

**From:** POLITICO Pro Energy  
**To:** [megan\\_bloomgren@ios.doi.gov](mailto:megan_bloomgren@ios.doi.gov)  
**Subject:** Afternoon Energy: Zinke's method to the methane — Interior outlines regulatory reform — Washington's newest energy think tank  
**Date:** Wednesday, June 21, 2017 3:45:16 PM

---

By Kelsey Tamborrino | 06/21/2017 04:43 PM EDT

*With help from Esther Whieldon and Darius Dixon*

**INTERIOR METHANE REWRITE COULD TAKE YEARS:** Interior Secretary Ryan Zinke told a Senate Appropriations panel hearing today that it could take years to rewrite the Obama-era rule to curb methane emissions from oil and gas wells on federal property, and he cited the likelihood of legal challenges as the culprit. Republicans in the Senate failed in their effort last month to repeal the rule via a Congressional Review Act, prompting Interior to step in, Ben Lefebvre [reports](#). "I imagine we'll be in court over it," Zinke said of the process. "It should take six months, but it will probably take a couple of years." DOI gave its official notification last week that it would rewrite the rule.

**ZINKE SHUFFLES ON STAFF:** Zinke declined to give details on the extent of the shakeup among members of the department's Senior Executive Service who [received letters](#) asking them to move to jobs in different bureaus, saying he doesn't yet know how many executives will accept their new assignments, Ben [reports](#). New Mexico Sen. [Tom Udall](#) pressed Zinke, expressing concern about the staff shuffle, and requested a list of the employees being told to move by the end of the week — but Zinke objected. "I can't give a list because I don't know who's going to go — they were given a choice. There's a privacy issue until they make that choice," Zinke replied.

**Take it or leave Int:** The Interior secretary told reporters after the hearing that the executives who do not accept new postings will likely be asked to leave the department. "They can either take the move or resign," Zinke said. The nearly 50 department SES employees targeted for the shuffle could negotiate to take a position other than the one offered, but should be prepared to move, [Zinke added](#).

**Welcome to Afternoon Energy.** Happy Summer Solstice! I'm your host Kelsey Tamborrino. Send your thoughts, news and tips to [ktamborrino@politico.com](mailto:ktamborrino@politico.com), [mdaily@politico.com](mailto:mdaily@politico.com) and [njuliano@politico.com](mailto:njuliano@politico.com), and keep up with us on Twitter at [@kelseytam](https://twitter.com/kelseytam), [@dailym1](https://twitter.com/dailym1), [@nickjuliano](https://twitter.com/nickjuliano), [@Morning\\_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

**INTERIOR OUTLINES REFORM PLANS:** The Interior Department has laid out its regulatory review plans under President Donald Trump, which largely encompass rethinking oil and gas regulations. In a Federal Register [notice](#) slated for Thursday, Interior details, among other steps, that it intends to use more advanced notices of proposed rulemakings "to solicit input on the front end as to how any given regulatory action could be tailored to reduce or eliminate burden." The department's regulatory reform task force will review Obama-era rules on energy development that may be repealed or revised, Esther Whieldon [reports](#).

**GOVERNORS INVITE ZINKE TO SAGE GROUSE MEETING:** Western governors on the Federal-State Sage Grouse Task Force have [invited](#) Zinke to attend a formal meeting of the state-led group in Whitefish, Mont., on June 26. Zinke has initiated an internal review of the Bureau of Land Management's nearly 100 land-use plans across 11 Western states but has not

clarified the extent to which states will be involved in that effort. Interior spokeswoman Heather Swift in an email said she had "no announcements" regarding Zinke's schedule next week. He is already slated to speak on June 27 at the Western Governors' Association meeting, which is also in Whitefish.

**MONIZ: DOE BUDGET FALLS SHORT OF PERRY GOAL:** The former head of the Energy Department said he was pleased with his replacement's innovation focus, but warned that the White House's budget wouldn't support that goal. Ernest Moniz told reporters today at the unveiling of a new nonprofit analysis group he's leading that Energy Secretary Rick Perry has made some "very, very strong and positive statements" on the importance of R&D, but noted "there's a disconnect to the budget." Perry has made positive statements about DOE's Advanced Research Projects Agency-Energy program, Darius Dixon [reports](#), but the proposed budget zeros the program out. "The budget, as proposed, I think is quite simply a nonstarter. I'm not the first one to have said that ... it just, across the board, doesn't do the job," Moniz said.

**WASHINGTON'S NEWEST ENERGY THINK TANK:** Moniz said the [Energy Futures Initiative](#) has been in the works for months and is "not in response to recent events," like Trump's decision to walk away from the 2015 Paris climate agreement. EFI will be focused on efforts to decarbonize the economy and is being principally staffed by his longtime aide Melanie Kenderdine and former DOE CFO Joe Hezir. An advisory board, which includes former national security adviser Brent Scowcroft, will help set direction. The former Energy secretary said that the group would be a lean operation that would pull from a network of 21 "associates" and do analyses as the work and funding came in. Several former Obama-era DOE officials are among the associates, including Moniz's former chief of staff Kevin Knobloch and Jonathan Elkind, who ran the agency's international affairs office. The initiative's initial funds come from the Emerson Collective, a group led by Laurene Powell Jobs, the widow of the late Apple chief Steve Jobs.

