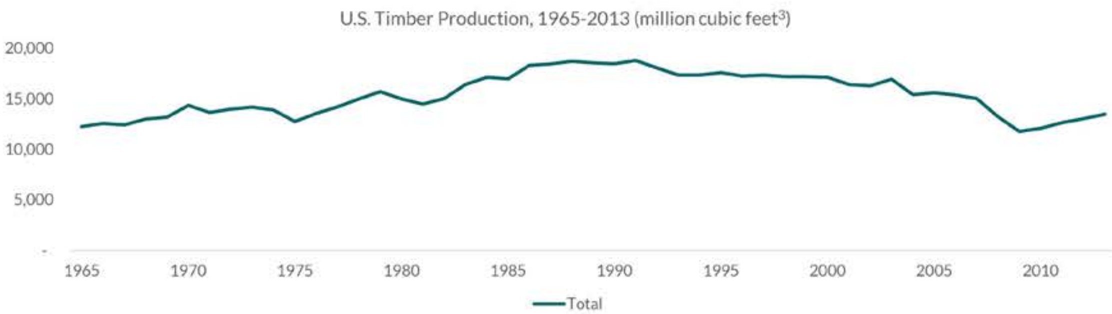
Government and industry define and measure timber production, or harvest, a myriad number of ways, including its shape, intended purpose, and type of tree. Roundwood production is one of the most encompassing measures of production. Roundwood refers to a length of cut tree with a round cross-section, like a log. Next, timber harvest can be defined by the purposes for which it will be used: industrial or fuelwood. Industrial uses like saw-logs, plywood, and pulpwood-based products make up the majority of timber production in the United States. Between 2004 and 2013, the last 10 years for which data exists for all U.S. production, industrial production constituted 89% of production. Fuelwood accounted for 11%. The United States has led the world in global industrial roundwood production since at least the 1960s. Its percentage of global market share peaked at 28% in 1999 and had declined to 17% by 2012. For more information on the global position of the U.S., see the U.S. Forest Service's *The Global Position of the U.S. Forest Products Industry*. [1] *(continued)*

Forestry (4/11)

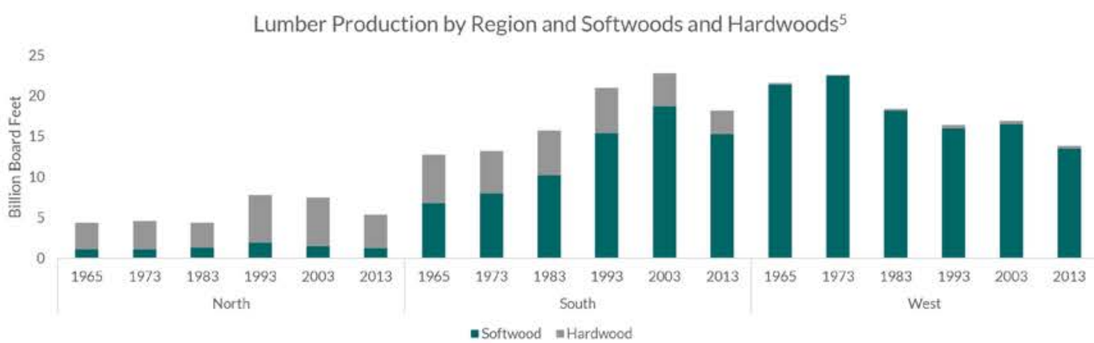
Production (continued)

All Lands Production (continued)

A number of economic factors drive timber production. New housing construction, total industrial production, private nonresidential construction, and durable consumer good production all contribute to the demand for timber production. USEITI focuses on extraction, not on value-add steps later in the supply chain; data used here discusses timber production as a whole. For more information on specific types of industrial production, the U.S. Forest Service provides extensive data on industrial production and the timber industry as a whole in their U.S. Timber Production, Trade, Consumption, and Price Statistics series.[2]



Another chief distinction, generally for saw-logs, lies in the type of tree harvested: hardwood or softwood. Examples of softwood trees include shortleaf and longleaf pines, spruce and balsam firs, and hemlocks. Hardwood species of tree include oak, maple, poplar, and sweetgum. The majority of U.S. production comes from softwoods in the South. Hardwood production centers in the North, with some production in the South. The West produces almost entirely softwoods. [4]



Federal Production

The majority of timber production in the United States occurs on private forests. More than 90% of the wood and paper products produced in the United States come from private forests. National forests provide less than 2% of wood and paper products in the United States. Of that production, the majority occurs on the national forests of the United States, managed by the U.S. Forest Service. A small minority occurs on BLM land, chiefly Oregon & California (O&C) Railroad Revested lands and Coos Bay Wagon Road (CBWR) lands in Oregon. These were deeded to the O&C Railroad to sell to settlers. When they failed to sell them, Congress revested 12,800 acres of O&C land as well as a 93,000 acres associated with the Coos Bay Wagon Road. O&C lands now include more than 2.4 million acres.[1]

Forestry (5/11)

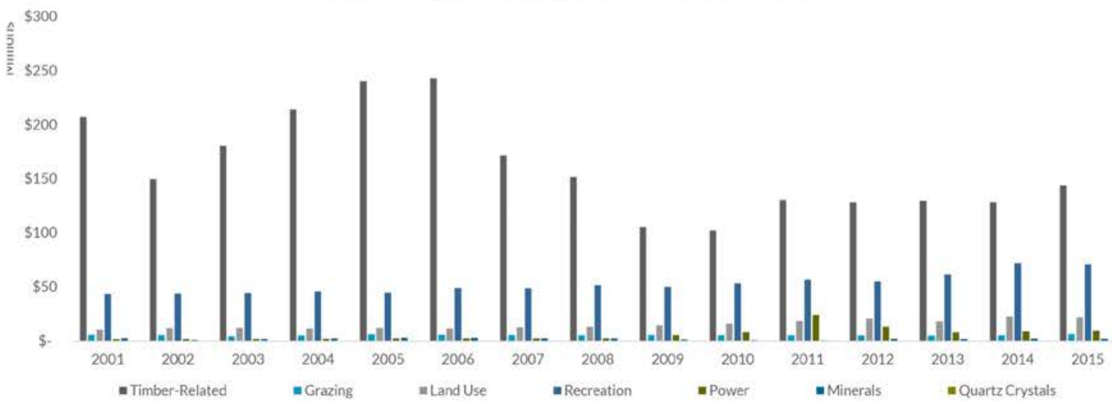
Revenue Collection & Distribution

U.S. Forest Service Revenue

The majority of federal timber production in the United States occurs in the national forests. The Forest Service collects revenues from a variety of sources related to the national forests. It collects receipts across nine different classes, including timber, grazing, recreation, power, and other land use. The Forest Service aggregates these funds in the National Forest Fund, before being transferred to the states or the General Fund of the U.S. Treasury. In addition, the Forest Service collects revenues related to timber harvest from a handful of other revenue streams.[1]

Combined, timber-related revenues made up 56% of Forest Service receipts in FY2015, accounting for $144M of $254M. Following timber, the Forest Service collected its second largest amount of revenue from recreation, $71M or 28%. Land use, power, grazing, minerals, and quartz crystals followed in that order. Chief revenue streams for each national forest, however, can vary with some deriving more revenue from timber harvest and others, for example, from recreation.[2]

Total U.S. Forest Service Receipts by Use, 2001-2015[3]



Based upon a national forest's plan, the Forest Service will periodically auction timber for harvest. These sales, and the stipulations within the contracts, provide the majority of timber-related revenues to the U.S. Forest Service. In preparing for a sale, the Forest Service conducts a NEPA analysis, determines the volume and value of the trees to be removed, sets the layout and design of the timber sale, and prepares the timber sale contract and permit. The process for a bid includes advertising the bid, bid opening, and final sale. The highest bid for the timber wins and bids must meet a minimum rate determined and advertised by the Forest Service. The winning bidder then has a period of time to harvest the timber. The Forest Service provides Periodic Timber Sale Accomplishment Reports on its website.[4]

