

**U.K. Must Curb Graft in Commodities Trade, Government Group Says**  
2016-10-20 15:03:22.984 GMT

By Andy Hoffman

(Bloomberg) -- Britain must tighten transparency rules for the commodities trade to eradicate corruption overseas, a government committee said.

The U.K. should heed calls from non-governmental organizations such as Publish What You Pay and demand the disclosure of payments by traders to foreign governments in exchange for oil, metals and other resources, the House of Commons International Development Committee said in a report.

“By tightening its regulations on transparency the government can play an important role in rooting out corruption that is negatively impacting resource-rich developing countries like Nigeria,” the committee said.

The recommendation follows a decision by Trafigura Group Ltd., the second-biggest metals trader and third-largest oil trader, to join the Extractive Industries Transparency Initiative and disclose some past payments. The move by the firm, which has a U.K. office and major trading operations in Geneva, didn't sit well with all in an industry long criticized as opaque and secretive, and contributed to its exit from the Swiss Trading & Shipping Association.

Trafigura would be “better positioned to pursue the initiatives promoting transparency and responsible business practices” outside of the Swiss lobby group, it said in July. The trading house last year disclosed \$4.3 billion in oil-related payments to state entities in 2013, including \$2.5 billion to Nigerian National Petroleum Corp. Trafigura declined to comment on this week's report.

**‘Politically Exposed’**

Nigeria was ranked 136th out of among 168 nations in Transparency International's 2015 Corruption Perceptions Index, on par with Tajikistan. Central Bank Governor Lamido Sanusi was dismissed in 2014 after saying the national oil company failed to pay about \$20 billion of oil revenue to the government over an 18-month period.

Commodity trading can involve “relationships with high-risk customers, most notably with politically exposed persons,” the U.K. committee said, citing a separate report from the Financial Conduct Authority. Secrecy in oil sales “also lets governments hide how much revenue they receive,” it said, citing Publish What You Pay.

The government of Switzerland, where many of the biggest trading houses are based or operate, has encouraged firms to follow Trafigura's commitment to disclosing payments, but has stopped short of imposing mandatory reporting requirements.

Public Eye, a Swiss NGO that has pushed for more transparency in commodities, applauded the U.K. committee's call to action.

"Increased transparency in the U.K. would put the Swiss government under additional pressure to follow that example and regulate the world's biggest trading hub accordingly," Oliver Classen, a spokesman, said by e-mail.

While about a third of the world's oil is traded through Switzerland, the report shows Britain is responsible for about 25 percent.

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