**THE PRESIDENT'S POWER POSSE:** The president met today with energy executives to discuss what to do about potential cyber threats to the power grid — a topic that's sparked concern particularly after the recent disclosure of a [malware toolkit](#) designed for sabotaging the grid. The meeting was the first public gathering of an outside cyber advisory group led by former New York City Mayor Rudy Giuliani, [reports](#) Pro Cyber's Eric Geller. American Gas Association CEO David McCurdy, Southern Company CEO Tom Fanning, ConEd CEO John McAvoy, Edison Electric Institute President Tom Kuhn and Kevin Mandia, CEO of the cybersecurity firm FireEye, were all in attendance, a White House spokesman told POLITICO, as well as Tom Bossert, the president's homeland security adviser, and Keith Alexander, the former NSA director.

**"President Trump thanked the participants** in the meeting for their efforts and underscored the importance of a continuing public and private partnership to effectively combat threats against the energy sector, particularly the power grid," the White House said in a statement.

**THE SILENT TREATMENT:** Countries involved with the stalled Environmental Goods Agreement — which would cut tariffs on a range of green goods — expressed support on Tuesday for ending the negotiations. Notably, however, the U.S. remained silent at the meeting, Pro Trade's Adam Behsudi reports. Japan, South Korea, New Zealand, Taiwan, Hong Kong and Switzerland each called for negotiations to be brought to a swift conclusion — and even China, which was previously [an obstacle](#) in the talks, voiced support, saying the EGA could be a potential way for the WTO to addressing climate change. Read [more](#).

**MAIL CALL — TRY GOOGLE:** House Natural Resources Chairman [Rob Bishop](#) (R-Utah) responded today to ranking member [Raul Grijalva](#)'s and Democrats' letter requesting information on Interior's ongoing monument review process. Bishop noted it is "clear" they both "share a genuine concern for transparency," but asked the Arizona Democrat to join him in his efforts to reform the Antiquities Act. But Bishop noted such information is already available: "I am also pleased to let you know that after a few cursory Google searches, it appears as though the administration has already made the information you requested ... publicly available online." Read it [here](#).

— Energy and Commerce ranking member [Frank Pallone](#) (D-N.J), along with Reps. [Bobby Rush](#),(D-Ill.), [Diana DeGette](#) (D-Colo.) [Paul Tonko](#) (D-N.Y.) and [John Sarbanes](#) (D-Md.), today wrote to EPA Administrator Scott Pruitt, seeking details on what procedures the agency has in place to prevent Trump's special adviser and billionaire investor Carl Icahn from influencing the agency on the Renewable Fuel Standard for his own personal financial gain. Read the letter [here](#).

### **QUICK HITS:**

- Take a look at the states sending the most carbon into the air, [Bloomberg](#).
- Norway opens up record 93 blocks for Arctic oil exploration, [Financial Times](#).
- America's hungriest wind and solar power users: big companies, [Reuters](#).
- Oil prices reverse course, fall alongside crude stockpiles fall, [Chron](#).

### **WIDE WORLD OF POLITICS:**

- How McConnell gets to [50 votes to repeal](#) Obamacare
- Secrecy boosts GOP's [Obamacare repeal push](#)
- Trump spikes the ball after [Georgia election win](#)

*To view online:*

<https://www.politicopro.com/tipsheets/afternoon-energy/2017/06/zinke-method-to-the-methane-023424>

### **Stories from POLITICO Pro**

**Zinke: Methane rule rewrite could take 'couple of years'** [Back](#)

By Ben Lefebvre | 06/21/2017 12:41 PM EDT

Interior Secretary Ryan Zinke said today it could take years to rewrite a rule regulating methane emissions from oil and gas wells on public land.

Senate Republicans failed last month to repeal the Obama Interior Department methane rule via a Congressional Review Act, prompting Zinke to step in. The rewrite could begin now that DOI put out a notice last week to suspend the regulation, Zinke said during a budget hearing in front of the Senate Appropriations subcommittee.

"I imagine we'll be in court over it," Zinke said of the process. "It should take six months, but it will probably take a couple of years."

Zinke said he thought it would have been easier to rewrite the rule if the CRA had passed, although some senators had opposed using the CRA because the law prevents agencies from writing new rules substantially similar to those repealed.

"If that Congressional Review Act would have passed on the methane rule you wouldn't be writing anything," Sen. [Jon Tester](#) told Zinke. "You would have been forbidden from writing rules."

To view online [click here](#).

[Back](#)

**Zinke to shuffle top Interior Department career staff** [Back](#)

By Ben Lefebvre | 06/16/2017 03:15 PM EDT

Interior Secretary Ryan Zinke is shuffling dozens of senior department staff to new positions, reassigning as many as one-quarter of the top career people into new jobs.

A spokeswoman for the agency confirmed the changes were taking place, which Jason Briefel, executive director of Senior Executive Services, told POLITICO could involve as many as 50 people.

That would be "a very large number" compared to the previous shakeups that occur when new administrations take power, Briefel said, and could require some staffers to change jobs in as little as 15 days.

A former Fish and Wildlife Service member told POLITICO a move of that breadth of the staff changes would be "unprecedented," and said the shakeup was rumored to move many of the people between DOI's various agencies.

DOI defended the moves.

