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## **Simple, low-cost rule change at SEC would strengthen America's energy security and stabilize overseas business environment**

### ***Bill planned to require disclosure to shareholders of risks associated with payments to foreign governments for the extraction of natural resources***

Publish What You Pay United States, member of the global coalition of 350 groups working in 50 countries, today praised Rep. Barney Frank (D-MA), Chairman of the House Financial Services Committee, for introducing a bill that would require companies listed with the Securities and Exchange Commission (SEC) to report payments to foreign governments for the extraction of oil, gas and minerals.

Corruption and mismanagement are major contributors to the persistent poverty and instability that affect many resource-rich countries and also have a negative impact on U.S. foreign investments and energy security. H.R. 6066, the Extractive Industries Transparency Disclosure (EITD) Act, is an important step towards addressing these issues.

According to Dr. Morton H. Halperin, Executive Director of the Open Society Policy Center, "The freedom of information made possible by this bill will shed light on the billions of dollars governments are receiving from oil, gas, and mining contracts. Governments can then be held accountable by their citizens and the international community for how the money is being spent."

The bill would require that all payments over \$100,000 be disclosed as part of financial statements that are already required by the SEC. This would apply to both American and international companies listed with the SEC, including a majority of the largest oil, gas and mining companies in the world. The requirement would set an international standard for the public disclosure of such information.

As Karin Lissakers, Director of the Revenue Watch Institute, explained, "The bill will level the playing field for American companies that would prefer to be more transparent but face a potential competitive disadvantage against companies that are less transparent."

The bill provides a simple and low-cost means to address issues of vital importance to the United States. For example:

- **Investors need to be able to assess the risks of their investments.** Investors need to know where, in what amount, and on what terms their money is being spent in what are often very high-risk operating environments. These environments are often poor developing countries that may be politically unstable, rife with corruption and have a history of civil conflict fueled, in part, by natural resources. (MORE)

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- In Nigeria, a major supplier of oil to the US, \$380 billion in government funds was stolen or wasted between independence in 1960 and 1999. The recent kidnapping of oil workers and bombing of oil pipelines, which has kept an estimated 1 million barrels of oil a day off the market, are the result of the historic corruption and poverty in the oil-rich Niger delta region. **Instability threatens U.S. companies and their investors, undermines US energy security, and contributes to record-high oil prices.**
- Hundreds of millions of people in countries rich in oil, gas and valuable minerals are living in poverty while money from the sales of their natural resources are squandered or mismanaged. By knowing how much money their governments receive for oil, gas and minerals, citizens can hold their own governments accountable. **The House bill would open up a peaceful path to address human needs and lower tensions in the countries where American companies need to do business.**

Ian Gary, senior policy advisor for Oxfam America, noted that, "It's sad enough we are paying close to \$4 a gallon for gas. The current oil boom, though, isn't even helping the poor who live in oil-producing countries. This flood of petro-cash is strengthening the hand of unaccountable rulers and fueling more corruption and mismanagement."

Corinna Gilfillan, head of the US office of Global Witness, summarized: "This bill addresses issues of concern for legislators on both sides of the aisle: reducing investment risk, increasing energy security, funding of corrupt and repressive regimes, alleviating poverty, and reducing instability in the countries that supply America with vital natural resources."

The Publish What You Pay United States coalition urges Congress to pass the EITD Act. A dedicated website, [www.OpenTheBooks.org](http://www.OpenTheBooks.org) provides more information about the bill and the problems it addresses.

For further information on PWYP, visit [www.pwypusa.org](http://www.pwypusa.org) or contact Sarah Pray at (202) 721-5623 or [spray@pwypusa.org](mailto:spray@pwypusa.org).

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