

European Commission proposals for oil, gas and mining transparency laws welcomed by Publish What You Pay

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LONDON/STRASBOURG – Publish What You Pay, the global coalition of civil society groups, welcomes the European Commission’s proposals for EU laws that will require oil, gas, mining and logging companies to be more transparent about the payments they make to governments around the world.

“Secrecy in company payments for oil, gas and mineral resources has too often led to corruption, violence and civil war in many countries which are rich in natural resources, while exacerbating poverty by preventing those funds from being invested in basic services like health and education”, said Marinke van Riet, International Director of Publish What You Pay.

The European proposals which seek to amend the EU’s Transparency and Accounting Directives will require all European Union-listed or large unlisted oil, gas, mining and logging companies to disclose their payments to all governments on a country by country and project by project basis.

“We welcome the leadership of Commission President Barroso and Commissioner Barnier who have championed these rules together with strong messages of support from France’s President Sarkozy and British Prime Minister Cameron”, said Van Riet.

Ambitious and effective final rules needed

Jean Claude Katende of Publish What You Pay in the Democratic Republic of Congo (DRC) added: “Now that the Commission has laid out its proposals, we would like to see the European Parliament and member states agree on rules which are as ambitious as possible. Natural resources are worth billions of Euros to developing countries like the DRC but countries like mine have seen scant benefit from their mineral wealth to date.”

The European Parliament and member states, when they consider this proposal in the coming months, should strengthen the rules by removing any reporting exemptions which could potentially undermine the legislation. A robust definition of project level reporting is also essential and should be based on the contract, licence or other legal agreement which gives rise to companies’ tax liabilities so that companies are not left to decide for themselves what to report. This would send a powerful signal to resource-rich countries that Europe wants a partnership based on fairness and equality.

Hannah Owusu-Koranteng, an EITI International Board member from oil- and mineral-rich Ghana said: “while payment information will help us hold our leaders to account, other information on profits, sales, production levels, production costs and reserves would enable us to judge whether Ghana is getting a fair deal for the exploitation of its resources.”

The proposed legislation would build on a similar law adopted in the United States in July 2010. The US Dodd-Frank Wall Street Reform and Consumer Protection Act (July 2010) requires all oil, mining and gas companies registered with the US Securities and Exchange Commission to report their payments to all governments on a country by country and project by project basis. A major motivation for these proposed rules is to contribute to the strengthening of the Extractive Industries Transparency Initiative (EITI) and extend its scope to all resource-rich countries.

The market value of extractive industry companies listed on EU-stock exchanges alone is close to €1 trillion and the record profits which these companies are posting – Shell made €12.9 billion in the first half of 2011 alone – are based on their access to natural resources all over the world. It is expected that these laws will apply to at least 200 listed and 400 large unlisted companies in Europe.

“Full disclosure of payments on a country by country and project by project basis to governments will empower citizens with information which is critical to weeding out corruption, reducing tensions and is also a powerful tool to help investors lower their risk,” said Van Riet.

Strong EU laws would also put the pressure on other G20 countries like Australia, Canada, South Africa and China to put in place similar legislation of their own.

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Notes to editors:

The European Commission’s press release is available at:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/734&format=HTML&aged=0&language=EN&guiLanguage=en>

Clare Short, Chair of the EITI, commenting on the announcement of the proposed EU disclosure requirements said: *“I welcome the EU Commissioner Barnier’s announcement. These EU transparency requirements will strengthen the local accountability that the EITI provides. It further consolidates EITI as the global standard for transparency of payments from natural resources.”*

<http://eiti.org/news-events/proposed-eu-disclosure-requirements-strengthen-eiti>

EC Internal Market Commissioner Barnier and Development Commissioner Piebalgs joint statement:

<http://blogs.ec.europa.eu/piebalgs/transparency-for-all/>

Publish What You Pay (PWYP) is a global civil society network with over 600 member groups across more than 50 resource-rich countries like Nigeria, Angola, Cambodia and Kazakhstan which are united in their call for oil, gas and mining revenues to form the basis for development and improve the lives of ordinary citizens in resource-rich countries. www.publishwhatyoupay.org