"Personnel moves are being conducted to better serve the taxpayer and the department's operations through matching senior executive skill sets with mission and operational requirements," said DOI spokeswoman Heather Swift said. "The president signed an executive order to reorganize the federal government for the future and the secretary has been absolutely out front on that issue."

She decline to give details of the planned job changes.

According to The Washington Post, which obtained a copy of one the letters sent to Interior staff on Thursday, officials who received notices include Interior's top climate policy official, Joel Clement, who directs the Office of Policy Analysis, as well as at least five senior FWS officials.

Among the Fish and Wildlife officials are the assistant director for international affairs, Bryan

Arroyo; the southwest regional director, Benjamin Tuggle; and the southeast regional director, Cindy Dohner, according to the paper. BLM New Mexico state director Amy Lueders would move to FWS, while Bureau of Indian Affairs Director Weldon "Bruce" Loudermilk, acting Assistant Secretary of Indian Affairs Michael S. Black and acting Special Trustee for American Indians Debra L. DuMontier would all be reassigned, the paper said.

To view online [click here](#).

[Back](#)

### **Zinke says cannot yet detail extent of staff shuffle** [Back](#)

By Ben Lefebvre | 06/21/2017 11:17 AM EDT

Interior Secretary Ryan Zinke said he could not detail the extent of staff changes among senior executives at the department because he did not know how many would accept their new assignments.

Up to 50 members of the Senior Executive Service working for the agency, including regional chiefs, received letters asking them to [take different jobs](#) in different bureaus, the SES said earlier this week.

Sen. [Tom Udall](#) (D-N.M.), the top Democrat on the Appropriations subcommittee overseeing Interior, expressed concern about the shuffle during a hearing today on Interior's budget. He asked Zinke to provide a list of workers being asked to move.

"My understanding is the scale of these changes are virtually without precedent," Udall said. "But we have no idea how these individuals were chosen for reassignment. Some of these personnel moves just don't make sense."

Udall requested by the end of the week a list of the employees being told to move, but Zinke demurred.

"I can't give a list because I don't know who's going to go — they were given a choice. There's a privacy issue until they make that choice," Zinke replied. "The movements are shifting people to either areas where their skills are better suited or getting them out of headquarters."

**WHAT'S NEXT:** Udall requested Zinke provide a list of names as soon as possible.

To view online [click here](#).

[Back](#)

### **Zinke: Senior staff can accept new assignments 'or resign'** [Back](#)

By Ben Lefebvre | 06/21/2017 12:51 PM EDT

Interior Secretary Ryan Zinke said senior executives who do not accept new postings will

likely be asked to leave the department.

"They can either take the move or resign," Zinke told reporters today after a budget hearing where he was pressed for details on his planned staff shakeup.

Up to 50 department Senior Executive Service employees, including regional chiefs, received letters reassigning them to different jobs in different bureaus, the SES said earlier this week.

Zinke defended the move at a Senate Appropriations subcommittee hearing, but declined to provide ranking member Sen. [Tom Udall](#) (D-N.M.) a list by the end of the week of department employees caught up in a major reassignment shuffle, saying a list could not be provided until staff members made a choice whether to make a move.

Employees targeted for the shuffle could negotiate to take a position other than the one offered, but as SES staff should be prepared to move, Zinke added.

**WHAT'S NEXT:** Udall requested Zinke provide a list of names as soon as possible.

*To view online [click here.](#)*

[Back](#)

**Interior outlines regulatory reform plans** [Back](#)

By Esther Whieldon | 06/21/2017 10:48 AM EDT

The Interior Department has outlined its regulatory review plans, which largely encompass rethinking regulations involving the oil and gas industry.

The [notice](#), which is slated to be published in the Federal Register on Thursday, provides more detail about Interior's ongoing efforts to implement President Donald Trump's regulatory reform goals. Among other steps, the agency said it intends to use more advanced notices of proposed rulemakings "to solicit input on the front end as to how any given regulatory action could be tailored to reduce or eliminate burden."

Interior's regulatory reform task force will review several Obama-era rules on energy development that may be repealed or revised. Stemming from that effort, BLM has already said [it will rewrite](#) its hydraulic fracturing rule. Other rules being looked at include BLM's methane waste rule and regulations involving offshore energy development.

The agency also said it is implementing Trump's order that directed agencies to identify two rules for repeal every time a new regulation is adopted.

**WHAT'S NEXT:** Interior is accepting comments on its reviews but did not set a hard deadline, instead saying it will "review comments on an ongoing basis."

*To view online [click here.](#)*

[Back](#)

## **Ex-DOE chief Moniz knocks Trump budget [Back](#)**

By Darius Dixon | 06/21/2017 01:17 PM EDT

Former Energy Secretary Ernest Moniz said today he was pleased to see current Energy Secretary Rick Perry get behind technological innovation, but warned that the White House's DOE budget proposal didn't support that effort.

"I think Secretary Perry has made some very, very strong and positive statements that I fully endorse in terms of the importance of R&D, the importance of innovation," Moniz told reporters at the unveiling of the Energy Futures Initiative, a new nonprofit analysis group he's leading. "And yet, there's a disconnect to the budget."

For instance, Perry has made friendly statements about DOE's Advanced Research Projects Agency-Energy program but Trump's budget zeros the program out.

"The budget, as proposed, I think is quite simply a nonstarter. I'm not the first one to have said that ... it just, across the board, doesn't do the job," Moniz said.