Among timber-related revenues, the Forest Service collected revenue from five main revenue streams:[5]

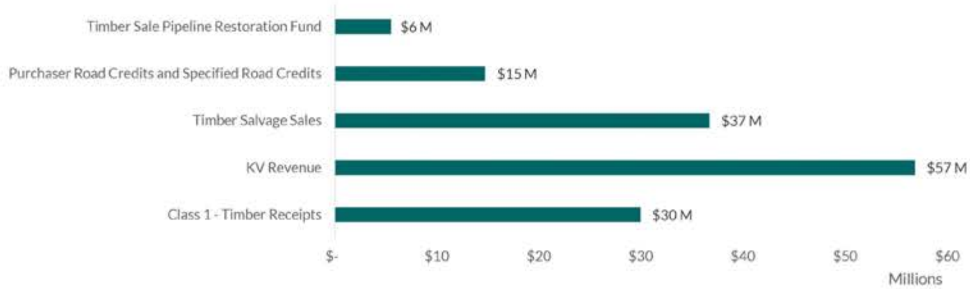
- **Class 1 - Timber Receipts**: These receipts cover amounts collected and deposited into the timber sale deposit fund from the sale of timber and certain other forest products such as posts, poles, and firewood. The Forest Service disburses these funds either to eligible states or the General Fund of the U.S. Treasury.
- **Knutson-Vandenburg (KV) Revenue**: This revenue includes collections under the Knutson-Vandenberg Act, a major forestry act passed in 1930. The K-V Act authorizes collections from timber sale purchasers for sale area improvement work, including reforestation. The Forest Service disburses these funds in compliance with the agreements between the FS and the cooperator (such as a timber purchaser, not-for-profit organization, or local hunting and fishing club). For more information, see the Forest Service whitepaper on the K-V Act.
- **Purchaser Road Credit and Specified Road Costs**: These funds are credits (net losses to the government) or deposits to payments by purchasers for timber sale contracts related to the construction of roads for the support of harvesting.
- **Timber Salvage Sales**: To facilitate the timely removal of timber damaged by fire, wind, insects, diseases, or other events, the Forest Service sells salvageable material. The Forest Service recycles these funds and uses them on other qualifying salvage sales to cover the cost of preparing and administering the sales.
- **Timber Sale Pipeline Restoration Fund (TPTP)**: The Forest Service uses this fund to restore the timber sale pipeline and address backlog recreation project needs. The funds come from timber sales released in the FY1995 Supplemental Appropriations for Disaster Assistance and Recessions Act.

Forestry (6/11)

Revenue Collection & Distribution (Continued)

Forest Service Revenue Collection & Distribution (Continued)

FY2015 Forest Service Timber-Related Receipts[6]



The distribution of these specific receipts varies depending on statutory authority and appropriation. The Forest Service collects some revenues as dedicated collections. This means that statute requires that these funds be used for designated activities or purposes. All of the above revenues, with the exception of the Class 1 – Timber receipts are dedicated collections.[7]

The state portion of national forest receipts constitutes the largest dedicated collection related to the national forests. Since 1908, with a few exceptions, states have received 25% of the total of all receipts collected form national forests within their borders. States must then use these funds for public schools and roads in the county or counties in which the national forests are situated. [8]

In FY2015, 30 states received more than $1M dollars in payments from the National Forest Fund. Seven states received greater than $10M. These distributions include both timber and non-timber revenue. A state's relative reliance on timber versus other receipts, such as recreation, can be determined by examining the sources of revenue for that specific state.[9]

State[10]	Oregon	California	Idaho	Washington	Montana	Colorado	Arizona
Total Payment	$53,856,777	$31,787,328	$23,470,052	$17,349,103	$15,938,821	$11,820,673	$11,156,048
% of Receipts from Timber	79%	21%	62%	70%	74%	7%	12%

For further, more detailed information, the Forest Service provides data on payments made by state, county, national forest, and congressional district as well on its Payments and Receipts page. Other smaller, dedicated collections exist. For a full list of all the dedicated collections see the U.S. Department of Agriculture's Agency Financial Report.

Secure Rural Schools and Community Self-Determination Act Distributions

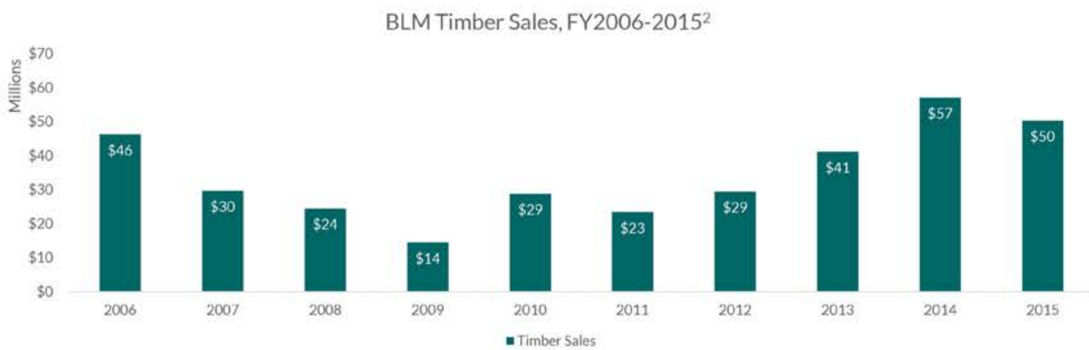
From 2001 to 2015, Congress provided another option for counties to receive these funds with the Secure Rural Schools and Community Self-Determination Act. Counties could elect to receive a payment calculated under a different formula and eligible to be spent on an extended range of items, including public schools, special projects within the national forests, and projects related to minimizing wildfire risk. Both the Forest Service and BLM distributed funds under the act. To read more about those payments, see the U.S. Forest Service website outlining the program. It includes information on election and allocation guidelines and how payments were calculated among other items. BLM provides information on distribution under SRSA to O&C lands here.[11]

Forestry (7/11)

Revenue Collection & Distribution (Continued)

BLM Revenue Collection & Distribution

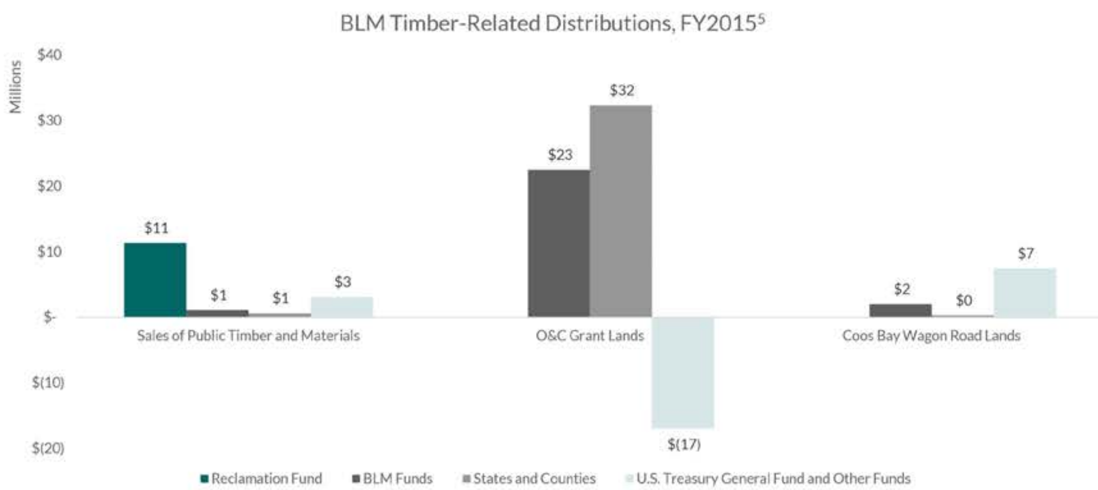
The Bureau of Land Management also collects revenues from the sale of timber, as well as wood products and non-wood forest products. Almost all BLM timber sales come from O&C lands in Oregon. Separately, BLM also took in receipts for the Timber Sale Pipeline Restoration Fund of $9.8M and the Forest Ecosystem Healthy Recovery Fund (related to salvage and treatments) of $12M.[1]



Similar to the Forest Service, BLM distributes funds under the Secure Rural Schools and Community Self-Determination Act from 2001 to 2015. BLM provides information on distribution under SRSA to O&C lands here.

