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Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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Trump Tests Legal Limits by Delaying Dozens of Obama's Rules

Posted July 13, 2017, 8:15 A.M. ET

By [Jennifer A. Dlouhy](#) and [Alan Levin](#)

It typically takes years for presidents to kill federal regulations they dislike, but Donald Trump has found a shortcut: He's just putting them on long-term hold.

The Trump administration has stalled more than two dozen Obama-era rules, a legally questionable tactic that sidesteps the cumbersome rulemaking process.

Presidents from both parties routinely pause their predecessors' rules, but Trump's delays are lasting longer and reaching further—with targets including protections for student borrowers, standards for e-cigarettes, and an expansion of requirements that airlines report lost luggage. In one instance, a federal court found the approach illegal, providing fodder for future challenges.

"Obama did it to Bush. Bush did it to Clinton," said Stuart Shapiro, a Rutgers University professor who served as a White House regulatory analyst under presidents Bill Clinton and George W. Bush. "But the extent of the regulations that we're talking about, and the political importance and the impact, is greater in the Trump administration."

Federal agencies have wide latitude to rewrite and rescind rules, but they must follow the Administrative Procedure Act, a 71-year-old law that sets out a process designed to prevent regulatory whiplash. Agencies must first formally propose revisions, justify them and give the public a chance to weigh in. Relatively small tweaks, such as a delay, can advance more quickly—but generally still require a formal notice and comment period.

Trump has moved aggressively to fulfill his promise to repeal "job-killing rules." He issued an order requiring two rules be spiked for each one created and capped the cost of new regulations.

"We're working very hard to roll back the regulatory burden so that coal miners, factory workers, small business owners and so many others can grow their businesses and thrive," Trump said while

signing an executive order addressing the issue in February.

Supporters of Trump's approach say the president is just doing what he promised by taking on overzealous regulations. The goal of trying to align government with a president's own philosophy "is hardly uncommon," said Dan Goldbeck, a research analyst specializing in regulations at the conservative-leaning American Action Forum.

The effort isn't an attempted wholesale undoing of Obama-era rules, Goldbeck said. "I think the intention is to dive back into them and see if they can tweak them—and not necessarily chop them entirely," he said.

Trump's EPA is following the law in ensuring its "actions are consistent with our core mission and statutory authority granted by Congress," spokeswoman Amy Graham said. "Where regulations may be unjustified or overly burdensome, we will consider all legally available means to provide regulatory certainty," Graham said.

In some cases, the administration is buying time for possible rule rewrites, as with an Agriculture Department regulation governing the treatment of organically raised livestock. The department delayed the measure's effective date by eight months and announced it was launching a formal effort to rewrite the regulation.

The administration has gone further in some cases, indefinitely delaying all or parts of rules while contemplating revamping them. They include a Federal Highway Administration mandate that local governments monitor greenhouse gas emissions and a congressionally ordered update of penalties for automakers that fail to meet fuel economy standards.

"These agencies are saying they're not going to do the job they've previously said needs to be done, and they're hoping to get away with that by promising some future replacement regulation," said William Buzbee, a regulatory law professor at Georgetown University. "This being overtly declared on so many fronts is really quite unusual."

Earlier this month, a U.S. federal Court of Appeals panel rebuked the Environmental Protection Agency for suspending a regulation requiring oil and gas companies to pare emissions of methane. A two-justice majority said the EPA wrongly claimed discretion to halt the already finalized rule, and if the agency wanted to rescind the measure, it must cite specific statutory authority to do so or go through a formal rulemaking process.

Emily Hammond, a law professor at George Washington University, said the judges were putting agencies on notice that the court would carefully scrutinize their justifications for delaying rules. The message: "You must meet statutory criteria, and if you don't, we'll hold what you did unlawful," she said.

The ruling is especially notable because that Washington-based appeals court hears the bulk of regulatory cases, and is poised to be the arbiter in other delay-related challenges to come. State attorneys general, environmentalists and good government activists have filed lawsuits challenging at least five other regulatory delays.

Attorneys general in 18 states and the District of Columbia last week filed a lawsuit challenging a decision by Education Secretary Betsy DeVos to put on hold portions of a regulation designed to protect student borrowers who attended for-profit colleges. Just July 11, environmental groups filed a challenge to the EPA's one-year delay of ozone pollution requirements. And farm workers are fighting an EPA delay of requirements that people applying certain high-risk pesticides receive

training and be certified.

Challenges Filed

Some factors discourage legal action: Lawsuits move slowly and, in some cases, it may take so long to litigate over a delay that the argument becomes moot. Some delays were set for 60 or 90 days, others are for a year or are indefinite. The number of delays also forces would-be challengers with limited resources to pick their battles.

To be sure, Trump's predecessor, Barack Obama, was an active rulemaker. He finalized 90 major, economically significant regulations in his final year—some rushed through in the weeks before Trump was inaugurated.

The Trump administration cites an array of legal authorities to support delays.

When the Department of Transportation postponed a rule requiring more airlines report lost or damaged baggage and wheelchairs, regulators made no secret of their goal to protect airlines: "Industry is facing challenges with parts of this regulation and needs more time to implement it," the department said.

And when the EPA said it was giving farmers at least a year more to comply with the pesticide application rule, the agency blamed a staffing shortage: "EPA still has only one Senate-confirmed official," it said in June.

Reasons for Delays

The Trump administration cited a provision of the Administrative Procedure Act that gives agencies limited authority to forgo notice and comment periods if there is "good cause" to find that compliance would be impractical or contrary to the public interest. And the agencies turned to a section authorizing postponements if "justice so requires" because pending litigation against the regulation is likely to succeed.

The variance suggests agencies may be trying different approaches to see what sticks, said Georgetown Law professor Lisa Heinzerling, an EPA official in the Obama administration.

"Their legal reasoning in some of these cases is so bare bones that it just seems experimental," she said.

The administration may be trying to prevent companies from spending money to comply with requirements that are destined for the trash bin. After all, power plant owners howled when they were forced to buy equipment limiting mercury pollution under a 2012 mandate only to see later that the Supreme Court order the rule be reassessed.

Save Money

But the rapid regulatory pivots can carry costs, too. In February, Trump's Interior Department told companies they need not follow an Obama rule that changed how they report the value of oil and gas unearthed from public land—after it had gone into effect. Companies that had already changed their accounting systems to comply were given until August to revert back.

The U.S. regulatory framework is designed to protect against just those kinds of shifts, said James

Goodwin, a senior policy analyst with the liberal Center for Progressive Reform.

“So much of the broader fabric of administrative law is pointed toward finality,” Goodwin said. “And once the rulemaking process has been finalized, the way you promote regulatory certainty is the process ends, and that’s when enforcement and compliance begins.”

—With assistance from Andrew Harris, Anna Edney and Ryan Beene.