Perry has often highlighted his experience as Texas governor to argue that funding cuts don't necessarily undermine the DOE's mission. On Tuesday, he told lawmakers that this wasn't his "first rodeo" handling a tight budget, and that the agency's science and research goals would be [assuaged](#) in large part through management.

Moniz warned that while there may be ways to retain staff, the budget may prevent them from getting much research done.

"There's just no magic here. If Secretary Perry has a magic management formula that'd be wonderful. But I've never seen how you make something out of nothing."

**WHAT'S NEXT:** Moniz said that the focus of the Energy Futures Initiative's first study would be on the electric grid and could roll out in the fall.

*To view online [click here](#).*

[Back](#)

## **Electric sector, feds rush to thwart 'milestone' cyber weapon [Back](#)**

By Eric Geller | 06/12/2017 04:09 PM EDT

Government officials and energy sector leaders scrambled Monday to analyze a newly discovered cyber weapon that researchers are calling a "milestone" for hackers hoping to cripple power grids.

But while all involved concede that the weapon — which may be the work of Russia-linked cyber warriors — has the power to unleash never-before-seen cyberattacks, security experts and industry representatives cautioned that the U.S. power grid is better suited than many

others to fend off such a digital assault.

The energy sector has spent years wargaming such scenarios, and it has systems in place to replace damaged equipment, share resources and swap information in the wake of a massive power outage. The government has also improved its rapid-response capabilities in recent years for just such instances. And as of yet, industry representatives noted, there is no indication the malware has infiltrated U.S. power grid networks.

"Our grid benefits from significant experience with weather and other challenges and is very robust," said John Hultquist, director of cyber espionage analysis at iSIGHT, a division of the security firm FireEye.

The new digital weapon [leapt into the public eye](#) Monday morning via reports from security firms [Dragos](#) and [ESET](#). Researchers described it as a highly customized toolkit for mapping grid networks, sabotaging safety equipment and paralyzing power companies. The malware — which Dragos calls CrashOverride and ESET calls Industroyer — can seize control of switches and circuit breakers and wipe servers to delete all traces of itself. ESET claimed that it can also disable equipment designed to prevent grid overloads, potentially letting hackers cause widespread physical damage.

"This is a milestone for critical infrastructure in the West where it's been anxiously anticipated for quite some time," said Hultquist.

Experts believe Russian hackers tested the malware's new powers in a [little-noticed cyberattack](#) on the Ukrainian power grid last December, an incident that was largely overlooked amid concerns about Moscow's alleged meddling in the U.S. presidential race. The attack — which mirrored a first-of-its-kind 2015 [digital strike](#) on Ukraine's power grid — briefly turned off one-fifth of the electric power generated in Kiev, Ukraine's capital.

"This capability now appears to be in the hands of a government who has violated every norm in this space with increasingly aggressive behavior," Hultquist said. "I doubt Ukraine is the last place we will see this capability deployed."

The electric sector jumped into action shortly before the reports dropped. Researchers briefed the industry's [cyber information sharing center](#) on Sunday morning, and the group began distributing technical data about the malware that afternoon. An [industry coordinating group](#) known as the Electricity Subsector Coordinating Council is also in contact with the Department of Energy, according to Scott Aaronson, the group's secretary.

Elsewhere, the North American Electric Reliability Corporation — the electricity industry's main nonprofit regulatory body — is preparing a public alert on the new malware and will release it "as soon as possible," according to spokeswoman Kimberly Mielcarek.

"There is no question that cyberthreats like the one in Ukraine are real and that constant vigilance is needed to protect the reliability of the North American grid," Mielcarek said.

Industry forces are also working with DHS, which has a cyber command center constantly monitoring hacking threats. NERC has a representative at that center — known as the National Cybersecurity and Communications Integration Center — who helps coordinate between DHS and the electric sector.

A DHS spokesman said the department was aware of the malware and was "working with the researchers and industry on this issue," but declined to discuss specifics.

For years, the public and private sectors have operated joint exercises to try and prepare for the types of bruising attacks that CrashOverride may unleash. Electric companies and government agencies gather every two years for drills that simulate digital and physical disruptions at power facilities and encourage collaboration to resolve the problems.

The most recent exercise, in 2015, brought together top executives from energy firms and senior officials from DHS, the Pentagon, the FBI, the Department of Energy, the White House and other federal agencies.

The exercise "highlighted the importance of well-coordinated communications," according to [a summary report](#). But participants complained that the information sharing center's portal "needed enhancements to handle real-time, urgent communication," the report said. "During the exercise, information was quickly buried within the portal and it became difficult to highlight important information."

A major priority for electric companies is being able to continue operations despite network disruptions — what Aaronson called operating "in a degraded state."

"What we have learned from any number of these incidents [is] that you cannot protect everything from everything," Aaronson said. "We have to focus on restoration, response and recovery in order to ensure that we can continue to provide the product that is critical to the life, health and safety of Americans."

The electric sector also prides itself on what Aaronson called "cyber mutual assistance," in which unaffected companies send technicians to assist the digitally-targeted operators.

In general, security experts said, the American power system is less vulnerable to a large-scale digital disruption than systems in other countries.