BLM Revenue Distributions vary depending on whether or not the money comes from public domain lands or O&C/CBWR lands. If timber revenue comes from public domain lands, then 4% goes to the state in which production occurred, 20% goes to the General Fund of the U.S. Treasury, and 76% goes to the Reclamation Fund (except for Forest Ecosystem Healthy Recovery Fund and Timber Sale Pipeline Restoration Fund work).[3]

If production occurred on O&C or CBWR lands, now that SRSA has lapsed, then 50% go to the county(ies) in which production occurred and 50% of the receipts go to the General Fund of the U.S. Treasury.[4]



BLM does not disaggregate distributions to states by specific type of material (e.g., timber). Aggregated distributions to states can be found in the annual *Public Lands Statistics* report.

Forestry (8/11)

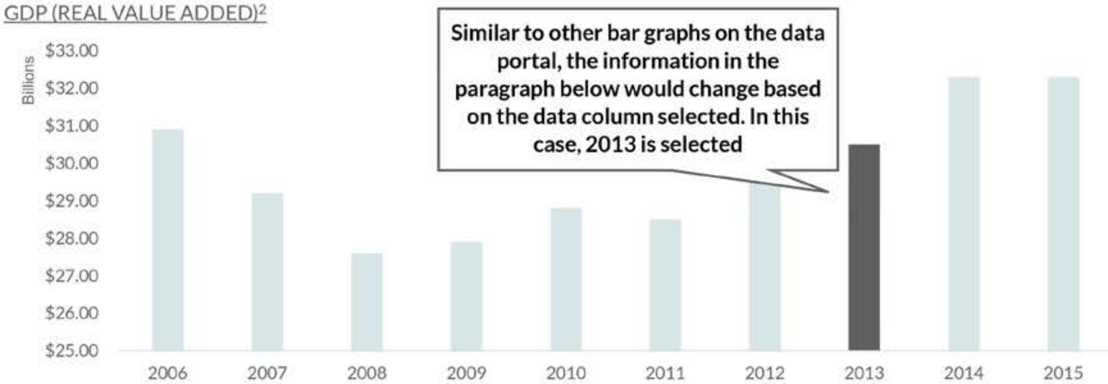
Economic Impact

Forestry affects the country's economy in a number of ways. In addition to the revenues collected for public purposes, these include contributing to the country's GDP, creating jobs, and generating exports which draw in money from abroad. Beyond these standard measures, forests provide a variety of ecosystem services (such as purifying air, cleaning water, and maintaining biodiversity) that are beginning to be valued through environmental markets. USDA's National Resources Conservation Service provides more information on these environmental markets.

Gross Domestic Product

The Bureau of Economic Analysis measures forestry and logging's GDP contribution in conjunction with fishing. These numbers reflect that combination. Combined, forestry, fishing, and related activities contribute a relatively small percentage of the total U.S. GDP. Each of the last ten years they have constituted 0.20% of the total U.S. GDP. [1]

GDP (REAL VALUE ADDED)[2]

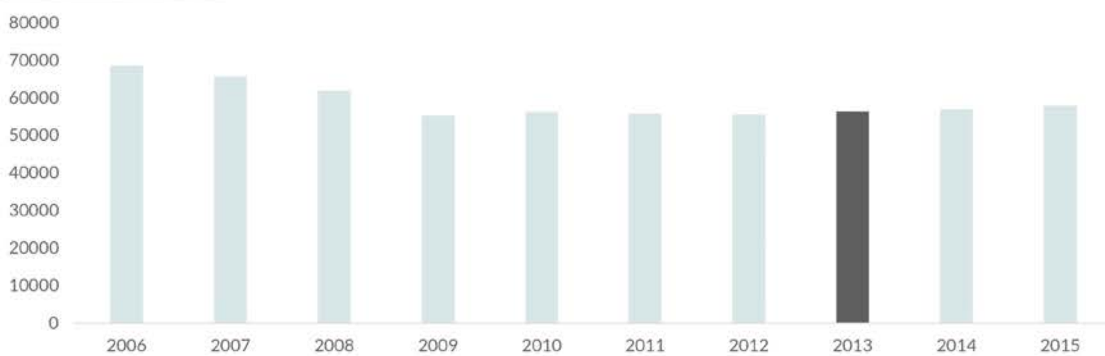


In 2013, forestry, fishing, and related activities contributed **$30.5B in gross domestic product**, 0.20% of the **total U.S. GDP.**

Wage & Salary Jobs

Forestry and logging jobs include fallers; supervisors; logging equipment operators; saw machine setters, operators, and tenders; and truck drivers.[1]

WAGE & SALARY JOBS[2]



In 2013, forestry and logging contributed **56,363 jobs.**

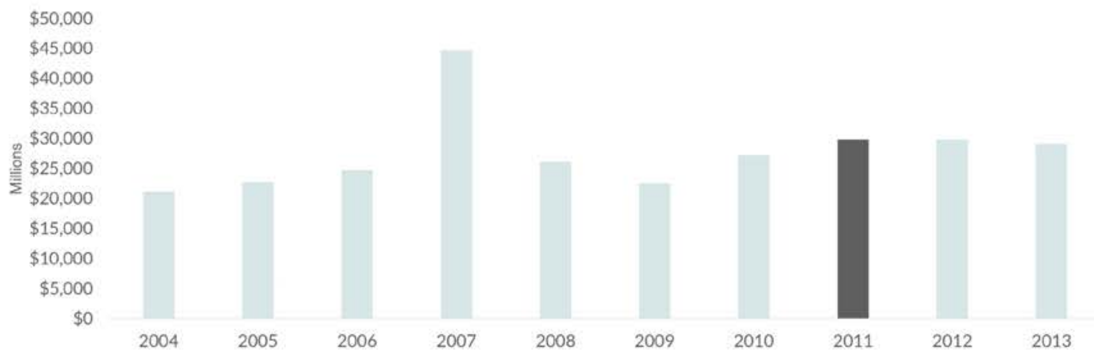
Forestry (9/11)

Economic Impact (Continued)

Exports

The U.S. exports timber products across the world and predominantly exports logs to Canada, the European Union, Japan, South Korea, and China. The U.S. has generally been a net importer of timber products. For 41 of the 49 years between 1965 and 2013, the U.S. imported more timber products than it exported.[1]

VALUE OF EXPORTS OF TIMBER PRODUCTS[2]



In 2011, the value of timber products exported reached **$29,815,300, 2% of the U.S. total for all commodities.**

Costs

In addition to generating revenue and creating jobs, timber production also brings associated costs to government, communities, and the ecosystems in which harvest occurs. The USEITI MSG prioritized four types of costs in 2015: water, transportation, reclamation (here discussed as reforestation), and emergency services.