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Russia Sanctions Bill Stalled by GOP Over Energy Provisions

Posted July 13, 2017, 02:49 P.M. ET

By [Anna Edgerton](#), [Terrence Dopp](#) and [Jennifer A. Dlouhy](#)

House Republicans are throwing up new roadblocks to a Russia and Iran sanctions bill over concerns from the energy industry that a provision could block U.S. companies from lucrative foreign oil deals.

A section of the legislation would prevent U.S. companies from doing business anywhere in the world with Russian interests, causing consternation in the capital-intensive energy industry where foreign partnerships are common. That prompted Republicans to push for a fix to the version passed by the Senate before the bill moves forward in the House.

“You’re empowering Russia more based upon the way they wrote it, that you can give Russia greater energy power over Europe and everywhere else,” House Majority Leader Kevin McCarthy (R-Calif.), said in an interview July 12. “So yes, we do need to change that.”

Republicans previously said the measure was stalled over complaints from Democrats that changes to the bill would weaken lawmakers’ authority to block the Trump administration from lifting sanctions on Russia. The delay gave time for companies to scale up their lobbying on the energy provision, even as lawmakers from both parties are pushing hard for new constraints on President Donald Trump’s ability to ease penalties on the Russian government.

This new fight comes amid controversy over the release of emails related to Donald Trump Jr. accepting a meeting last year with a Russian lawyer who he was told had information from the Russian government that could prove damaging to Democratic presidential candidate Hillary Clinton.

House leadership is considering whether the sanctions bill can be put to a vote as is, with the promise that the energy provisions could be changed administratively, or if the matter needs to be addressed before a vote, according to a GOP aide who was briefed on the issue. House leaders don’t want to give the impression they’re watering down the bill, the aide said.

98-2 Vote

The sanctions measure, S. 722, passed the Senate last month in an overwhelming 98-2 vote, in an effort to punish Iran and get tough on Russia for its efforts to interfere in the U.S. election.

As the measure stalled in the House, several House Republicans said they have been hearing from

energy companies with complaints about a provision that would allow the president to penalize someone who invests in or helps build Russian energy export pipelines.

Rep. Bill Flores (R-Texas), said he has been approached by “five or six of the majors” based in his state. The energy companies have told him they worry the bill as it stands is overly broad.

“You could restrict the sanctions of those activities within the borders of Russia, that might be a quick fix and also the national security carve out as well,” Flores said when asked how the sanctions bill might be changed to address those concerns. “Most of us are fine with having sanctions on U.S. interests operating inside Russia, with Russian companies, but then going outside of Russia is too broad.”

House Rules Chairman Pete Sessions said the Senate passed the bill before lawmakers understood its potential consequences and that whoever wrote the energy provisions wasn’t familiar with the industry.

“I appreciate my friends in the Senate but this was rushed through,” the Texas Republican said in an interview late July 12.

Broader Opposition

The possibility of the pipeline curbs sent a jolt through the traditional oil industry, as well as a broader group of related companies, including equipment providers, tubular piping manufacturers and oilfield services companies, that worry they wouldn’t be able to supply projects in which sanctioned Russian companies are involved.

Current sanctions already block oil and gas companies from doing deals in Russia. But the Senate-passed bill would extend the reach of those prohibitions, barring U.S. companies from partnering with sanctioned Russian firms to develop energy projects anywhere around the world.

Richard Sawaya, who studies the impact of sanctions for the Washington-based National Foreign Trade Council, estimated the provision may mean U.S. oil and gas firms could be shut out of as much as \$100 billion worth of projects over 10 years. Also at risk may be high-earning jobs and lost investment income, he said. His group advocates against unilateral U.S. sanctions in most cases.

‘Loses Sight’

“In any place where Russian companies have a position—U.S. companies couldn’t be there,” Sawaya said. “It loses sight of the shape of the forest.”

Democrats complain that Republicans are stalling, pointing to remarks from White House legislative affairs director Marc Short that the administration is opposed to the bill’s provisions that would allow Congress to block some sanctions-related decisions by the president.

Three House Democrats, Minority leader Nancy Pelosi, Minority Whip Steny Hoyer of Maryland and Rep. Eliot Engel of New York, ranking member of the Foreign Affairs Committee, introduced their own measure, which is identical to the Senate version, in an effort to circumvent GOP procedural objections. Republican leaders said that certain revenue-related provisions in the bill meant that it had to originate in the House.

Global Disadvantage

The fight over the energy provision, however, threatens to delay the bill further. The oil industry is warning of potentially widespread consequences—some unintended—that could put U.S. companies at a disadvantage globally, even when they aren't actively collaborating with sanctioned Russian firms.

“This has far-reaching impacts to a variety of companies and industries,” said Jack Gerard, president of the American Petroleum Institute. “It has the potential to penalize U.S. interests and advantage Russia.”

That broader approach could imperil at least one of Exxon Mobil Corp.'s major exploration projects, a joint venture with Rosneft that's producing oil and gas in waters off Russia's eastern shore. Oil fields there are estimated to contain 2.3 billion barrels of oil and 17.1 trillion cubic feet of natural gas. The project, called Sakhalin 1, doesn't fall under current U.S. sanctions that bar U.S. companies from producing oil in Russian deep-water, Arctic or shale areas.

If the legislation passes without changes, Exxon Mobil would likely have to obtain a special waiver from the U.S. government to maintain production at the site, slated to stretch until 2050.

Neighboring Wells

Industry officials warn that the Senate-passed bill could also jeopardize oil and gas projects far from Russia that have only tangential ties to the country. For instance, they say it could preclude U.S. oil companies from proceeding with offshore projects where sanctioned Russian companies hold neighboring leases because there may be pooled collaboration on pipelines and other infrastructure to support the developments.

“We will continue to comply with all applicable laws, including trade controls and sanctions regulations,” said Royal Dutch Shell spokesman Curtis Smith. “We believe that this bill, if endorsed, would be contrary to the objective of providing international markets with reliable access to energy at competitive prices.”

The fear is that Russian companies may invest in leases located next to U.S. energy projects as a way to help edge out their American competitors.

Oil industry lobbyists are circulating alternative language on Capitol Hill aimed at addressing these concerns and others. Most of the changes aim to narrow the legislation's reach. They are also seeking a 180-day ramp-up period to ensure companies have adequate time to comply, a narrowed definition of affected pipelines to zero in on oil export pipelines and to change the timeline for prohibitions on dealings in new debt to avoid a jolt to oil and gas trading.

The Senate-passed legislation would also place new penalties on Iran over its ballistic missile program. The bill directs the president to impose sanctions on any entity that knowingly contributes to Iran's ballistic missile program or other programs to develop vehicles to deliver weapons of mass destruction. Those who are sanctioned would have their assets within U.S. jurisdiction frozen and would be barred from entering the country.

—With assistance from Catherine Traywick and Billy House.

