

European Parliament backs Publish What You Pay rules; sends strong signal to the European Commission

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LONDON/STRASBOURG - Publish What You Pay, the global coalition of civil society groups, welcomes the European Parliament's endorsement on Tuesday of plans for EU laws that will require oil, gas and mining companies to be more transparent about their tax payments 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.

On Tuesday, the European Parliament adopted a report on an effective raw materials strategy for Europe which called on the European Commission to *"establish legally binding requirements for extractive companies to publish their revenue payments for each project and country they invest in."*

Publish What You Pay, set up in 2002, has 600 members from more than 50 countries in Europe, Africa, Asia and the Americas. Winnie Ngabiirwe of Publish What You Pay Uganda said: "Our country will soon become an oil-producing nation and we are striving to ensure that the revenues help us overcome poverty, disease and develop economically. We look forward to strong European rules as project level payment data is crucial for local communities in Uganda to hold both national and local governments to account for ensuring that the full local benefits of project development are delivered."

Jean Claude Katende of Publish What You Pay in the Democratic Republic of Congo added: "We want to see the European Union adopt rules which are as ambitious as possible. Payment information will help us hold our leaders to account, but other information on profits, sales, production levels and reserves would enable us to judge whether DRC is getting a fair deal for the exploitation of its mineral resources."

"This endorsement by the European Parliament sends a strong signal to the European Commission that it expects strong upcoming legislative proposals obliging extractive companies to publish key financial information including the payments they make for every project and country where they trade," said Van Riet.

The market value of extractive industry companies listed in EU-stock exchanges exceeds €2 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. "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 and is also a powerful tool to help investors lower their risk," said Van Riet.

The European Commission is expected to present proposals for country-by-country financial reporting for extractive companies to the European Parliament and EU member states in October. The proposed legislation, which has won the endorsement of both France's President Sarkozy and British Prime Minister David Cameron, would build on a similar rule 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 a project-by-project basis.

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. Publish What You Pay is talking to Commission officials about how to build the US and prospective EU rules into a global standard of transparency.

ENDS

Notes to editors:

The European Parliament Report on an effective raw materials strategy for Europe was adopted on 13 September 2011 and is available here:

<http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&mode=XML&reference=A7-2011-0288&language=EN>

President Barroso statement on upcoming legislative proposals:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/387&format=PDF&aged=0&language=EN&guiLanguage=fr>

President Sarkozy support: <http://www.elysee.fr/president/les-actualites/communiqués-de-presse/2011/lettre-adressee-a-bono-en-reponse-de-sa-tribune.10545.html>

Britain backs 'publish what you pay' rule for oil and mining firms in Africa:

<http://www.guardian.co.uk/business/2011/feb/20/george-osborne-oil-mining-africa>

Prime Minister Cameron speech on aid, trade and democracy in Lagos, Nigeria:

<http://www.number10.gov.uk/news/pms-speech-on-aid-trade-and-democracy/>

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