



Rex Tillerson might make good deals. But for whom?

Emma Ashford

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Donald Trump's cabinet of generals and billionaires looks poised to gain another controversial member: Rex Tillerson. The CEO of ExxonMobil is now the secretary of state nominee. His nomination raises several red flags, but the central one is: conflicts of interest. In that, he's a perfect match for the **Trump administration**.

Tillerson faces a difficult confirmation process for a variety of reasons, including congressional Democrats' determination to **grill him on climate change issues**. Yet some of the key issues cited by the media are actually less problematic than they may seem.

For one thing, while he has no governmental foreign policy experience, Tillerson has spent years running a multinational corporation so vast that various observers have likened it to **a privately owned state**. ExxonMobil, the world's eighth-largest company, operates on six continents, and as CEO, Tillerson has successfully negotiated a number of complex and high-profile international deals.

While competitor BP was being pushed out of its Russian holdings by the government, for example, he struck an effective compromise with the energy giant Rosneft, allowing ExxonMobil to maintain its presence. Likewise, Tillerson's **effective negotiation with Venezuela** meant that the company was one of the few to receive compensation – a whopping \$900m – for Hugo Chavez's expropriation of its assets.

Nor is it clear that Tillerson really is – as **Senator Marco Rubio** and others have argued – a close friend of Vladimir Putin. The Russian Order of Friendship, which Tillerson received in 2013, has been given to **numerous Americans in recent years**, and contacts with senior Russian officials are an unfortunate but necessary part of doing business in that corrupt country.

Indeed, in other circumstances, his strong working relationship with the Russian government could be highly beneficial, particularly after eight years of a strained personal relationship between US and Russian leaders. Unfortunately, the nomination raises other problems. For one thing, it's not actually clear what Tillerson's views on foreign policy are. Despite concerns over other candidates for secretary of state – such as John Bolton and Mitt Romney – at least it was

clear what kind of foreign policy approach they favored. We don't know if Tillerson is hawkish or not, nor do we know his views on US alliances or international institutions.

The profit motive underlying Tillerson's previous experience is also fundamentally different from national security interests. Tillerson may have good relations with some world leaders, but given the nature of the oil industry, many of these are poor, corrupt and authoritarian states; ExxonMobil's recent agreements include such paragons of corruption as Russia, Guyana, Angola and Nigeria.

As a result, the relationships that Tillerson built during his time at **ExxonMobil** have the potential to be a double-edged sword. How long will his good relations with many of these leaders last when he is required to criticize their human rights records as secretary of state, or to oppose them in negotiations on security issues?

By far the biggest problem with Tillerson's nomination is the serious conflict of interest created by his long history with ExxonMobil. Even if he cuts all direct ties to the company, he will still have a strong financial interest in its success. According **to one estimate**, he will still hold stock totaling around \$218m, and a pension plan worth \$70m. And there are many areas where Exxon's profit motive conflicts with the US national interest.

The most obvious of these is undoubtedly US sanctions on Russia. ExxonMobil has already lost **as much as \$1bn** from sanctions, and Tillerson has **been a frequent visitor** to the White House and the Department of the Treasury to lobby against them. But there are plenty of other potential clashes: a recent **Exxon deal in Mexico** would seem to conflict with Trump's confrontational approach to that country, and the company last year **directed a lobbying firm** to monitor US energy-related sanctions on Iran for opportunities.

In these and many other cases, Tillerson's personal financial interests will conflict with his duties as secretary of state. He's certainly not alone in Trump's cabinet in having such conflicts: the family of Elaine Chao, nominee for secretary of transportation, **owns a shipping firm**, and the president-elect has come under increasing scrutiny for his refusal to divest himself of involvement in his business empire.

Yet while Tillerson may be an excellent negotiator and a good fit for Trump's nontraditional cabinet of businessmen and generals, these conflicts of interest call into question whether he can fulfill its duties effectively. The most important question remains unanswered: whose interests will he serve as secretary of state?

Emma Ashford is a research fellow with expertise in international security and the politics of energy.