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Trump Administration Conditionally Approves Eni's Arctic Oil Drilling Plan

Posted July 13, 2017, 12:13 P.M. ET

By Jennifer A. Dlouhy

The Trump administration has conditionally approved Eni SpA's plan to drill up to four oil exploration wells in Arctic waters, with the activity launched from a gravel island in the Beaufort Sea.

The government's [letter of approval](#) lays out 13 conditions that Rome-based energy company must first meet, including securing drilling permits from the U.S. Bureau of Safety and Environmental Enforcement and other state and federal authorizations. The safety bureau also must approve Eni's spill response plan.

According to the Bureau of Ocean Energy Management, a site-specific monitoring program is not necessary for the first year of operations, but Eni may have to monitor for bowhead whales during its second year of operations.

Environmentalists pounced on the White House decision, saying it gives short shrift to potential damage from an oil spill in the remote Arctic.

"An oil spill here would do incredible damage, and it'd be impossible to clean up. The Trump administration clearly cares only about appeasing oil companies, no matter its legal obligations or the threats to polar bears or our planet," Kristen Monsell, an attorney with the Center for Biological Diversity, said in an emailed statement.

Eni's leases are set to expire Dec. 3, but a recent Interior Department rule effectively allows extensions of offshore leases for one year from most recent drilling. The company is expected to begin in December and continue throughout the winter months.

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Water Infrastructure Bill Approved by House Subcommittee

Posted July 13, 2017, 01:52 P.M. ET

By Catherine Douglas Moran

Draft legislation to reauthorize a program that provides low-interest loans for drinking water infrastructure projects gained approval from a House environment subcommittee.

The [bill](#) would aim to improve drinking water systems—many from the mid-1900s—that are nearing the end of their expected lifespans of 75 to 100 years. It would reauthorize the drinking water state revolving fund, which provides financial support to water systems, and make some changes to how that program works.

Rep. John Shimkus (R-Ill.), chairman of the House Energy and Commerce Subcommittee on Environment, said at the July 13 markup that because the Safe Drinking Water Act was last reauthorized in 1996, "it is high time we revisit and update the provisions of this act." The EPA in 2013 [estimated](#) that \$384.2 billion over 20 years would be needed to keep drinking water quality up.

The Drinking Water System Improvement Act also would amend the Safe Drinking Water Act to add contractual agreements for enforcement of correcting violations and improve the accuracy and availability of compliance data. The bill would also require the Environmental Protection Agency to update technical information and training materials on asset management every five years.

Several members from across the country and on both sides of the political aisle expressed support for the bill prior to the vote, including Reps. Greg Walden (R-Ore.), Frank Pallone (D-N.J.), and Buddy Carter (R-Ga.). The bill was approved by voice vote and moved to the full Energy and Commerce Committee for consideration.

The subcommittee did adopt an amendment, filed by Shimkus, that would:

- require states to reserve 6 percent of available funds for capitalization grants to disadvantaged communities,
- task the EPA administrator to create a grant program to aid local education agencies in replacing older water fountains,
- require the EPA to consider the cost of replacing lead service lines in its periodic review of drinking water infrastructure needs, and
- make the comptroller general submit a report to Congress on compliance demonstrations and enforcement of the act.

Rep. Paul Tonko (D-N.Y.) said before the vote that while he supports aid for disadvantaged communities, he did not agree with the 6 percent minimum. He also said the EPA needs “to provide a better template to give constituents the information they need.” Tonko said additional testing is needed as contamination sites increase.

Rep. Joe Barton (R-Texas) said that while he supports the draft legislation, he has “one fly, though, I want to throw into the ointment” with the Shimkus amendment. He said he does not support prevailing wage requirements for projects funded through the state revolving fund.

“I don’t think it’s appropriate to make it a part of the organic statute,” Barton said. “If we were to have a roll call vote, I would vote no for that reason.”

Manchin Aims to Tack Appalachian Ethane Hub on Energy Bill

Posted July 13, 2017, 02:20 P.M. ET

By Brian Dabbs

West Virginia Sen. Joe Manchin (D) is ready to take a stab at creating an ethane storage hub in Appalachia that could break ground for more ethane use nationwide, while boosting manufacturing in the region.

Manchin told Bloomberg BNA July 12 he is aiming to propose an amendment on the Senate energy package to qualify a storage facility as a “critical infrastructure project,” which would expedite Federal Energy Regulatory Commission licensing.

The facility’s supporters, including the American Chemistry Council, argue it will pave the way for more nationwide use of ethane, a liquid derived from natural gas production that is used in

consumer products and chemicals.

Manchin, along with Sen. Shelley Moore Capito (R-W.Va.), introduced the measure as a stand-alone bill (S. 1337) in June.

“That just gives it so much certainty to move forward. It gives it a pathway,” Manchin, who described the energy bill as a “perfect vehicle,” told Bloomberg BNA.

The energy bill (S. 1460) already contains a provision to compel the Energy Department to study the benefits of a ethane storage facility in the Marcellus, Utica, and Rogersville shale regions, which span from New York to Tennessee, but a spokeswoman for Manchin said the licensing is now the bigger priority.

Both Sens. Lisa Murkowski (R-Alaska) and Maria Cantwell (D-Wash.) are pledging an open amendment process for the energy bill, but timing is so far unclear.

Ex-Newark Watershed Manager Sentenced for Kickback Scheme

Posted July 13, 2017, 02:20 P.M. ET

By David Voreacos

A former manager for a nonprofit that oversaw Newark, New Jersey’s water supply was sentenced to eight years in prison for taking kickbacks uncovered by U.S. prosecutors investigating the bankrupt entity’s activities.

Donald Bernard Sr. was a consultant and manager of special projects at the Newark Watershed Conservation and Development Corp. He admitted last year in federal court that he took \$956,948 for himself and his boss in exchange for helping award work to contractors. He was sentenced July 13 in federal court in Newark U.S. v. Bernard, D.N.J., 14-cr-710, 7/13/17.

Bernard and Linda Watkins Brashear, the former executive director who also pleaded guilty, solicited payments from contractors. At least four people have pleaded guilty to their role in the scandal. Watkins Brashear is scheduled to be sentenced later this year .

In her guilty plea, Watkins Brashear admitted that she took kickbacks from 2007 to 2013 from more than a dozen people who offered printing, marketing, cleaning, media, political and interior design services. A 2015 report by the state comptroller’s office said that from 2008 to 2011, the commission “recklessly and improperly spent millions of dollars of public funds with little or no oversight” by its board or the city.

The nonprofit, which got almost \$10 million a year to manage the city’s 35,000-acre watershed, reservoirs and water-treatment plant, filed for bankruptcy in January 2015.