But those same experts, as well as federal officials and even industry representatives, acknowledge that the threat is still grave and that more work needs to be done. And preparations for thwarting CrashOverride's potentially damaging, information-wiping, recovery-system-immobilizing attacks are based on the scant few examples of what such an incapacitating cyberattack might look like.

The CrashOverride toolkit is only the second known example of malware designed to disrupt a power facility. The United States and Israel are believed to have deployed the first such virus, codenamed Stuxnet, in the mid-2000s to sabotage Iranian nuclear centrifuges. But despite its formidable design and potentially devastating consequences, experts said the industry would handle it through normal channels.

CrashOverride is "another example of malware that has the potential to have an impact on grid operations," said Aaronson. "But notice the word that I used there: it is another one. And there will be another one tomorrow, and another one after that."

John Chirhart, federal technical director at the security firm Tenable, said it was important to note that the malware did not use any zero-day vulnerabilities, pieces of code that exploit undiscovered flaws.

"With all of the buzz around Industroyer being 'the next Stuxnet,' you'd think it was one of the most sophisticated threats out there," he said, "but with no zero days in the Industroyer payload, the significance of this malware as a stand-alone event is small."

Aaronson cited the flurry of chatter that started Sunday as evidence that the proper response mechanisms were in place.

"I think we are well positioned to deal with this particular threat and all of the ones that are yet to come," he said.

*Tim Starks contributed to this report.*

To view online [click here](#).

[Back](#)

## **Giuliani gathers energy executives to brief Trump on cyberthreats [Back](#)**

By Eric Geller | 06/21/2017 01:21 PM EDT

President Donald Trump met today with energy sector executives to discuss cyber threats to the nation's power grid.

The meeting was the first public gathering of an outside cyber advisory group led by former New York City Mayor Rudy Giuliani.

Tom Bossert, the president's homeland security adviser, and Keith Alexander, the former NSA director, also attended.

"President Trump thanked the participants in the meeting for their efforts and underscored the importance of a continuing public and private partnership to effectively combat threats against the energy sector, particularly the power grid," the White House said in a statement.

The meeting focused on the "unique challenges the sector faces and strategic initiatives, both underway and proposed, to address the evolution of malicious cyber activity," the statement said.

Joining Giuliani were American Gas Association CEO David McCurdy, Southern Company CEO Tom Fanning, ConEd CEO John McAvoy, Edison Electric Institute President Tom Kuhn and Kevin Mandia, CEO of the cybersecurity firm FireEye, a White House spokesman told POLITICO.

Trump signed a cyber executive order in May that called for agencies to assess the energy sector's cyber resilience.

The meeting follows the disclosure of a sophisticated [malware toolkit](#) designed for sabotaging power grids. Russian hackers are believed to have used the malware to take down part of Ukraine's grid last December.

"The President made clear that his Administration is committed to working closely with

infrastructure providers, improving the existing public and private partnership framework, and fostering collaborative relationships for effective risk management," the White House said.

To view online [click here](#).

[Back](#)

## **Final obstacle to completing green goods talks: China [Back](#)**

By Megan Cassella and Adam Behsudi | 12/02/2016 05:01 AM EDT

Trade and commerce ministers from a majority of the 17 countries involved in a deal to promote environmentally friendly goods are descending upon Geneva this weekend with the goal of wrapping up the three-year-old negotiations, with one conspicuous absence: Chinese Minister of Commerce Gao Hucheng.

China's decision not to send its top trade official to what is supposed to be a concluding ministerial sends a strong signal that its delegation will not move over the next few days to resolve the outstanding issues standing in the way of finishing the Environmental Goods Agreement, say some involved in the talks. Others contend the vice minister will be a fine stand-in, and he has in fact taken Gao's place at a number of previous negotiating rounds.

Either way, the move is a sign of how out of step Beijing has become with the other countries involved in the agreement — including major players like the United States, the European Union and Japan — who together comprise about 90 percent of world trade in environmental goods. All of them agreed this summer to a self-imposed deadline of this weekend, but with ministers slated to begin arriving Friday, several of those involved in the talks say they are worried too many sensitive issues remain unresolved.

And with the deal remaining the last possible agreement the Obama administration has a chance to conclude before it leaves office, officials involved say its success or failure this weekend has implications that stretch far beyond trade in environmental goods alone.

"The outcome remains uncertain, but ministers also have in mind that the success of the EGA will also send a strong signal that major trade deals can be concluded, and that the WTO still has an important role to play," said one official involved in the talks who requested anonymity. "If the outcome is different, the future of plurilateral and multilateral market access negotiations is seriously compromised."

All of the officials interviewed for this story indicated that while a handful of issues remain, China and its inflexible stances on several aspects of the deal remains the biggest obstacle to reaching an agreement.

When discussing how long countries will have to phase out tariffs after the agreement goes into effect, for example, every delegation except China agreed that seven years should be the maximum amount of time allowed, one official involved in the talks said. Beijing, meanwhile, is saying that as many as 15 years should be allowed before tariffs need to be fully eliminated on some goods covered under the agreement — a stance several others are characterizing as unacceptable.

As for tariff levels, China raised again this week the question of whether tariffs should be eliminated entirely or simply reduced. All other delegations say there is no question that the deal has always been a tariff-elimination agreement, and they point to the [January 2014 statement](#) from Davos, Switzerland, that launched the deal as proof that China has known that all along.