Water:

Among other reasons, Congress and the Executive initially established national forests to provide clean water by protecting water supplies from flooding and sedimentation caused by logging and fire. 80% of the nation's freshwater originates in forests. 6% of runoff in the eastern United States comes from National Forests, while 33% originates in the West where major rivers begin in the mountains of national forests. This water critically enables healthy, diverse ecosystems and provides drinking water to millions of people. In 1999, EPA estimated that 3,400 public drinking-water systems serving 60 million people were located in watersheds containing national forest lands. The Forest Service's *Water and the Forest Service* details the important role of the national forests play in preserving water quality and quantity and the effects of management of the forests on watersheds.[1]

The quality and quantity of water delivered from forests depends on the condition of the watershed, particularly its vegetation. Watersheds across the Forest Service system need extensive rehabilitation to restore them to their "proper functioning condition" due to effects of logging, grazing, fire, and other human and natural disturbances. In FY2015, only 52.2% of watersheds were in "proper functioning condition." As discussed in the reforestation section of this page, logging practices were the initial focus of the Forest Service for reforestation, but now fire presents the chief need for reforestation.[2] This is expected to increase as climate change increases the occurrence and severity of forest fires, particularly in the arid regions of the western United States.[3]

The U.S. Forest Service invests funds from a variety of sources in restoring watersheds. Downstream water users have also recognized the importance of investing in forests to protect water supplies. For example, Denver Water invests money in Forest Service activities related to fuels reduction, prescribed burns, and prevention activities to minimize the effects of fires on their water supply. Denver Water supplies water to 1.4M people in Colorado. The Forest Service administers 14.5M acres of lands in the state, almost 90% of which exist in watersheds that contribute to public water supplies. Sparked by the costs incurred following two large fires, Denver Water began this partnership with the Forest Service in 2010. By investing $16.5M in these activities now, Denver Water expects to save money on the restoration and repair of their water systems after forest fires. The Forest Service and other partners match this money. Denver Water provides more information on its partnership with the Forest Service. More information on funding for work related to water can be found in the Forest Service Budget Justification.[4]

Forestry (10/11)

Economic Impact (Continued)

Costs (Continued)

Reforestation:

One of the "most important challenges and responsibilities of the Forest Service has been to establish forests on lands" that have lost their forests due to either excessive cutting, fires, insects, farming practices, or natural catastrophes. Historically, timber harvest necessitated the majority of reforestation. To address this, the Knutson-Vandenberg Act of 1930 authorized the Forest Service to require companies harvesting timber to make deposits to cover the cost of reforestation and related work. Since then, these funds have been the primary means of regenerating harvested forests. The need for reforestation of harvested areas has declined since 1992, however, due to a decline in the use of clearcutting practices and timber production more generally. In recent years, reforestation has shifted in two important ways: 1) the majority of reforestation now concerns regeneration following wildfires in the West, and 2) reforestation has shifted from restoring single-species forest for harvest to restoring forests to their previous complexity in species, age of trees, and ability to meet goals separate from timber harvesting, such as providing ecosystem services. The U.S. Forest Service Reforestation page provides extensive additional information.[1]

As of the start of FY2015, 1,125,931 acres of NFS land could benefit from reforestation. Roughly 900,000 of those acres must be reforested due to fires and roughly 150,000 came from timber harvest. In FY2016, the Forest Service budget allocated $65.9M to K-V work. The Reforestation Trust Fund provided an additional $30M for reforestation work. This money comes from the U.S. Treasury each fiscal year. The Forest Service uses it to address the backlog of reforestation and timber stand improvement work. Using $32M in Reforestation Trust funds in FY2015, the Forest Service accomplished 108,540 acres of reforestation and 26,489 acres of timber stand. More information on funding for reforestation work can be found in the Forest Service Budget Justification.[2]

Transportation:

Forest road construction boomed after World War II due to demand of wood products. Forest roads increased to more than 400,000 miles. These roads posed "severe problems and risks" for forests due to land disturbance, access enabled, and concentration of human activities and pollution. They were shown to be particularly harmful to watersheds and riparian ecosystems.[1] Broadly, roads have significant effects on the forests in which they are built. Roads have direct physical and ecological effects, altering forests' geomorphology, hydrology, productivity, and habitat. Similarly they have indirect, landscape-scale effects, harming aquatic habitat and water quality, diminishing the health and abundance of fish populations, acting as population sinks for terrestrial vertebrates, and having a negative effect on biodiversity and conservation. Forest roads also have direct socioeconomic effects, however, enabling timber programs, harvest of nontimber forest products, grazing and rangeland management, energy and mineral resource extraction, and outdoor recreation. They also have indirect socioeconomic effects including enabling fire suppression, forest research and access to private inholdings. The Forest Service report *Forest Roads: A Synthesis of Scientific Information* provides extensive detail on these effects and the scientific research that informs them.[2]

In FY2016, the Forest Service received $172,094,000 for roads, including new road construction, operations & maintenance, and reconstruction of existing roads. Of 52,660 miles of road receiving maintenance, reconstruction, or capital improvement in FY2015, 15,360 miles were for high clearance system roads, the type of roads generally used for timber harvest and extractive activities. The majority of the road worked on were passenger car roads. The deferred maintenance backlog for the passenger car road system has grown to approximately $3 billion. More information on funding for transporation work can be found in the Forest Service Budget Justification.[3]

No information could be found on costs associated with emergency medical services related to forestry.

Forestry (11/11)

Laws & Regulations

A number of laws and regulations govern forestry on public lands in the United States. The Forest Service's Laws, Regulations, & Policies page contains more information. The *Chronology of National Forest Management Laws and Regulations* outlines their development over time.

Law/Code/Rule	Description
United States Code, Title 16, Chapter 2 - National Forests	Laws governing the establishment and administration of the National Forests can be found here in the U.S. Code
The Organic Act of 1897	Authorized the establishment of National Forest Reserves to improve and protect the condition of forested areas of the United States and to "furnish a continuous supply of timber for the use and necessities of the people of the United States."
Knutson-Vandenberg Act of 1930	Allows receipts collected from the sale of National Forest timber to be retained by the Forest Service and used to finance reforestation, non-commercial thinnings, and other sale-area improvements. Amended by the National Forest Management Act of 1976.
Oregon and California Revested Lands Sustained Yield Management Act of 1937	Put the Oregon and California Railroad Revested Lands (O&C Lands) under management of the U.S. Department of the Interior. Lands were classified as timberlands to be managed for permanent forest production under the principle of sustained yield. It also provided for protecting watersheds, regulating stream flow, contributing to the economic stability of local communities and industries, and providing recreational facilities.
Bankhead-Jones Farm Tenant Act of 1937	Directs the Secretary of Agriculture to develop a program of land conservation and utilization to correct maladjustments in land use and assist such things as control of soil erosion, reforestation, preservation of natural resources, and protection of fish and wildlife.
Multiple Use-Sustained Yield Act of 1960	Authorizes the Secretary of Agriculture to develop and administer the renewable resources of timber, range, water, recreation, and wildlife on the national forests for multiple use and sustained yield of the products and services
Wilderness Act of 1964	Established the National Wilderness Preservation System, the initial wilderness areas, and the process by which to create wildernesses "...to secure for the American people of present and future generations the benefits of an enduring resource of wilderness." Read here about further acts related to wildernesses and the Forest Service. Today, the Forest Service manages 445 units encompassing 36,572,721 acres as wilderness.
National Historic Preservation Act of 1966	Establishes a program for the preservation of additional historic properties throughout the country. Of particular relevance for the Forest Service, it secures protection of archaeological resources and sites on public and Indian lands
Wild and Scenic Rivers Act of 1968	Established the National System for wild and scenic rivers, the eight initial rivers as a part of the system, and the process for adding rivers to the system. Rivers may be classified as wild, scenic, or recreational. The underlying principles of the act are to keep designated rivers free-flowing; protect outstanding natural, cultural, and recreational values; allow existing uses to continue where they do not conflict with river protection; build partnerships among landowners, river users, tribal nations, and all levels of government. When wild and scenic rivers flow through Forest Service land, the Forest Service takes on the stewardship role.
Forest and Rangeland Renewable Resources Planning Act (RPA) of 1974	Authorizes long-range planning by the Forest Service to ensure the future supply of forest resources while maintaining a quality environment. RPA requires that a renewable resource assessment and a Forest Service plan be prepared every ten and five years, respectively, to plan and prepare for the future of natural resources
National Forest Management Act (NFMA) of 1976	NFMA is the primary statute governing the administration of national forests and was an amendment to RPA. It obliges the Forest Service to use a systematic and interdisciplinary approach to resource management and provides for public involvement in preparing and revising forest plans. NFMA requires that plans for alternative land management options be presented, each of which have potential resource outputs (timber, range, mining, recreation) as well as socio-economic effects on local communities.
U.S. Forest Service 2012 Planning Rule	The most recent planning procedures, and the first significant update since 1982. Requires a holistic and integrated approach to management, recognizing that management needs for ecosystem resources are interrelated, and that management for ecological, social, and economic objectives are also interrelated. Designed to incorporate adaptive management, scientific basis, and public participation while acknowledging the need for flexibility and agility in times of change. Provides for a stronger commitment to involving the public throughout the planning process.