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World’s Top Weed Killer Can’t Shake Lingering Cancer Questions

Posted July 13, 2017, 01:33 P.M. ET

By Peter Waldman, Lydia Mulvany, and Joel Rosenblatt (Bloomberg), and Tiffany Stecker (Bloomberg BNA)

Every year, farmers spray, on average, almost a pound of the herbicide glyphosate on every acre of cropland in the U.S., and nearly half a pound on every acre of cropland worldwide. Glyphosate is the active ingredient in Roundup, a huge source of income for its manufacturer, Monsanto Co., and the foundation for its epochal foray into genetically modified organisms. If you know nothing else about GMOs and Monsanto, know this: The St. Louis-based company re-engineered the DNA of corn, soybeans, and other crops for the primary purpose of making them resistant to Roundup.

Farmers spray the chemical on crops grown from Monsanto's Roundup Ready seeds. The weeds die; harvests expand; and expensive, laborious tillage is no longer necessary. Large-scale agriculture is built on this model, and not only in the U.S., which is why Bayer AG, the German drug and chemical company, agreed last September to buy Monsanto for \$66 billion, pending regulatory approvals. Other than government antitrust objections, about the only thing that could mess up the purchase would be for the U.S. Environmental Protection Agency to reverse its position on the active ingredient of Roundup, glyphosate.

Last December, the EPA convened a panel of outside scientists to peer review the agency's long-standing conclusion that glyphosate is unlikely to cause cancer. The peer reviewers, a mix of academics, federal scientists, and chemical industry consultants, gathered at an EPA conference center in Arlington, Va. From the agency's point of view, this was something of a formality. Federal law requires an EPA health-effects review for every pesticide at least once every 15 years, and glyphosate has enjoyed a clean bill of health since 1991, when the agency cleared the way for Monsanto's GMO breakout by classifying the herbicide as noncarcinogenic to humans.

Its use in global agriculture has soared almost 15-fold since Monsanto introduced Roundup Ready seeds in 1996. As a result, traces of glyphosate have been detected in cookies, crackers, chips, breakfast cereals, and honey, as well as in human urine and breast milk. According to Monsanto, there's nothing to worry about. "Glyphosate is about half as toxic as table salt and more than 10 times less toxic than caffeine," the company said on one of its websites. More than 1,000 farmers and other agricultural workers stricken with non-Hodgkin lymphoma disagree. They're suing Monsanto in state and federal courts across the country, claiming that Roundup caused their cancer. Monsanto is vigorously contesting the claims. "There's never been a more studied herbicide in the history of farming," said Scott Partridge, Monsanto's vice president for strategy. "In more than 700 studies, not one has associated cancer with the use of glyphosate. And in the more than 160 countries that have registered glyphosate for use, not a single government agency has found glyphosate is a carcinogen."

December's Scientific Advisory Panel meeting followed the typical script for a federal peer review, with some twists. Officials from the EPA's Office of Pesticide Programs opened the public hearing by laying out 45 years of study data and describing why, in the agency's view, they indicate that glyphosate is an unlikely human carcinogen at current exposure levels. The agency's conclusion, elucidated in a 227-page issue paper released the previous September, reflects the "weight of evidence," Jack Housenger, then chief of the pesticide office (he retired this year), told the panel. "Now it's your turn to tell us what you think of our analysis," he said, "and hopefully put the subject to bed so we can move on."

Far from settling the matter, eight of the 15 experts expressed significant concerns about the EPA's benign view of glyphosate, and three more expressed concerns about the data. Their skepticism also again raised questions about the independence of the Office of Pesticide Programs, which has the final say on permitting pesticides. The office relies on pesticide manufacturers for the data it uses in making health decisions—and got almost 30 percent of its operating budget from the industry last year.

The EPA paper had a whack-a-mole quality to it. Throughout, the authors included data sets suggesting that glyphosate could cause cancer, only to knock them down. On epidemiology studies, for example, they said farmers' recollection of their own glyphosate exposure was biased and unreliable. On meta-analyses pooling human data from multiple studies to identify trends, the EPA assessors shaved decimal points from the results, which made it possible for them to shrug off data showing exposed farmers had an elevated risk of cancer.

Many of the reasons cited in the paper contradicted the agency's own carcinogenicity guidelines, multiple panelists pointed out. "Every time there's something positive there, you said there's something wrong with the study," Eric Johnson, an epidemiologist at the University of Arkansas for Medical Sciences, scolded EPA officials at the meeting. Lianne Sheppard, a biostatistician at the University of Washington at Seattle, said there was "consensus" on the panel that the EPA hadn't followed its own standards. "The available evidence did not fit with the conclusions drawn in the issue paper, particularly when put in the context of the guidelines," she said.

The EPA's report on the peer review, posted March 16, raises obfuscation to a high bureaucratic art. While spelling out the panel's criticisms, the report gives no indication which, or how many, reviewers felt strongly about which particular problems. Instead, it uses the phrase "some panel members" 76 times—as in "some panel members noted," "some panel members emphasized," "some panel members suggested." The imprecision obscures that the majority of peer reviewers expressed doubts about the EPA's methods or conclusions. Under the law, the agency must consider the panel's input in its final evaluation of glyphosate, scheduled for completion later this year. By enshrining the reviewers' comments in such vague terms, however, the EPA can more easily ignore them.

"I asked for a vote on the main issues to make our guidance clear, but this committee apparently never does that," said Emanuela Taioli, an epidemiologist at Icahn School of Medicine at Mount Sinai in New York and one of the panelists who disagreed with the EPA's interpretation of the evidence. "Not giving a tally leaves them more flexibility to interpret our advice."

Monsanto, a company that has genetically altered vast swaths of cropland to vanquish farm pests, has been struggling to control an invasive species on its own turf lately: scientific doubt. It's an exotic. Ever since President Bill Clinton awarded four Monsanto gene scientists the National Medal of Technology and Innovation in 1998, the company's ag-biotech enterprise has been the closest thing America has to a Japanese-style strategic industry. From Clinton to Bush to Obama, successive administrations mobilized federal agencies and embassies around the world to promote GMOs, often against the vehement opposition of environmentalists and food purists, particularly in Europe.

Dozens of diplomatic cables that WikiLeaks released show how U.S. missions received special funding from Congress to advocate for genetically engineered products and how Monsanto prevailed on U.S. diplomats to lobby on its behalf when problems arose. In Argentina, for example, when the ministry of defense banned the use of glyphosate on its urban farmland in 2009, the U.S. embassy intervened, according to a diplomatic cable to Washington. "Post contacts within the Secretariat of Agriculture assure us that Argentina will continue to support biotechnology," said the cable, signed by Thomas Kelly III, deputy chief of mission at the time.

The first breach in Monsanto's fortress opened in 2015, when the [International Agency for Research on Cancer](#) labeled glyphosate a [probable carcinogen](#). IARC, a France-based arm of the World Health Organization, has no regulatory power, but its carcinogenicity studies are widely cited in court cases and government health assessments worldwide. The [agency's assessment](#), based on

published, peer-reviewed research, foreshadowed many of the concerns the EPA's scientific advisory panel expressed last December. IARC acknowledged that the studies were all flawed in different ways, but it concluded that their findings pointed toward cancer and couldn't be dismissed. This led California on July 7 to [list glyphosate](#) as a known carcinogen, over Monsanto's objection.