On the product list itself, the chair of the negotiations released on Wednesday evening an "A List" of more than 250 items that presumptively would be included under any final deal. China was one of two delegations to object to any of the items, with the other — Chinese Taipei — raising a much smaller fuss, said another official.

"The level of frustration in Geneva with China," one senior official said, "is extreme."

The creation of the "A List," however, is an example of some progress being made this week. It shows that a majority of the roughly 300 items previously put forth as products whose tariffs would be cut under the agreement have been cleared for inclusion by nearly all except China. The next step for negotiators is to work their way through the "B List" — comprised of around five dozen more sensitive items, including wood products and bicycles — to include as many as possible in the pact.

"From the business community's perspective, the items on the 'A List' in our view would represent the bare minimum of what's necessary to conclude an agreement," said one business source who traveled to Geneva for the negotiations. "All of the efforts should be on moving some products from the 'B List' to the 'A List,' rather than vice versa."

Negotiators are racing to get as much as possible finished Friday so that ministers have only a finite number of issues to tackle this weekend, boosting the chances that an agreement can be finalized. Some worry that simply too much has been left for ministers to tackle, while others emphasize that had to be the way, since so many of the remaining items have become interrelated.

The trick, one official said, will be for ministers to agree on a "package deal" that would satisfy issues surrounding about 10-12 core products as well as other, text-based issues.

For that to happen, though, the Chinese will need to engage with fellow members and willingly compromise on at least some issues, officials said.

"We're seeing the complete inability of the Chinese to take a leadership role on trade or the environment," the senior official said.

After China positioned itself as the next leader in global trade at the Asia-Pacific Economic Cooperation summit in Peru late last month, the senior official added, failing to conclude the green goods talks this weekend would expose the country's hypocrisy on trade.

"History proves that protectionism leads nowhere," Chinese President Xi Jinping said in a Nov. 20 speech at APEC, according to remarks reported in the state-run news outlet China Daily.

"At this crucial stage of Asia-Pacific development," Xi added, "we need to work together for win-win outcomes, oppose all forms of protectionism and inject positive energy into economic globalization."

To view online [click here.](#)

[Back](#)

## **WTO members support resumption of talks on green goods trade deal [Back](#)**

By Adam Behsudi | 06/21/2017 10:56 AM EDT

The United States remained silent at a meeting where Japan, the European Union and even China expressed varying degrees of support for concluding negotiations on a stalled agreement that would cut tariffs on a broad range of green goods.

The statements in support of the Environmental Goods Agreement came at a Tuesday meeting of the World Trade Organization's Committee on Trade and Environment, according to diplomatic sources in Geneva, and marked the first efforts to encourage a resumption of talks, which [stalled](#) in December.

At the meeting, Japan, South Korea, New Zealand, Taiwan, Hong Kong and Switzerland called for negotiations to be brought to a swift conclusion. China, which [complicated](#) efforts to reach a deal last year, even voiced support for it on Tuesday, saying it would be one way the WTO could contribute to addressing climate change. However, the Chinese delegation cautioned that "common but differential responsibility" among nations must be reflected in a final agreement, diplomatic sources said.

The European Union said Tuesday it was committed to concluding a deal "once circumstances allow us to do so and participants are ready for engaging," sources said.

The EGA talks were halted late last year after the 18 WTO members involved failed to reach a deal on the nature and length of tariff cuts on roughly 300 environmentally friendly goods, like LED light bulbs, oil-spill containment booms and reagents used to test water quality.

After trade ministers failed to reach consensus in December, negotiations went into hibernation amid the change of administration in the U.S.

To view online [click here.](#)

[Back](#)

## **Secrecy boosts GOP's Obamacare repeal push [Back](#)**

By Adam Cancryn | 06/20/2017 08:07 PM EDT

Senate Republicans are closer than ever to voting to repeal Obamacare after three months of work that's unparalleled in its secrecy and speed. They're unapologetic, though. Because so far, it's working.

The closed-door deliberations, which have left even some GOP senators in the dark, have prompted widespread charges of hypocrisy and even a fair amount of heartburn within a party

that railed for seven years against Democrats' rush to pass their 2010 health care reform law.

But it's that secrecy that has also helped put the GOP within potential reach of dismantling Obamacare and handing President Donald Trump his first big legislative win.

By keeping the process under wraps, Senate Republican leaders have largely bypassed the headaches and inevitable blowback when any ambitious piece of legislation sees the light of day — especially one that has already become wildly unpopular if polls on the House GOP's effort to overhaul the U.S. health care system are any indication.

They're also betting that for all the stone-throwing from the left, voters already convinced that Congress is broken won't punish Senate Republicans for putting yet another dent in the institution.

"I've always said I would've preferred a more open process," Sen. Bill Cassidy (R-La.) said. "But if you just wait and say, 'Oh, we want an open process,' then you never get that. So at some point you've got to play the cards dealt to you."

The Senate GOP's speed play comes after House Republicans barely pushed through their own version of Obamacare repeal — an effort hampered by fierce criticism over both its secrecy and Congressional Budget Office projections the proposal would leave millions more Americans without health insurance.

Senate Republicans pledged to learn from the backlash and start from scratch on their own bill. Instead, they appear to be largely keeping the House-passed bill's framework and moved their deliberations completely out of public view.

GOP lawmakers have spent the two months since debating broad policy during closed-door lunches, and confining the details to small-group meetings. The actual bill-writing has fallen to an even more select group.