Other key laws include the Federal Land Policy and Management ACT (FLPMA) of 1976 (governing BLM management), the Endangered Species Act, the Clean Water Act, the Clean Air Act, and the National Environmental Policy Act. Read about those acts on the Federal laws and regulations page.

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All Lands Production (continued)

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2. U.S. Forest Service, *Fiscal Year 2017 Budget Justification.* February 2016. Accessed on May 18, 2017. https://www.fs.fed.us/about-agency/budget-performance

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USEITI June 2017 MSG Meeting Postponed

From: "OS, USEITI" <useiti@ios.doi.gov>

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 P. 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 (RTHQ) <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>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.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 Levine <mlevine@oceana.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>

Cc: John Kenneth Cassidy (US - Arlington) <jocassidy@deloitte.com>, John Mennel <jmennel@deloitte.com>, Luke Malcolm Hawbaker (US - Arlington) <lhawbaker@deloitte.com>, Sarah Platts (US - Arlington) <splatts@deloitte.com>, Mia Steinle <msteinle@pogo.org>, Emily Hague <hague@api.org>, "Norfleet, Charles" <charles.norfleet@boem.gov>, Jeannette Angel Mendoza <jeannette.angel.mendoza@onrr.gov>, Judith Wilson <judith.wilson@onrr.gov>, Robert Kronebusch <robert.kronebusch@onrr.gov>, Nathan Brannberg <nathan.brannberg@onrr.gov>, Pat Field <pfield@cbuilding.org>, tkansal@cbuilding.org, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Treci Johnson <treci.johnson@onrr.gov>, Anita Gonzales-Evans <anita.gonzales-evans@onrr.gov>, Chris Mentasti <chris.mentasti@onrr.gov>

Date: Thu, 25 May 2017 10:10:45 +0000

Attachments: Published Notice to Postpone June MSG Meeting 2017-10720.pdf (216.36 kB)

Good morning MSG Members:

The Department of the Interior is currently conducting a review of the charters and charges of Federal Advisory Committee Act (FACA) Advisory Commissions in an effort to maximize feedback from these boards and to ensure their compliance with both FACA and the President's recent executive orders. An initial roll call of the advisory committees revealed that many of the committees advising the Department were not operating at their full potential, were not using taxpayer dollars efficiently, or were not meeting basic benchmarks of FACA. Many had several vacancies, making the board inoperable, and others simply hadn't met for some time during the previous administration. The review process is meant to identify committees that merit improvement in order to fully support their mission, serve the local communities, and ensure the Department was getting local feedback to the maximum extent possible.

As the review proceeds in the coming days and weeks, many committees will resume their regularly scheduled meetings, and the Department fully expects the majority of committees to resume by September. Additionally, several committees have already been given exemptions or clearance to resume. This is a standard review process which previous administrations have also conducted during the transition process. The goal is to institutionalize state and local input and ongoing collaboration, particularly in communities surrounding public lands. This review process necessitates the temporary postponement of advisory committee meetings. Therefore, meetings by these groups are postponed for the present time.

I have attached the Federal Register Notice that postpones the June 2017 MSG Meeting until further notice. It will also be posted on the USEITI MSG Website at: https://www.doi.gov/eiti/faca/federal-register-notices

Thank you,

Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone
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--
Follow us on Twitter and Facebook

USEITI Secretariat
202-208-0272 voicemail

regards to the estimated completion time burden, the Service recognizes that many of the applicants that fill out form 3–200–88 are large orchestras that may have multiple instruments that need to be exported. While the Service believes that each musician involved in the orchestra or, if the instruments are owned by the orchestra itself, should have all of the relevant information about their instruments readily available, it may take longer to compile all of the information than we initially estimated to complete the application form. Therefore, we are increasing our estimated time burden to 1.5 hours. Lastly, as with the previous commenters, the Service supports the concept of creating an electronic permitting system and is actively working on that endeavor at this time.

Comment 4: Email Comment Dated 04/21/2017 from the National Association of Music Merchants: The commenter represents over 900 members in the United States and 100 other countries, many of which are involved in the commercial trade of products recently regulated by CITES. Due to the recent listing of the affected timber species, many members are unfamiliar with the Service's permitting process. The commenter requested that the Service provide greater clarity of the need for permits due to the recent CITES listing and the permitting process.

The commenter requested more detailed instructions as to the document requirements to conduct legal international business with products manufactured with listed wood species and greater recognition on the part of the Service on how the permitting process affects the commenter's members. Finally, the commenter requesting that an electronic permitting system be developed to streamline the permitting process.

FWS Response to Comment 4: The Service has been actively working with the commenter and its members since the timber species were listed on CITES and the impact that the permitting process would have on international trade carried out by the commenter's members. The Service had modified the proposed applications to provide greater clarity and to make the applications more user-friendly. Several of the commenter's statements go outside this specific information collection process, but will be take the comments into consideration in other actions taken by the Service.

Comment 5: Email Comment Dated 04/21/2017 from Taylor Guitars: Taylor Guitars addressed several factors that they stated affects their business process in order to export finish guitars. Taylor raised concerns about the permit application processing by the Service once an application is submitted to the Service. They were specifically concerned that how the Service reviews submitted applications and the permits issued creates a burden for Taylor to carry out the business as they did before a recent listing of a number of timber species in January 2017 under CITES. Taylor also raised issues that when the Service considers the time and cost burdens that applicants/permittees face when carrying out export business, particularly in regards to the cost of applying for a permit and the cost of clearance at the port of export. Taylor also recommended several ways to reduce the application burden. As with other commenters, Taylor suggested that the Service implement an electronic application process. Taylor also recommended that the Service consider establishing a permitting process for applicants that they would consider to be "low risk exporters". This process would combine both the permit application process and the clearance process at the port.

FWS Response to Comment 5: Most of the comments provided by Taylor addressed the application process and the clearance process, not the application forms themselves or how those forms could be revised to improve the information collection. Taylor raised several aspects that would require specific rulemakings to address the Service's current regulatory structure and the implementation of CITES. The Service will take these comments into consideration as we consider revisions to our current regulations. The Service is, as stated previously, currently developing electronic applications that would allow applicants to supply permit applications electronically and pay the application fee online. This process, once in place, should allow for a smoother application process in regards to submissions and subsequent communication with the application.

We again invite comments concerning this information collection on:

• Whether or not the collection of information is necessary, including whether or not the information will have practical utility;

• The accuracy of our estimate of the burden for this collection of information;

• Ways to enhance the quality, utility, and clarity of the information to be collected; and

• Ways to minimize the burden of the collection of information on respondents.

Comments that you submit in response to this notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this IC. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment, including your personal identifying information, may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

IV. Authorities

The authorities for this action are the Endangered Species Act (16 U.S.C. 1531 *et seq.*), the Migratory Bird Treaty Act (16 U.S.C. 704), the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 *et seq.*), the Wild Bird Conservation Act (16 U.S.C. 4901–4916), Lacey Act: Injurious Wildlife (18 U.S.C. 42), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (TIAS 8249), and the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Dated: May 22, 2017.

Madonna L. Baucum,

Information Collection Clearance Officer, U.S. Fish and Wildlife Service.

[FR Doc. 2017–10702 Filed 5–24–17; 8:45 am]

BILLING CODE 4333–15–P

DEPARTMENT OF THE INTERIOR

Office of the Secretary

[Docket No. ONRR–2012–0003; DS63602000 DR2000000.PX8000 178D0102R2]

U.S. Extractive Industries Transparency Initiative (USEITI) Advisory Committee; Postponement of Meeting

AGENCY: Office of the Secretary, Office of Natural Resources Revenue, Interior.

ACTION: Notice.

SUMMARY: The June 2017 United States Extractive Industries Transparency Initiative Advisory Committee meeting has been postponed.

DATES: The meeting was scheduled for June 7–8, 2017, in Washington, DC, and will be rescheduled at a later date. We will publish a future notice with a new meeting date and location.