The question now falls to the Trump EPA and the courts. Led by Administrator Scott Pruitt, the former Oklahoma attorney general who sued the EPA more than a dozen times to stop environmental regulations, the agency has already canceled an Obama-era proposed ban on chlorpyrifos, a pesticide linked to cognitive damage in farmworkers and children. The chances that Pruitt will move against glyphosate, with all the attendant repercussions for industrial agriculture, appear slim.

The considerations are much different, however, for U.S. District Court Judge Vince Chhabria in San Francisco. The judge is presiding over multidistrict litigation composed of 310 plaintiff lawsuits against Monsanto filed by cancer victims around the country. (It will likely consolidate hundreds more suits.) Chhabria has told both sides that the question of whether Roundup can cause cancer will turn on the scientific evidence presented at trial, not on what agencies such as IARC and the EPA say. In this instance, the difference between Roundup and glyphosate is crucial. The EPA focuses on the latter. The plaintiffs in the court case claim that Roundup contains ingredients that exacerbate the effects of glyphosate alone.

Chhabria has allowed the plaintiffs wide latitude to collect evidence on Monsanto's health-effects research over the years, which the plaintiffs hope will show the company manipulated the data. In March, he unsealed dozens of Monsanto's confidential documents for the public to see. The records show internal deliberations on how to present the science on glyphosate's health impacts and manage a global public-relations campaign to assure consumers and regulators that Roundup is safe.

Monsanto documents show the company commissioned scientists to publish papers rebutting IARC. Reminiscent of tobacco companies, it also funneled money to front groups, according to a plaintiffs' court filing. The groups, with names such as Genetic Literacy Project and American Council on Science & Health, published articles praising the EPA and attacking IARC, which they called on Congress to defund. The plaintiffs claim that Monsanto established a program called Let Nothing Go, through which it made payments to people with no apparent industry ties to post online comments defending Monsanto, its chemicals, and GMOs in news articles and Facebook posts. "That's simply false," said Monsanto's Partridge. "We don't need to do that type of stuff."

In Washington, where Monsanto has spent almost \$60 million on lobbying since 2008, the company cultivates allies on both sides of the aisle and in the relevant federal agencies. It deployed five lobbyists in 2015 to trash IARC's findings at the White House, Congress, and the agencies. Monsanto employees are regular visitors to the EPA's Office of Pesticide Programs, according to logs obtained through the Freedom of Information Act.

Relations were warm, even jocular. "So Jess called me out of the blue this morning," Monsanto's lead EPA liaison, Dan Jenkins, wrote to William Heydens, the company's chief of regulatory research, in an April 2015 email released in the court case. Jess was Jess Rowland, a senior official in the EPA's pesticide office who was chairing the agency's cancer assessment of glyphosate at the time. Heydens had emailed Jenkins the day before, asking his colleague to reach out to the EPA and find out "what area they see as most problematic (e.g., human epidemiology vs. animal bioassays vs. genotoxicity), or just ask if there is anything that would help them defend the situation?"

Rowland was all set, Jenkins reported back to Heydens. “We have enough to sustain our conclusions,” Rowland told Jenkins on the phone, according to Jenkins’s email. “I am the chair of the [cancer review],” he added, “and my folks are running this process for glyphosate.”

On the same call, Jenkins wrote, Rowland said he was working to control a separate glyphosate assessment by another federal unit, the Agency for Toxic Substances and Disease Registry (ATSDR), a division of the Centers for Disease Control and Prevention. “If I can kill this, I should get a medal,” Jenkins quoted Rowland as telling him.

“Wow!” Heydens wrote back to Jenkins. “That’s very encouraging. Thanks for the news update.”

In April 2016, as Rowland was preparing to retire after 26 years at the EPA, his assessment that glyphosate is unlikely to cause cancer leaked online—just in time for Monsanto’s lawyers to cite it at an important court hearing in San Francisco. The EPA quickly characterized the report as “preliminary” and “not final,” but Monsanto’s lawyers still told Judge Chhabria that “the scientists have spoken.” As for the ATSDR review, another internal Monsanto document reported that the CDC division had “agreed, for now, to take direction from EPA.” This May, EPA Inspector General Arthur Elkins Jr. confirmed that he’s investigating if EPA employees colluded with Monsanto. Through his lawyer, Rowland declined to comment for this story. Monsanto’s relationships with Rowland and other EPA employees were professional and proper, Partridge said.

Bayer and Wall Street are betting none of this matters. Monsanto has built the kind of virtuous circle that management experts and business school professors rave about. More sales of Roundup Ready seeds beget more use of Roundup; more herbicide use drives up demand for Monsanto’s GMO seeds. The global chemical dependency could be too big to kick.

It’s hard to quantify what a shift to glyphosate-free farming would look like. A study by chemical industry consultants in the U.K., where about a third of the nation’s wheat fields are sprayed with the herbicide, estimated that yields of the grain would fall 12 percent if glyphosate were banned. A study last year by Andrew Kniss, an associate professor of plant sciences at the University of Wyoming, showed that the yields from organic farms were roughly two-thirds of those from conventional farms for corn, wheat, soybeans, and barley, and less than half for grapes, tomatoes, bell peppers, and onions.

Kniss did another study that found planting genetically modified sugar beets saved farmers \$200 an acre, equal to about 15 percent of their revenue, compared with planting non-GMO seeds. With no glyphosate, farmers would have to resort to using more-toxic chemicals for weed control, Kniss said, or revert to grueling tillage by hand. “Getting rid of glyphosate would have a major impact on farmers and their bottom lines,” he said. “It’s not like there’s a risk-free scenario here.”

Robert Fraley grew up on a farm in Hoopston, Ill., in the 1950s and 1960s, and one of his earliest memories is of the fields turning black each November. He recalls tractors churning up a foot of dark topsoil to keep the weeds from taking over. His dad cranked up the tractor every morning by 4 a.m. and plowed until Fraley got home from school and took over until midnight. In summers, the boy walked the rows of beanstalks with his friends and cousins, pulling the weeds by hand. Fraley, now 64, helped develop Roundup Ready seeds and is Monsanto’s chief technology officer. “Any kid my age who spent time on the farm, the first thing you realize is the greatest challenge is weeds and bugs,” he said. “We freed America’s farm youth.”