"The leader is really writing this bill," said Sen. Bob Corker (R-Tenn.), referring to Senate Majority Leader Mitch McConnell and his staff. "I mean, we can say the Finance Committee is. We can say the Budget Committee is. We can say the HELP Committee is. But the leader's office is really writing the bill."

That's left much of the rest of the conference in the dark on the legislation's final details, prompting uneasiness among lawmakers facing daily questions about the bill. A number of GOP senators say they've expressed private concerns about the process to Republican leaders, and have increasingly tried to fend off criticism by saying publicly they wish the conference had taken a different route.

"Health care is such an important thing, I think we should've debated it in open, in committee hearings," said Kentucky Sen. Rand Paul, perhaps the most outspoken Republican skeptic. "If you do it on one side only, what you're setting yourself up for is failure."

Sen. Pat Toomey, who has spearheaded conservative senators' effort to quickly end enhanced funding for Obamacare's Medicaid expansion, bristled at questions about the GOP's strategic secrecy.

"You can ask leadership for their reason," the Pennsylvania Republican said. "They do what they do."

Still, GOP senators aren't slowing the march toward a vote, reasoning that the closed-door process has boosted their ability to briskly debate and cobble together proposals that could reshape health care for millions of people.

Republicans have only a limited period to repeal Obamacare under arcane Senate rules that require only 50 votes. They say that bypassing public hearings and committee markups saves valuable time that would otherwise be consumed by unyielding Democratic opposition. And avoiding the public scrutiny that comes with debating every provision in public has upped the odds that Senate Republicans can keep their thin majority united long enough to push the bill through the chamber.

"At the end of the day, you're judged by what you get," said one GOP senator, dismissing concerns about the lack of public feedback on the bill. "At the end of the day, they're not going to be critical of how we got there."

Others, including McConnell, wave off criticism of the GOP's tactics as identical to the Democrats' approach in the run-up to Obamacare's party-line passage seven years ago. In fact, the approaches differ sharply: The 2009 debate over Obamacare spanned more than a year and included public hearings, committee markups and roundtables, with President Barack Obama at times taking questions directly from congressional Republicans.

Pressed on the contrast, GOP senators argue that lawmakers have nevertheless debated health care countless times in the several years since Obamacare's passage.

"There's been all this talk about having hearings," Sen. Pat Roberts (R-Kan.) said, exasperated. "My God, I went through how many hours of hearings?"

That hasn't stopped Senate Democrats from seizing on the GOP's secrecy, hoping to boost public criticism of a bill that they're powerless to stop. During an all-night occupation of the Senate floor, Democrats railed against the repeal effort not only for rolling back Obamacare but for threatening to forever rewrite the rules for passing bills in a chamber famously known as the world's greatest deliberative body.

"Perhaps some of the biggest issues of humanity were debated in an open forum — we have records of those discussions, records of those deliberations," said New Jersey Democrat Cory Booker. "Tonight, it's remarkable to me, it's almost tragic to me, to see a process that is so broken, a process that is so secretive."

Urged on by liberal activists, Democrats are weighing the strategy of grinding the Senate to a halt, in hopes of dragging out the chamber's work and forcing the repeal bill to go public long enough to mobilize stronger opposition.

But Republicans' secrecy has succeeded even in muting that resistance.

Activists have had no new proposals to rally against, and groups across the health care spectrum that hoped to help improve the House-passed repeal bill have found few opportunities to pressure senators over what's ultimately included in the bill.

As for the public, Sen. Richard Burr (R-N.C.) dismissed speculation that voters would make Republicans pay a price.

"If you really want to judge whether Obamacare is a good election-year issue, then look at the last three election cycles," he said.

*Jennifer Haberkorn and Burgess Everett contributed to this report.*

To view online [click here](#).

[Back](#)

## **Trump spikes the ball after Georgia election win [Back](#)**

By Alex Isenstadt and Eliana Johnson | 06/21/2017 05:19 AM EDT

Rattled by Donald Trump's tumultuous first five months in office, the Republican Party breathed a collective sigh of relief Tuesday after a much-needed special election victory in Georgia. The White House also exhaled: After Republican Karen Handel was declared the victor in a race billed as a referendum on the new president, Trump fired off a series of celebratory tweets.

"Well, the Special Elections are over and those that want to MAKE AMERICA GREAT AGAIN are 5 and 0! All the Fake News, all the money spent = 0," wrote Trump.

In the run-up to the Georgia race, Republicans worried that a loss could be the harbinger of a 2018 train wreck. There were fears that a Handel loss could ripple across the political landscape, spurring GOP retirements, dampening candidate recruitment and turbo-charging Democrats looking to bounce back following the soul-crushing 2016 election.

The contest, the most expensive House race ever, was viewed by many as the first major strength test of the Democratic resistance to Trump. In the final days before the election, several White House aides said they didn't know whether Handel would be able to fend off Jon Ossoff, a 30-year-old filmmaker and former congressional aide who became a cause celebre among liberals nationwide.

But she did, and the president's supporters viewed the outcome as proof that Trump continues to connect with voters.

Former House Speaker Newt Gingrich, an informal Trump adviser and a past occupant of the Georgia seat, contended that the handful of special elections this year revealed that voters were tuning out the Russia scandal that has consumed Washington. He argued that the political establishment, much as it did during the 2016 campaign, continued to underestimate the connection many Americans felt with the president.

