



**UKaid**

from the Department for  
International Development

Rt Hon Andrew Mitchell MP  
Secretary of State

Publish What You Pay  
c/o Open Society Foundation  
Cambridge House  
100, Cambridge Grove  
London W6 0LE

4<sup>th</sup> July 2011

Sen AM,

Thank you all for your letter of 24 June about transparency in the extractive industries. The Coalition Government recognises the importance of transparency for these industries and the positive impacts it could have to improve governance and development and reduce corruption.

As you note, the Chancellor has committed to arguing for a European agreement that matches the new standards set in the US for reporting by extractives companies. We believe that an EU agreement on this issue would make a significant difference to transparency in the extractives industry and provide real benefits to developing countries. UK officials have been engaging with the European Commission and other Member States on this issue, and we expect negotiations on the Commission's proposals to begin in the autumn.

You refer to the G20 Development Working Group. The Chancellor has already raised the subject of extractives transparency with his G20 counterparts, and the UK will continue to engage with its international partners on this issue. We welcome the recent commitment made by Leaders at the G8 meeting in Deauville:

*"We will continue to support transparency in other areas including through the full implementation of the Extractive Industry Transparency Initiative (EITI), which we all support. We call on all countries, notably resource-rich countries, and extractive companies to join or support this initiative. We also welcome the complementary efforts to increase revenue transparency, and commit to setting in place transparency laws and regulations or to promoting voluntary standards that require or encourage oil, gas, and mining companies to disclose the payments they make to governments."*



You also ask about country-by-country reporting for multinationals in other sectors. It is clear that transparency in the affairs of multinationals is important, and many UK companies are champions of good practice in this area. The OECD Task Force on Tax and Development is currently considering whether country-by-country reporting would be effective for reducing tax avoidance by multinationals. The UK has been engaged in this work and we hope it can provide the basis by which we can evaluate which approaches to transparency will deliver real benefits for developing countries.

With every good wish to you all,  
Yours  
Andrew Mitchell

ANDREW MITCHELL