By 1980, when Fraley joined Monsanto as a 27-year-old with a doctorate in microbiology and biochemistry, scientists were experimenting with recombinant DNA in yeast and animal cells, but no one had introduced a new gene in a plant. Working with a germ called agrobacterium, which

normally causes blight in plants, Fraley's team isolated the part of the germ that binds to plant cells and can inject its DNA into plants, and eliminated the blight-producing sequence. They worked with petunia plants to fine-tune a gene insertion process, using the flower's color genetics to map the plant's chromosomes. It took more than a decade to develop commercially useful traits such as resistance to insects and glyphosate. The breakthrough finally made glyphosate, which was invented in 1970, a significant commercial power.

Even as environmentalists vilify Monsanto for its link to GMOs, its mantra internally remains stewardship and sustainability. "We get to enjoy more of our forest and wetlands and prairies because we've increased yields on the land we're already farming," Fraley said. The alternative to genetic engineering and the accompanying chemicals, he said, is plowing up an additional 30 million or 40 million acres of land to feed a hungry planet.

That probably overstates the trade-off. Land spared from cultivation is seldom set aside for conservation. And there are alternatives to Roundup Ready farming other than going organic. "It's such a Monsanto-based perspective to say food prices will spike if we use less glyphosate," said Claire Kremen, a conservation biologist at the University of California at Berkeley. "There are other methods, besides organics, that are just as productive as conventional farming and don't rely on toxic chemicals that endanger lives and harm the environment." A more realistic alternative, she said, is finding middle ground between the industrial and organic farming models. Researchers at Iowa State University, for example, have shown that rotating diverse crops in three- and four-year cycles and controlling weeds with limited herbicide spraying produce similar yields and profits to conventional farming—with only 1 percent of the water toxicity. And such alternatives are becoming necessary anyway, because weeds are developing resistance to glyphosate at an accelerating rate.

Nonetheless, a lot of farmers are deeply committed to glyphosate. "The cancer issue doesn't concern me at all," said Paul Jeschke, 64, who farms 4,000 acres of corn and soybeans with his brother-in-law and nephew in Mazon, Ill. Before he started using Roundup in the 1980s, Jeschke said, his topsoil, after constant tillage, would wash away in the rain. The quack grass would get so bad that some farmers would put up a fence around their fields and turn the pigs loose, losing a year's harvest. "Every one of us takes risks every day when we take our car on the road or get on an airplane or dump table salt into something we're cooking," Jeschke said. "Looking at the cost-benefit ratio, I'm extremely reluctant to give up glyphosate."

The first cancer concerns came from within the EPA's Office of Pesticide Programs in 1984. This was despite the traditionally close relationships between the agency and the companies it regulates. Pesticide makers, called registrants, pay the office to review their compounds for registration. In 2016 they provided \$47 million, or 28 percent, of OPP's budget. The OPP is also the only EPA branch that does its own health assessments; the agency's National Center for Environmental Assessment is in charge of evaluations for the other EPA branches. The OPP's studies are based, by law, on data provided by pesticide registrants themselves. This has fueled intra-agency criticism that some of its cancer reviews are too lax.

Still, its scientists did come down hard on glyphosate early on. In February 1984, EPA toxicologists sounded the alarm internally when a Monsanto-sponsored study showed that four of 100 mice that were fed large amounts of glyphosate developed rare kidney tumors called tubular adenomas compared with zero of 98 mice given little or no glyphosate. Monsanto insisted glyphosate wasn't the cause, invoking an argument that would become a pillar of its—and the EPA's—defense of the chemical for the next 30 years. The mice with the tumors weren't the problem, the company said. The healthy mice were. The control group ought to have had more tumors.

An OPP statistician was having none of it. "Our viewpoint is one of protecting the public health when

we see suspicious data. It is not our job to protect registrants from false positives,” wrote Herbert Lacayo, who analyzed Monsanto’s complaints in a memo in February 1985. A week later, OPP’s toxicology branch cited the mouse tumors in a “consensus report” naming glyphosate a possible human carcinogen.

Monsanto was apoplectic. The Roundup Ready world that was coming to life inside Fraley’s gene-splicing lab depended on the copious use of glyphosate. To change the EPA’s mind, the company solicited 10 outside experts to examine the mice in the control group. One of the scientists, who’d been a Monsanto consultant for many years, reported to the company that he’d found cellular changes in the kidney of one mouse. Monsanto argued it was another adenoma. If so, it would render the four tumors in the exposed mice statistically insignificant. The other experts then supported the finding of the single scientist.

The EPA’s toxicology branch recut new sections of all the mouse kidneys for another look. Its scientists reconfirmed there was no control adenoma. Nevertheless, in February 1986, the EPA’s scientific advisory panel overruled the agency scientists, asserting that the “vast majority” of pathologists who’d looked at the control kidney in question saw a tumor. If the reviewers knew those experts were brought on by Monsanto, they didn’t care. The panel reclassified glyphosate as a chemical of uncertain carcinogenicity. Five years later, another EPA panel looked at the same data and a new rat study and reclassified glyphosate again, this time as noncarcinogenic to humans.

By 1999, with Roundup Ready soybean, cotton, and corn seeds already changing global farm markets, Monsanto was facing questions about how glyphosate affected animal genes. Emails unsealed in March by Judge Chhabria show that the company hired James Parry, a prominent genetic toxicologist at Swansea University in Wales, to publicly advocate that the chemical wasn’t genotoxic—that is, it didn’t have a destructive effect on DNA and RNA. But after reviewing studies that Monsanto provided, Parry reached the opposite conclusion.

He wrote a report for Monsanto that said glyphosate appeared to damage genes through a biochemical process called oxidative stress—the same cancer-causing mechanism IARC identified 16 years later. He recommended Monsanto do a series of studies to find out. If glyphosate was confirmed to be genotoxic, Parry said, the company should analyze the lymphatic cells of exposed humans to check for chromosome damage.

Monsanto scientists deliberated for weeks about their consultant’s unwelcome advice. The company was in a “genotox hole,” wrote senior toxicologist Donna Farmer in a September 1999 email. “I am concerned about leaving Parry out there with this as the final project/his final impressions.”

“Maybe you should invite Parry to St. Louis to get him more familiarized with the complete database,” suggested another Monsanto toxicologist.

In an email Monsanto must surely regret, Heydens, the regulatory research chief, wrote that changing Parry’s mind would be expensive and probably not worth it. “Let’s step back and look at what we are really trying to achieve here,” Heydens wrote to Farmer and two others. “We want to find/develop someone who is comfortable with the genotox profile of glyphosate/Roundup and who can be influential with regulators and Scientific Outreach operations when genotox issues arise. My read is that Parry is not currently such a person, and it would take quite some time and \$\$\$/studies to get him there. We simply aren’t going to do the studies Parry suggests.”

Parry’s report was never submitted to the EPA. (He died in 2010.) The episode points to an ongoing concern at Monsanto, which was concisely stated by Heydens in a later email: “Data generated by academics has always been a major concern for us in the defense of our products.” Partridge said

Heydens sometimes made “an unfortunate choice of words,” but that subsequent studies by Monsanto resolved Parry’s concerns.

