



## **Blair Call For Oil and Mining Transparency Is Welcome but Regulation Needed**

September 2, 2002

Today British Prime Minister Tony Blair will announce an international initiative aimed at preventing mismanagement of revenues paid to developing countries by oil, gas and mining companies. The initiative to build global support for greater transparency in the extractive industry's dealings with governments in the developing world calls for full disclosure of all payments to governments and national authorities.

The Publish What You Pay coalition of more than 60 non-governmental and civil society organisations from around the world welcomes the announcement and Mr Blair's leadership on the issue but believes that regulation - rather than a voluntary framework - is required to prevent companies flouting such an initiative.

The oil, gas and mining industry is important to more than 50 developing countries, which are home to 3.5 billion people. Yet more than 1.5 billion of these people live on less than \$2 per day, while 12 of the world's 25 most mineral-dependent states, and six of the world's most oil-dependent states, are classified by the World Bank as highly indebted poor countries with the world's worst human development statistics.

Revenues from such investments make their way to governments and national authorities in the form of taxes, fees and other payments. All too often the institutions managing these revenues are unaccountable to ordinary citizens and become a vehicle for embezzlement, fraud and corruption. Full disclosure of all payments to governments and national authorities would help ensure more open decision making, deliver greater accountability between governments and their citizens, and provide a successful basis for growth and poverty reduction.

The Publish What You Pay coalition believes that regulation - rather than a voluntary framework - is required to prevent companies flouting such an agreement. A regulatory framework would ensure that all extractive companies had to publish the net revenues they paid governments as requirement of listing on major stock exchanges. The regulatory burden would be minimal because those companies already know what they pay for internal accounting purposes.

Fiona King, Private Sector Adviser at Save the Children UK states: "We welcome the Prime Minister's far-sighted leadership in addressing one of the key challenges to poverty reduction: the accountable management of natural resource revenues. We want to ensure that oil, gas and mining revenues are used are not used for private gain to meet children's basic rights to health and education. Voluntary measures will not succeed in doing this because some companies and countries will continue to exercise secrecy over revenue flows."

Katherine Astill, Private Sector Policy Analyst at CAFOD, said: "When oil and mining companies operate transparently, citizens of developing countries become less poor, because they are empowered to hold their governments to account for how revenues are spent. The Prime Minister's recognition of the direct connection between transparency and poverty is very welcome. But companies must be regulated to achieve transparency. The evidence shows that a voluntary approach is bound to fail."

Gavin Hayman, Campaigner at Global Witness, said: "Our investigations in war-torn Angola suggest that at least US\$1 billion every year for the past five years - around one third of state income - went missing from the government's coffers, most of which came from oil. If the payee was obliged to report the net payments they make in country, citizens could track revenues and hold their governments to account."

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**Notes to editors**

- The **Publish What You Pay Coalition** is calling on governments and national authorities, especially those in the G8, to take leadership and promote transparency over resource revenues worldwide. A central action will be for stock market regulators to require resource extraction companies to report net payments to all governments and national authorities as a condition for being listed.
- At 11.30am BST, September 2, Tony Blair will announce the new initiative at the UN Global Compact Round Table at the World Summit for Sustainable Development in Johannesburg.