FOR FURTHER INFORMATION CONTACT: Judith Wilson, Program Manager, 1849 C Street NW., MS 4211, Washington, DC 20240. You may also contact the USEITI

Secretariat via email at *useiti@ios.doi.gov*, by phone at 202–208–0272, or by fax at 202–513–0682.

SUPPLEMENTARY INFORMATION: The U.S. Department of the Interior established the USEITI Advisory Committee on July 26, 2012, to serve as the USEITI multi-stakeholder group. Additional information is available in the meeting notice published on December 29, 2016 (81 FR 96032).

Authority: 5 U.S.C. Appendix 2.

Gregory J. Gould,
Director—Office of Natural Resources Revenue.

[FR Doc. 2017–10720 Filed 5–24–17; 8:45 am]

BILLING CODE 4335–30–P

INTERNATIONAL TRADE COMMISSION

Petitions for Duty Suspensions and Reductions: Notice That the Commission Will Accept Additional Comments Through Its Web Site Relating to Certain Petitions Included in Its Preliminary Report to the Congress

AGENCY: United States International Trade Commission.

ACTION: Notice that the Commission will accept additional comments from the public on certain petitions for duty suspensions and reductions included in its preliminary report to the House Committee on Ways and Means and the Senate Committee on Finance.

SUMMARY: The Commission intends to provide a limited opportunity for members of the public to submit additional comments on certain petitions for duty suspensions and reductions. Under the American Manufacturing Competitiveness Act of 2016 (the Act), the Commission will submit a preliminary report on the petitions for duty suspensions and reductions that have been filed with it to the House Ways and Means Committee and the Senate Finance Committee on June 9, 2017.

In that report, the Commission will categorize petitions as (a) petitions that meet the requirements of the Act with or without modification (Category I, II, III, or IV petitions), (b) petitions that do not contain the information required by the Act or that were not filed by a likely beneficiary (Category V petitions), and (c) petitions that the Commission does not recommend for inclusion in a miscellaneous tariff bill (Category VI petitions). The Commission has decided that it will accept additional comments from the public on any petitions that are listed as Category VI petitions for a ten day period beginning on June 12, 2017, at 8:45 a.m. As provided below, all such comments must be submitted to the Commission electronically through the Commission Web site *https://www.usitc.gov/mtbps*. The Commission will not accept comments filed in paper form or in any other form or format.

DATES: June 12, 2017, 8:45 a.m. EST: Opening date and time for submission of additional comments on Category VI petitions.

June 21, 2017, 5:15 p.m. EST: Closing date and time for submission of comments on Category VI petitions.

ADDRESSES: All Commission offices are located in the United States International Trade Commission Building, 500 E Street SW., Washington, DC. The public file for this proceeding may be viewed on the Commission's MTBPS at *https://www.usitc.gov/mtbps*.

FOR FURTHER INFORMATION CONTACT: For general inquiries, contact Jennifer Rohrbach at *mtbinfo@usitc.gov*. For filing inquiries, contact the Office of Secretary, Docket Services division, U.S. International Trade Commission, telephone (202) 205–3238. The media should contact Peg O'Laughlin, Public Affairs Officer (202–205–1819 or *margaret.olaughlin@usitc.gov*). General information concerning the Commission may be obtained by accessing its internet server (*https://www.usitc.gov*).

SUPPLEMENTARY INFORMATION:

Background: The American Manufacturing Competitiveness Act of 2016 (the Act), Public Law 114–159, May 20, 2016, 19 U.S.C. 1332 note, established a new process for the submission and consideration of requests for temporary duty suspensions and reductions. As required by the Act, the Commission initiated the new process by publishing a notice in the **Federal Register** permitting members of the public to submit petitions of duty suspensions and reductions to the Commission for a 60-day period beginning October 14, 2017. (See 81 FR 71114 (Oct. 14, 2017)). After the window for filing petitions closed on December 12, 2017, the Commission published, as required by the Act, a notice in the **Federal Register** announcing publication on its Web site of the petitions for duty suspensions and reductions that were submitted to the Commission and not withdrawn. (82 FR 3357 (Jan. 11, 2017)). The notice invited members of the public to submit comments on these petitions during a 45-day period, which ended February 24, 2017.

Pursuant to the Act, the Commission is required to submit preliminary and final reports on the petitions to the House Committee on Ways and Means and the Senate Committee on Finance (the Committees). The Commission's preliminary report is due to the Committees on June 9, 2017. In its preliminary report to the Committees, the Commission must evaluate whether petitions meet the requirements of the Act and should be included in an omnibus miscellaneous tariff bill.

In preparing its report, the Act requires that the Commission take into account the report of the Secretary of Commerce, issued April 10, 2017. In the report, the Secretary analyzed, for each petition, whether there was domestic production of the article that was the subject of a petition, and if so, whether a domestic producer of the article objected to the petition. In the report, based on consultations with Customs and Border Protection, the Secretary also recommended whether any technical changes were necessary to make each petition's article description administrable.

In its preliminary report, the Commission must place these petitions into one of six categories. Specifically, the Commission must categorize each petition as (a) a petition that meets the requirements of the Act without modification (Category I petition), (b) a petition that meets the requirements of the Act with certain modifications (Category II, III or IV petitions), (c) a petition that does not contain the information required by the Act or was not filed by a likely beneficiary (Category V petition), or (d) a petition that the Commission does not recommend for inclusion in a miscellaneous tariff bill (Category VI petition).

The Commission has decided to re-open its Web site portal for the limited purpose of allowing members of the public to submit comments on petitions that have been categorized as Category VI petitions in its preliminary report. The Commission will re-open the portal for this limited purpose on June 12, 2017 at 8:45 a.m. and will close the portal on June 21, 2017 at 5:15 p.m. As discussed below, the Commission will only accept information from the public that relates to its decision to place these petitions into Category VI.

Content of Comments: The public will be able to comment on the administrability of the article descriptions in the petitions, the existence of domestic producer objections to the petitions, and other issues affecting their placement in Category VI. In particular, the Commission seeks input that would clarify or narrow the scope of proposed

Invitation: USEITI Discussion with Government Sector @ Tue Jun 6, 2017 1pm - 2pm (EDT) (curtis.carlson@treasury.gov)

Where:	1-877-984-1404; Leader Passcode: 1923766; Participant Passcode: 2973393, ONRR-CL-DC-MIB 5147
Organisers	kimiko.oliver@onrr.gov
Required Attendees:	kimiko.oliver@onrr.gov ONRR-CL-DC-MIB 5147 <doi.gov_336136616531666234626538363836363866396230383666316335353762376461383535653036@resource.calendar.google.com> greg.gould@onrr.gov jennifer.malcolm@onrr.gov judith.wilson@onrr.gov chris.mentasti@onrr.gov mike.smith@iogcc.state.ok.us jlenoir@blackfeetnation.com charles.norfleet@boem.gov claire.ware007@yahoo.com treci.johnson@onrr.gov marina.voskanian@slc.ca.gov jim.steward@onrr.gov "Carlson, Curtis" <curtis.carlson@treasury.gov> robert.kronebusch@onrr.gov bbarnett@choctawnation.com Mike Matthews <mike.matthews@wyo.gov>
Attachments:	invite.ics (3.97 kB)

USEITI Discussion with Government Sector [more details »]

During this meeting the Government Sector to discuss the path forward for USEITI.

When Tue Jun 6, 2017 1pm – 2pm Eastern Time

Where 1-877-984-1404; Leader Passcode: 1923766; Participant Passcode: 2973393, ONRR-CL-DC-MIB 5147 (map)

Video call https://plus.google.com/hangouts/_/doi.gov/kimiko-oliver

Calendar curtis.carlson@treasury.gov

Who

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- Mike Matthews

Going?
Yes - **Maybe** - **No** more options »

[Update] USEITI Discussion with Government Sector

From: kimiko.oliver@onrr.gov
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Date: Tue, 06 Jun 2017 13:49:23 +0000

Hello and good morning. This is a quick reminder that the government sector is meeting today at 1pm EDT to discuss the path forward for USEITI. We hope all can join in the discussion. Thank you!