The transcript of the EPA’s scientific advisory panel meeting runs 1,300 pages. Reading the document is the only way to know that four of the six reviewers charged with evaluating the crucial epidemiological data lambasted the EPA. (The four critics are all biomedical researchers at major universities; the two who supported the EPA’s evaluation are private consultants.) The agency disregarded all but one meta-analysis of the epidemiological data, because agency evaluators said the results weren’t statistically valid. When several of the panelists reran the pooled data, they found the EPA was plain wrong. Not only were the meta-analyses statistically significant, but they also showed farmers exposed to glyphosate had an elevated risk ratio for non-Hodgkin lymphoma of 1.27 to 1.5, meaning they were at 27 percent to 50 percent higher risk than control groups.

“For a human epidemiologic study, an association of 1.2 or 1.3 is very meaningful and impactful,” said Mount Sinai’s Taioli. At the meeting, she pointed out that millions of American women no longer take estrogen after menopause, because studies found that it increased the risk of breast cancer by about 22 percent. Sheppard, the biostatistician with the University of Washington, said at the meeting that the EPA’s evidence assessment was “highly imbalanced” and that the agency downplayed statistical findings in favor of other criteria. “The agency’s conclusion is seriously flawed and needs to be strongly revised,” she said.

Several panelists asserted that while glyphosate probably doesn’t initiate cancer by causing gene mutations, it appears to promote malignancies by spurring tumor growth. Such a carcinogen is more dangerous to humans than to rodents, because people live much longer and thus accumulate more lesions susceptible to glyphosate’s catalytic effect, panelist Barbara Parsons, a molecular toxicologist with the U.S. Food and Drug Administration, said at the meeting. She warned that mixing a tumor promoter such as glyphosate in formulations with other chemicals that have “any genotoxic potential would be a significant public-health concern.”

That argument is the crux of the plaintiffs’ case in the consolidated federal suits. Their lawyers said they have evidence that Monsanto knew for years that some of the nonactive ingredients in Roundup are carcinogenic, and thus the danger of those chemicals is compounded when they’re combined with glyphosate. They said that the OPP, by focusing its concerns on the active ingredient instead of on the formulated product, has let Monsanto off the hook. Partridge denies any Roundup ingredients are genotoxic and said potentially carcinogenic impurities in the product are strictly controlled.

The doubt invading Monsanto’s prize product is as strong as it’s ever been, even as Roundup has become instrumental in industrial agriculture. Farmers and consumers have reaped huge savings from productivity gains made possible by taming the scourge of weeds. Improbable as it seems, suppose the EPA now moves glyphosate from the category of unlikely carcinogen to suggestive or even likely. That would trigger extensive cost-benefit analyses. Then the questions get really difficult.

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U.S., China Immersed in Talks on LNG Export, Energy Issues

Posted July 13, 2017, 9:17 A.M. ET

By John Butcher

U.S. Secretary of Energy Rick Perry advanced the prospect of expanding American liquefied natural gas exports to China during a July 13 meeting with Executive Vice Premier Zhang Gaoli in Beijing.

LNG exports were among a range of energy issues the pair discussed, during a meeting in Zhongnanhai, the headquarters of China's Communist Party, according to a release by the U.S. embassy in Beijing.

LNG exports to countries that do not have a free trade agreement with the U.S. are restricted, but President Donald Trump last month agreed to lift barriers on those to China as part of a range of trade deals between the two countries. That could offer huge export potential for U.S. LNG suppliers to China, which is the world's largest growth market for gas, according to energy research firm Wood Mackenzie, and may prompt new investment in industry.

It also could benefit China, which seeks alternatives to coal as it tackles a serious problem with air pollution.

Perry's talks with Zhang will be welcome news for U.S. LNG suppliers such as Cheniere Energy, which has been in negotiations with China about increasing exports there.

The Trump administration also hopes it will help them make good on election promises to rebalance trade and deliver jobs. In a statement, released June 5, to kick off his visit to China, Perry said, "By unleashing our domestic energy sector, we are creating, and will continue to create, well-paying, middle-class jobs and economic prosperity, protecting our environment, promoting innovation, and strengthening energy security for America and our allies."

China Seeks Cooperation on Trade, Technology With U.S. States

Posted July 13, 2017, 9:44 A.M. ET

By John Butcher

Chinese President Xi Jinping called for closer trade ties with individual U.S. states July 12 in a meeting with California Gov. Jerry Brown in Beijing.

Local-level exchanges could be a "new engine for growth," Xi said, according to a report today on the website of the State Council Information Office, the chief information provider of the Chinese government.

The meeting, which took place in Beijing's Great Hall of the People, could pave the way for opportunities for U.S. firms, particularly in green industries and technology, both of which Xi specifically mentioned, according to the report. He also urged California firms to get involved in the Belt and Road Initiative global economic blueprint, suggesting the potential for state-level cooperation on the plan, which aims to create a modern day Silk Road of investment and infrastructure, stretching from China to Europe.

The meeting followed several days for Brown in China, where he attended an international clean energy conference in Beijing, and signed nonbinding emissions agreements with China's Ministry of Science and Technology, and with the leaders of two provinces, Sichuan and Jiangsu. Those agreements call for investments in low-carbon energy sources, cooperation on climate research, and the commercialization of cleaner technologies, but do not establish emissions reduction goals.

This was in defiance of President Donald Trump's rejection of the Paris Climate Agreement, which he said favored developing countries at the expense of the U.S.

The Chinese authorities' willingness to engage with Brown at such a high level suggested that they could be welcoming to U.S. states seeking to sidestep the government on climate change.

The mention of cooperation on technology also could suggest that Beijing is seeking allies in its quest to get the U.S. to drop export controls on high-tech goods, which are currently imposed on national security grounds.

Brown said California was "willing to join the construction on the Belt and Road and was looking forward to a stronger cooperative relationship with China in trade, investment, clean technology and environmental protection," the report added.

Green Bonds Face EU Litmus Test Under Sustainable Finance Rules

Posted July 13, 2017, 8:25 A.M. ET

By Jessica Shankleman and Alexander Weber

The European Commission backed recommendations to curb climate risk that could include European Union labels for green bonds and preferential treatment for ecologically sustainable investments.

Green bond labels could be a "powerful tool" to help investors choose assets that are reducing greenhouse gas emissions, said Valdis Dombrovskis, the commissioner in charge of financial-services policy. The commission published a report July 13 urging a "sustainability test" be applied to all future EU financial regulation and policy.

"That would also be a major initiative to hardwire sustainability into our financial policies," Dombrovskis said in an interview in Brussels. "On this, we will probably be front-runners globally."

Creating uniform green bond labeling standards across the Eurozone's \$12 trillion economy could help investors get a better handle on the growing market for environmentally sustainable securities. Reassurance is needed because there is no regulator for the green-bond market and fund managers have struggled to monitor hundreds of separate projects around the world themselves.