"He may be resonating with people in a way that some don't get," Gingrich said. "Maybe there's a whole new conversation taking place in a way that none of us understand."

It would be a mistake to say Republicans are in the clear. With Trump confronting an expanding federal probe into his 2016 campaign's ties to Russia, party strategists concede they are still facing serious headwinds in their efforts to retain the House majority in 2018.

And Tuesday's results weren't entirely rosy. Handel's win disguised the fact that the party only

narrowly held on to a Republican-oriented Georgia seat, and barely won another race Tuesday for a conservative South Carolina seat that few thought would be competitive. Both outcomes could easily be interpreted as warning signs for the GOP.

Still, given the national spotlight on Georgia, Republicans breathed easier after the race was called for Handel.

"The Democrats threw the kitchen sink at this deal and they've come up empty again. They haven't won an election all year, and they probably won't until November in New Jersey," said Scott Reed, the chief political strategist at the U.S. Chamber of Commerce, which spent more than \$1 million on ads boosting Handel.

On Tuesday evening, Trump, who previously traveled to Georgia to appear with the Republican candidate, weighed in with four tweets highlighting Handel's performance and one congratulating Ralph Norman in South Carolina. A text message sent to Trump supporters noted that Democrats "lose again (0-4). Total disarray. The MAGA Mandate is stronger than ever."

Handel's win could have immediate implications for her party, possibly helping to dissuade veteran lawmakers — some of whom have been spooked by Trump's underwater approval ratings — from forgoing reelection bids. Hoping to nudge along Republican retirements, Democrats have been recruiting challengers to longtime GOP House members like California Reps. Ed Royce and Dana Rohrabacher and New Jersey Rep. Rodney Frelinghuysen, who haven't faced serious challenges in recent years but are likely to in 2018. The approach is similar to the one Republicans used with success in 2010, the year the GOP recaptured the House majority.

The Georgia outcome could also give a boost to Republican recruiting, which stalled as the political environment worsened for the party. Several blue-chip GOP recruits, including Wisconsin Rep. Sean Duffy and Indiana Rep. Susan Brooks, had announced they would not be running for Senate — choosing to run for reelection to safe House seats rather than pursue Senate seats in an uncertain environment. Now, as Republicans try to persuade other House members to run for Senate, including Fred Upton in Michigan and Luke Messer in Indiana, the Georgia outcome could offer reassurance.

For Republicans confronting the hurdle of running in areas where Trump is unpopular, Handel's campaign seemed to offer a template for how to run. In a suburban Atlanta district filled with upper-income and highly educated voters, Handel managed to win over Republican voters who had cooled on Trump. In days leading up to the election, one GOP poll found that Trump's approval rating in the district had plummeted to 45 percent.

Handel maneuvered carefully, declaring her support for the president without fully embracing him. She had Trump and Vice President Mike Pence to the district but chose to hold private fundraisers with them rather than public rallies. On the trail, Handel said that she wouldn't be an extension of the White House.

Rather than talking about Trump, Handel focused her fire on Ossoff, casting him as a liberal and tying him to House Minority Leader Nancy Pelosi, a reviled figure in conservative districts like the one he was running in.

But the biggest source of relief for Republicans was the revelation that the party's base hasn't

abandoned the president.

While Trump has failed to follow through on many of his big-ticket campaign promises, polling continues to show that most bedrock Republicans approve of the job he is doing. That dynamic played out in Georgia where, confronting a mammoth Democratic turnout operation and an energized liberal base, GOP voters turned out in droves.

What's still unclear is whether the Georgia win will encourage GOP lawmakers to get behind Trump's troubled legislative agenda. The president has vowed to pass health care and tax reform and an infrastructure package — yet all three face high hurdles on Capitol Hill.

As they digested Tuesday's results, Republicans cautioned that electoral peril still lies ahead — they pointed out that special elections like the one in Georgia are often poor indicators of the political environment.

In the lead-up to the 2010 election, for example, Republicans fell short in a special election for an upstate New York congressional seat the party had held since Reconstruction. At the time, operatives and analysts duly issued doomsday predictions. When the midterms arrived, Republicans captured 63 seats and the House majority.

Republicans continue to see plenty of reason for concern. They note that historical trends aren't favorable, either. During a closed-door meeting with lawmakers last week, House Speaker Paul Ryan reminded the GOP Conference that midterms are traditionally unkind for the party in power during a president's first term.

"I don't care who the Republican president is, we know the history of midterm elections," said Vin Weber, a former GOP congressman and longtime party strategist. "Regardless of the president, we're going to see a substantially more energized Democratic base next year. The question is, do we lose the majority or come close to losing the majority?"

To view online [click here](#).

[Back](#)

Was this Pro content helpful? Tell us what you think in one click.

<input type="radio"/>				
Yes, very	Somewhat	Neutral	Not really	Not at all

**You received this POLITICO Pro content because your customized settings include: Afternoon Energy. To change your alert settings, please go to <https://www.politicopro.com/settings>**



**This email was sent to [megan\\_bloomgren@ios.doi.gov](mailto:megan_bloomgren@ios.doi.gov) by: POLITICO, LLC 1000 Wilson Blvd. Arlington, VA, 22209, USA**