Kim Oliver

USEITI Discussion with Government Sector
During this meeting the Government Sector to discuss the path forward for USEITI.

When Tue Jun 6, 2017 1pm – 2pm Eastern Time

Where 1-877-984-1404; Leader Passcode: 1923766; Participant Passcode: 2973393, ONRR-CL-DC-MIB 5147 (map)

Video call https://plus.google.com/hangouts/_/doi.gov/kimiko-oliver

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- Mike Matthews
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USEITI - Meeting Summary from Co-Chairs Meeting

From:	"Oliver, Kimiko" <kimiko.oliver@onrr.gov>
To:	Anita Gonzales-Evans <anita.gonzales-evans@onrr.gov>, Bruce A. Barnett <bbarnett@choctawnation.com>, Charles Norfleet <charles.norfleet@boem.gov>, Chris Mentasti <chris.mentasti@onrr.gov>, Greg Gould <greg.gould@onrr.gov>, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Jim Steward <jim.steward@onrr.gov>, Jose Bernal <jose.bernal@onrr.gov>, Judith Wilson <judith.wilson@onrr.gov>, Julie A Lenoir <jlenoir@blackfeetnation.com>, "Marina@SLC Voskanian" <marina.voskanian@slc.ca.gov>, Michael D Matthews <mike.matthews@wyo.gov>, Mike Smith <mike.smith@iogcc.state.ok.us>, Robert Kronebusch <robert.kronebusch@onrr.gov>, Treci Johnson <treci.johnson@onrr.gov>, claire. ware007 <claire.ware007@yahoo.com>, "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date:	Tue, 06 Jun 2017 14:53:45 +0000
Attachments:	USEITI - May 2017 Co-Chairs Mtg - Mtg Summary v5 (170530).docx (124.89 kB)

Hello and good morning:

I have attached the meeting summary from the Co-chairs meeting that took place on May 11, 2017.

Thanks,
Kim

--
Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone
Kimiko.Oliver@ONRR.gov

United States Extractive Industries Transparency Initiative
Multi-Stakeholder Group Co-Chairs Meeting
May 11, 2017

Meeting Summary

Background

The USEITI MSG co-chairs, along with a colleague from each other their sectors, met with representatives from the EITI International Secretariat and the US Department of State to discuss possible future directions for USEITI. This meeting took place on May 11, 2017 in Washington DC.

This summary provides a high-level synthesis of the key options with regards to the future direction of USEITI explored during the meeting. Some of these options were mooted by the USEITI co-chairs and some by the EITI International Secretariat, as noted below. No decisions about USEITI's future were made at this meeting. Rather, each sector will discuss internally and the co-chairs are planning to reconvene on June 22 for an anticipated decision on that date.

Options Considered for USEITI's Future

Meeting participants considered the following four options for the future of USEITI:

1) Request a temporary, voluntary suspension from EITI
2) The International EITI Board could create a new path for USEITI to continue under different requirements / protocols
3) Mainstreaming of USEITI reporting into US government reporting
4) Withdrawal of the United States from EITI

<u>Option 1:</u> Request a temporary, voluntary suspension from EITI

In this option, mooted by the government sector co-chair, the US government would formally write to the International EITI board for a two-year "pause" on implementation of EITI in the United States. The following activities would take place during this two-year pause:

- Congress and the SEC will have time to move forward around the Dodd–Frank Act, and specifically rule making under Section 1504 of the Dodd-Frank Act, which will clarify publicly traded USEITI-participating companies' requirements for corporate income tax disclosure.
- ONRR will continue to update the online data portal (the USEITI website) on a regular basis with unilateral disclosure of non-tax revenues from the US government. ONRR will also proceed with a pilot rollout of one state's revenue information. The USEITI name would be removed from the website for the duration of the pause.

- There would *not* be any USEITI MSG meetings held.
- Ambassador Warlick will continue participating on the EITI International Board.
- There is an opportunity to see if the EITI Standard evolves in a way to allow greater flexibility for countries like the United States that have very robust transparency and reporting procedures already in place.
- The CSO and industry sectors can explore whether to pursue outreach and advocacy efforts to the government to create a true multistakeholder forum for the USEITI MSG that is not constrained by FACA.

Considerations around this option:

- The provision in the EITI Standard outlining the conditions in which an implementing country can request a "pause" generally is envisioned for situations of civil conflict in the form of a coup or civil war.
- Inherent in the concept of a "pause" is that there exists a clear pathway and timeframe for USEITI to restart its work in compliance with the EITI Standard and have a strong case for validation.
    - Outstanding questions about the prospects for corporate income tax reporting in quantities that would meet the requirements of the EITI Standard in the United States raise questions about USEITI's future pathway to validation under the EITI Standard.
    - Standing up the USEITI MSG as a FACA subcommittee within the Department of the Interior may need to be revisited. FACA committees are advisory to the US Government, whereas EITI MSGs are intended to be independent decision-making bodies.

<u>Option 2:</u> The International EITI Board could create a new path for USEITI to continue under different requirements / protocols

In this option, mooted by the EITI Secretariat, USEITI would send a letter to the EITI International Board explaining its context and situation. The letter would detail what steps USEITI is able to take and in what ways it anticipates being able to meet or exceed elements of the EITI Standard. The letter would also detail challenges that USEITI is facing and which elements of the Standard it does not anticipate being able to comply with. The EITI International Board, as the creator of the Standard and as the ultimate decision-making body for EITI, would then decide how to handle USEITI's situation and could create a new pathway for countries in a similar situation to continue participating or sign up to EITI.

Considerations around this option:

- It is unknown how the EITI International Board will approach the US' case. Given the ongoing uncertainty about corporate income tax reporting as part of USEITI, risk exists that USEITI and the US government are not looked upon favorably by members of the International Board and that the reputations of the United States and of USEITI are degraded.

Option 3: Mainstreaming of USEITI reporting into US government reporting

In this option, mooted by the USEITI government sector co-chair, the US Government would include reporting of the elements included in the EITI Standard through its own channels in lieu of publication of an independent USEITI report.

Considerations around this option:

- The mainstreaming concept, as articulated in the EITI Standard, is intended to preserve the same comprehensiveness and granularity of reporting as is done under standard EITI reporting (in which EITI implementing countries publish annual EITI reports). Given the ongoing uncertainty about corporate income tax reporting as part of USEITI, as well as the recent decision by the USEITI MSG to rely on the government's existing audit and assurance processes, USEITI would be deviating in two significant respects from the EITI Standard. As USEITI has done in the past, it could request "adapted implementation" under the EITI Standard as part of mainstreamed reporting, but such a request may not be looked upon favorably given the presumption towards maintaining the same comprehensiveness and granularity of reporting as is done under standard EITI reporting.

Option 4: Withdrawal of the United States from EITI

In this option, mooted by the USEITI government sector co-chair, the US Government would submit a letter to the EITI International Board articulating its decision to withdraw from EITI. The letter could come from any member of the US Government who is able to speak on the government's behalf with regards to this decision. The EITI Secretariat indicated that EITI would not need the letter to articulate why the US Government is making this decision. CSO sector representatives suggested that including some indication as to *why* the US is withdrawing from EITI could reduce some of the criticism that may be leveled against USEITI and against the US government for a decision to withdraw. Representatives from the EITI International Secretariat and the government sector cautioned against including explanatory language about the decision to withdraw, suggesting that it would likely be very difficult to craft language that all three USEITI sectors could agree on. Instead, these participants suggested keeping the letter relatively brief. Various meeting participants suggested citing the DOI Inspector General's report and highlighting USEITI's record of accomplishments in the letter.

With this option, ONRR could also continue to update the online data portal (the USEITI website) on a regular basis with unilateral disclosure of non-tax revenues from the US government. ONRR will also proceed with a pilot rollout of one state's revenue information. The USEITI name would be removed from the website. In addition, the

Department of the Interior could maintain the USEITI website, containing MSG meeting information and other materials, as a publicly available website.

