

Trump Picks Exxon CEO Rex Tillerson As Secretary Of State. He's a Friend of Putin

By [Zero Hedge](#)

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In a move that is certain to infuriate those who see Trump as nothing more than a puppet of the Kremlin, moments ago NBC reported that Rex Tillerson, CEO of Exxon Mobil and late entrant into the SecState race after his first meeting with the president elect this past Tuesday at the Trump Tower, has been picked by Trump to serve as his next Secretary of State.

As [NBC adds](#), Tillerson met Saturday with Trump at Trump Tower in New York, the president-elect's spokesperson confirmed. The selection of Tillerson comes after Trump and his transition team spent weeks searching for someone to fill the post of the top U.S. diplomat. Former Republican presidential candidate Mitt Romney and former New York City Mayor Rudy Giuliani were reportedly in the running. Giuliani said Friday he had taken his name out of consideration.

JUST IN: Trump to name Exxon Mobil CEO Rex Tillerson as secretary of state, sources say <https://t.co/kthwSkGc0j> pic.twitter.com/vZmWztv0qn

— NBC News (@NBCNews) [10 December 2016](#)

The 64-year-old Texas oilman, whose friends describe as a staunch conservative, emerged as a Secretary of State contender only last week following a meeting with Trump, when it was speculated that he would consider the offer “due to his sense of patriotic duty and because he is set to retire from the company next year.” Tillerson’s appointment would introduce the potential for sticky conflicts of interest because of his financial stake in Exxon: he owns Exxon shares worth \$151 million, according to recent securities filings. A quick biographical sketch of Tillerson [courtesy of the WSJ](#):

The son of a local Boy Scouts administrator, Tillerson was born in Wichita Falls, Texas. He attended the University of Texas, where he studied civil engineering, was a drummer in the Longhorn band and participated in a community service-oriented fraternity.

He joined Exxon in 1975 and has spent his entire career at the company. For most of his adult life, he has also been closely involved with the Boy Scouts of America, even occasionally incorporating the Scout Law and Scout Oath into his speeches. Mr. Tillerson played an instrumental role in leading the organization to change its policy to allow gay youth to participate in 2013, Mr. Hamre said. Former Defense Secretary Robert Gates subsequently moved to lift the organization’s ban on gay adult leaders as Boy Scouts president in 2015. “Most of the reason that organizations fail at change is pretty simple: People don’t understand why,” Mr. Tillerson said in a speech after the 2013 decision, urging

leaders to communicate about the policy to help make it successful. “We’re going to serve kids and make the leaders of tomorrow.” * * * However it is not his Boy Scout exploits that will be the key talking point for pundits in the coming days, but rather his close relationship with Russian president Vladimir Putin. According [to the WSJ](#), few U.S. citizens are closer to Mr. Putin than Mr. Tillerson, a recipient of Russia’s Order of Friendship, bestowed by the president...



... who has known Putin since he represented Exxon’s interests in Russia during the regime of Boris Yeltsin. “He has had more interactive time with Vladimir Putin than probably any other American with the exception of Henry Kissinger,” said John Hamre, a former deputy defense secretary during the Clinton administration and president of the Center for Strategic and International Studies, a Washington think tank where Mr. Tillerson is a board member.



Exxon CEO Rex Tillerson with Vladimir Putin, then Russia’s prime minister, at a signing ceremony in the Black Sea resort of Sochi in August 2011. In 2011, Mr. Tillerson struck a deal giving Exxon access to prized Arctic resources in Russia as well as allowing Russia’s state oil company, OAO Rosneft, to invest in Exxon concessions all over the world. The following year, the Kremlin bestowed the country’s Order of Friendship decoration on Mr. Tillerson. The deal would have been transformative for Exxon. Mr. Putin at the time called it one of the most important involving Russia and the U.S., forecasting that the partnership could eventually spend \$500 billion. But it was subsequently blocked by sanctions on Russia that the U.S. and its allies imposed two years ago after the country’s invasion of Crimea and conflicts with Ukraine. Tillerson spoke against the sanctions at the company’s annual meeting in 2014.

“We always encourage the people who are making those decisions to consider the very broad collateral damage of who are they really harming with sanctions,” he said. As such, many have speculated that under his regime, the State Department may quietly drop any existing sanctions against Russia.

Then there is the thorny issue of potential conflicts of interest, and his massive holdings of Exxon stock. One of the first issues Tillerson would have to resolve as secretary of state would be his holdings of Exxon shares, many of which aren’t scheduled to vest for almost a decade. The value of those shares could go up if the sanctions on Russia were lifted.

The shares would likely have to be sold under State Department ethics rules, Chase Untermeyer, a former U.S. Ambassador to Qatar, said in an interview. “He could not erase his strong relationship with a particular country,” Mr. Untermeyer said. “The best protection from a conflict of interest is transparency.” Tillerson will sell his \$150+ million in XOM shares tax free, courtesy of the same tax break that was introduced in 1989 under the administration of President George H.W. Bush, which allowed Hank Paulson, Colin Powell and plenty of other public servants to dispose of their equity holdings without paying taxes: to get the tax relief, it must be deemed “reasonably necessary” for a public official to divest his shares, or a congressional committee must require the asset sale, according to section 1043 of the tax code, something which is virtually assured in the case of Tillerson.

Finally, the environmentalists will certainly be displeased with Trump’s choice, even though Tillerson helped shift Exxon’s response to climate change when he took over as CEO in

2006. He embraced a carbon tax as the best potential policy solution and has said climate change is a global problem that warrants action. That was a break from his predecessor, Lee Raymond. Still, Mr. Tillerson is a polarizing figure among Democrats and environmental activists. They have accused Exxon of sowing doubt about the impacts of climate change during Mr. Raymond's tenure and say Mr. Tillerson hasn't done enough to disclose the future impact of climate-change regulations on the company's ability to get oil out of the ground.

"This is certainly a good way to make clear exactly who'll be running the government in a Trump administration—just cut out the middleman and hand it directly to the fossil-fuel industry," said Bill McKibben, the environmental activist and founder of 350.org. Exxon has disputed the criticism and accused activists and Democratic attorneys general of conspiring against the company.

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As secretary of state, Tillerson would be fourth in line to the presidency. No matter how US diplomacy plays out under Tillerson, however, one thing is certain: at least Mitt Romney will not be setting US foreign policy for the next four years. This particular ritual humiliation has now been duly completed...

REPORT: Mitt Romney May Be Forced to Publicly Apologize to Trump in Exchange For Sec of State Bid <https://t.co/0qvuEsaDX1pic.twitter.com/HBj6RqRVB7>

— Mediaite (@Mediaite) [25 November 2016](#)

Finally, as NBC also adds, Tillerson's deputy secretary of state for day-to-day management of the department will be former U.N. Ambassador John Bolton.

To summarize: a cabinet run by Wall Street and big oil (with a neocon backstop), and a handful of veteran generals thrown in. The writing should be on the wall as to what comes next.

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