The 101-page interim report by the EU's High-Level Expert Group on Sustainable Finance is another effort to leverage financial power against the risks posed by unabated climate change. Bank of England Governor Mark Carney, working on the behalf of the Group of 20 countries, published a separate report last month asking executives to tell investors how the rising seas, superstorms, and political upheaval associated with global warming could affect their business.

Accounting Treatment

The Carney task force, which was led by Michael Bloomberg, founder and majority owner of Bloomberg News and its parent Bloomberg LP, said companies affected by climate change should conduct scenario analysis and include results in their financial reports. Every G-20 nation except the U.S. welcomed it July 8 and 11 major banks said July 11 that they'd find ways of putting the advice into practice.

The report, which will feed into a July 18 hearing, could lead to potential changes in the accounting treatment for sustainable investments. Current bookkeeping norms that “require mark-to-market valuations” could be impeding the transition to green power by creating “short-term fluctuations and a reporting maturity mismatch,” the document said.

The commission also will look at how to offer preferential capital treatment for green investments, or add capital charges for more polluting investments, Dombrovskis said.

“It’s also to steer the investment and to steer the investors’ longer-term choices,” Dombrovskis said. “We know that the demand for green investment is a very big one.”

—With assistance from Boris Groendahl.

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Daimler Called to German Committee Probing Diesel Emissions

Posted July 13, 2017, 9:28 A.M. ET

By [Karin Matussek](#) and [Elisabeth Behrmann](#)

Daimler AG executives were called to a German government committee looking into possible diesel-emissions cheating following a Sueddeutsche Zeitung report that prosecutors are focusing attention on two engines that power its popular Mercedes-Benz sport utility vehicles.

Representatives of the carmaker were invited to a special session of the committee July 13, the German transport ministry said in an email.

Authorities across Europe are putting car manufacturers under scrutiny after Volkswagen revealed in September 2015 that it installed software in its autos’ diesel engines to bypass pollution rules. Prosecutors and police raided Daimler sites throughout Germany in May. A person familiar with the document said July 13 that the warrant authorizing the search said two diesel engines used in Daimler cars were equipped with so-called defeat devices that would reduce emissions controls. The documents cited the Mercedes GLK 250 and GL 350 SUVs from 2015 as carrying these engines.

The probe of possible fraud and false advertising at Stuttgart-based Daimler, started in March, has identified two technicians at the manufacturer who are suspected to have worked with software that controls the engines’ exhaust, said the person, who asked not to be identified because the information isn’t public. The warrant doesn’t specify the number of vehicles affected, the person said.

Jan Holzner, a spokesman at the Stuttgart prosecutors office, declined to comment on the warrant’s details, but said information about the document published in Sueddeutsche Zeitung can’t be interpreted as the probe being widened. He confirmed that two people are being investigated. Prosecutors haven’t yet started to review the bulk of the material seized as Daimler has filed several court suits against the searches.

Daimler reiterated earlier Thursday that it’s cooperating fully with the investigation said Joerg Howe, a spokesman, declining to comment further.

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Booming Wind, Solar to Erode Gas Demand in Americas, IEA Says

Posted July 13, 2017, 8:03 A.M. ET

By [Patrick Martin](#)

A surge in power from wind, solar and other renewable sources will begin chipping away at natural gas demand growth in the Americas over the next five years, according to the International Energy Agency.

The region's gas consumption will climb just 0.9 percent per year from 2016 through 2022, compared with 2.2 percent annually over the previous six-year period, the agency said in a report released July 13. Rising gas prices and a slowdown in coal plant retirements will also limit demand for the fuel, the IEA said.

A boom in cheaper energy from wind farms and solar arrays is creating competition for gas-fired generators, pummeling electricity prices. While gas has grabbed a bigger share of the power market in the Americas as coal-fired plants shut, the demand surge won't last, according to the IEA.

"There will be weak growth in electricity demand," the agency said in the report. "The level of gas consumed in the power sector is expected to be at broadly the same level throughout the forecast period."

Though U.S. gas futures averaged about \$2.55 per million British thermal units last year, the IEA predicts prices will be "significantly higher" through 2022, rising above \$3. That'll make gas-fired electricity generation more expensive than power from coal—especially coal supplies from the Powder River Basin in the western U.S., the agency said.

Industrial consumers may represent a bright spot for gas demand, however. Consumption in the sector may rise 1.7 percent a year as new chemical plants using gas as a feedstock are built on the U.S. Gulf Coast, the IEA said.

Meanwhile, gas output from U.S. shale basins will continue to flood the global market, the IEA said. The U.S. will boost production more than any other country over the next five years, accounting for almost 40 percent of global supply growth and more than one-fifth of the world's output by 2022.

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Brazil Ownership Law Could Fuel Land Grabbing: Environmentalists

Posted July 13, 2017, 8:42 A.M. ET

By [Michael Kepp](#)

A new Brazil law that lets squatters buy public land they've occupied and gives them juridical security in land disputes will fuel deforestation and land-grabbing, especially in the embattled Amazon rainforest, environmental groups claim.

Brazilian President Michel Temer July 11 signed the law, which allows individuals or companies, in

the name of their owner, that occupied public, rural land anywhere in Brazil as of December 2011 to buy up to 2,500 hectares (9.7 square miles) and get title to that land at government-set, below market prices. Those who buy the land also will be able to sell it.

Leonardo Goes, president of the government's Institute of Land Reform, which settles landless peasants on public land, said in a July 12 statement that the new law "by creating rules to legalize land ownership ... brings juridical security and tranquility needed for small rural agricultural producers and settled farmers to work their land to generate an income."

A provisional measure that Temer originally sent to Congress in December 2016 set the land-occupying limit at 1,500 hectares. But a coalition of legislators aligned with agribusiness was able to change the limit to 2,500 hectares.

Environmentalists said the new law will fuel both deforestation and future land grabbing.

The law "will allow people to pay relatively little to buy and deforest once-public land that they have grabbed by having occupied it, especially in Amazon," Juliana Batista, a lawyer at the Social-Environmental Institute, told Bloomberg BNA July 12. "Temer signed the law, which Congress changed to favor those who occupy greater parcels of land, because he needs the ruralist coalition to pass other legislation, like fiscal and labor reforms, that he has proposed."

A June 2009 law allowed individuals and companies that could prove they were occupying public Amazon land to buy up to 1,500 hectares and get a title to this land—legislation that caused land-grabbing speculators and settlers to rush into the Amazon.

Cristiane Mazzetti, Amazon campaigner for Greenpeace Brazil, told Bloomberg BNA July 12 that the new law "will further encourage land grabbing because legalizing amnesty for past land grabbing throughout Brazil sends a message to new potential land grabbers to expect the government and Congress to provide similar amnesties in the future."

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