Considerations around this option:

- The reputational risk to USEITI and to the US Government would be time-limited. The government has already been accused of giving up on transparency and, while this accusation will be made again with the official announcement of withdrawal, the decision will conclude the matter.
- The nature of the letter and how much support it can receive from members of the other sectors will affect the nature of press coverage and reputational impact of the withdrawal decision.
- Implications for ongoing US' support of EITI, including representation on the EITI International Board, are unknown and will need to be explored.
- Withdrawal of the United States from EITI could negatively influence perceptions of EITI in some countries and among some companies.

Additional Key Considerations and Next Steps

Meeting participants also discussed the pending release of a report by the Department of the Interior's Office of Inspector General. The report is expected to be released the week of May 15 and is anticipated to say that USEITI successfully met 8 of the 9 elements of the EITI Standard and has expended $6.2 million in 2016.

No decisions about USEITI's future were made at this meeting. Rather, each sector will discuss internally and the co-chairs are planning to reconvene on June 22 for an anticipated decision on that date.

Meeting Participants

Discussion participants	
Sam Bartlett *(via phone)*	EITI Secretariat
Danielle Brian	Project on Government Oversight, USEITI MSG Advisory Committee Co-Chair from CSO sector
Greg Gould	US Department of the Interior, USEITI MSG Advisory Committee Co-Chair from government sector
Veronika Kohler Shime	National Mining Association, USEITI MSG Advisory Committee Co-Chair from industry sector
Jonas Moberg	EITI Secretariat
Isabel Munilla	Oxfam America, CSO sector representative
Johanna Nesseth	Chevron, industry sector representative
Micah Watson	US Department of State
Judy Wilson	US Department of the Interior, government sector representative

Process support	
Tushar Kansal	Consensus Building Institute

Review | USEITI Mainstreaming Feasibility Report - comments by Tues, June 27th

From: "Platts, Sarah (US - Arlington)" <splatts@deloitte.com>
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Date: Tue, 06 Jun 2017 14:55:22 +0000
Attachments: Mainstreaming Feasibility Study_June22017_vF.docx (846.18 kB)

USEITI MSG Members –

I hope this note finds all of you well! Attached please find the USEITI Mainstreaming Feasibility Report for your review. The IA completed this along with numerous stakeholders throughout the past couple of months. We'd now like for you to review this and **provide any feedback or comments directly to me (ideally via track changes) by Tuesday, June 27th.**

If you have any questions at all about the attached, please let me know.

Best,
Sarah

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Monitor **Deloitte.**

USEITI 2016 Annual Activity Report - DRAFT

From: "OS, USEITI" <useiti@ios.doi.gov>

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 P. 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 (RTHQ) <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>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.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 Levine <mlevine@oceana.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>

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Date: Mon, 12 Jun 2017 15:10:56 +0000

Attachments: DRAFT - USEITI Annual Activity Report 2016 v2 (170609).docx (295.46 kB)

Good morning MSG Members:

I have attached the draft 2016 Annual Activity Report. Please review the document and email any redline comments or edits directly to Tushar Kansal with CBI at <tkansal@cbuilding.org>

Comments are due by COB, Monday, June 19th.

Thank you,
Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone
Kimiko.Oliver@ONRR.gov

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Follow us on Twitter and Facebook

Regards,

USEITI Secretariat
202-208-0272 voicemail

USEITI

The United States Extractive Industries Transparency Initiative

United States **EITI Annual Progress Report 2016**

1. General assessment of year's performance:

> *In accordance with requirement 7.4(a)(i), provide a short summary of EITI activities undertaken in the previous year. The multi-stakeholder group may wish to outline how these activities relate to the objectives in the work plan.*

In December 2016, the United States submitted the second USEITI report to the EITI International Board. This highlights the U.S.' commitment to implementing EITI and enhancing transparency and good governance of extractive sector revenues, both domestically and globally.

As part of the ongoing effort, the USEITI Multi-Stakeholder Group (MSG) met three times in 2016, and conducted ongoing work through the USEITI subcommittees: Implementation, Communications, and State and Tribal Opt-In, along with the various working groups of these subcommittees. The MSG meetings were open to the public, with meeting materials posted online two weeks in advance of each meeting, and meeting summary materials posted following each meeting. In addition, members of the public were able to observe and participate in meetings remotely via video presentation and telephone, and they were given opportunities on each day of the meetings to provide public comment to MSG members. Summaries from subcommittee meetings are also posted online.

The MSG and the Independent Administrator (IA) worked closely throughout 2016 to produce the second USEITI report. The IA created project plans for both the reporting and reconciliation and the contextual information portions of the report and helped the USEITI MSG produce its second report. The IA also updated content from the 2015 USEITI Report; created new content for the 2016 Report; and coordinated with the team from the U.S. Government's digital services consultancy, GSA (General Services Administration) 18F, to design and create the 2016 USEITI Report.

The MSG and other members of the USEITI team also conducted public outreach to diverse constituencies, as we outlined in the USEITI Communications and Outreach Plan. USEITI's key outreach goals for 2016 included conducting outreach to industry to encourage their involvement in the USEITI process, conducting outreach to states and tribal governments to encourage their participation in USEITI, keeping Congress informed on U.S. implementation efforts, and educating all stakeholders about the benefits of U.S. implementation of EITI.

Building upon its first report in 2015, the USEITI MSG prioritized several key activities in 2016 to strengthen the information presented, further participation in EITI, and increase transparency and public awareness. In 2016, the USEITI MSG prioritized:

- Encouraging state and tribal participation
- Improving public engagement and outreach
- Increasing industry reporting and reconciliation

The MSG tasked the completion of these goals to its three subcommittees: Implementation, Communications, and State and Tribal Opt-In. The Implementation Subcommittee focused on industry reporting and reconciliation and explored how the U.S. can comply with changes to the EITI Standard in 2016, notably beneficial ownership and mainstreaming revenue reporting. The State & Tribal Subcommittee worked to increase state and tribal participation in USEITI. The Outreach & Communications Subcommittee sought to increase public awareness of, and engagement with, USEITI.

The MSG identified increasing state and tribal participation in USEITI as a goal for 2016 and tasked the State & Tribal Subcommittee with spearheading those efforts. The subcommittee conducted conversations and worked with state and tribal officials, some of whom are members of the MSG and the subcommittee, to encourage them to "opt in" to USEITI. Three additional states chose to opt in: Alaska, Montana, and Wyoming. All three states are among the 18 that the MSG prioritized in 2015 as centers of extractive industries activity in the U.S. The three states provided data on revenues, distribution of those revenues, and legal and fiscal governance of extractive industries, as well as the economic impact of extraction in their states. Additionally, on the 18 prioritized state pages on the USEITI data portal, there was increased disclosure of publically available state information. The MSG also furthered local accountability and transparency in this year's report by updating 12 county case studies that depict the impact of specific extractive industries on local communities.

In an effort to improve public understanding and inform discussions around extractive industries in the United States, USEITI developed new contextual narrative sections for the 2016 USEITI report. In addition to the state opt-in section, the report covers the Abandoned Mine Land (AML) Reclamation Program, U.S. audit and assurance practices and controls, and the Coal Excise Tax.

During 2016, the US Department of the Interior's Office of Inspector General conducted an independent review of the USEITI program. The report was released in May 2017 and can be accessed at: https://www.doioig.gov/reports/united-states-implementation-extractive-industries-transparency-initiative.

2016 concluded with submission to the EITI International Board and the public release of the 2016 USEITI Report, available at: https://useiti.doi.gov/. The report provides a valuable resource for data and contextual information about extractives industry in the U.S. In addition to the reporting, reconciliation, and contextual aspects of the report, the U.S. government unilaterally disclosed calendar year 2014-2015 revenues paid to and collected by U.S. Department of the Interior bureaus by company, revenue type, and commodity. The online report's user-friendly, interactive design allows members of the public to easily navigate and access information and data. The report website is also a premier resource for credible data and information on extractive resources published by other federal agencies, such as the Energy Information Administration (EIA) and the U.S. Census Bureau. The report's data sets and visualizations can also be reused for strategic reporting, re-posting, and sending through social media, thus further informing the debate on the extractives industry.