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## United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

November 3, 2017

The Rt. Hon. Greg Clark MP  
Secretary of State for Business, Energy and Industrial Strategy  
Department for Business, Energy and Industrial Strategy  
1 Victoria Street  
London SW1H 0ET  
United Kingdom

Dear Secretary Clark:

I write to you today as a longtime supporter of anti-corruption provisions that require oil, gas and mining companies to publish their payments to governments around the world on a country-by-country and project-by-project basis.

I commend the United Kingdom (U.K.) for its work to date in implementing chapter 10 of the European Union Accounting Directive and similar provisions in the E.U. Transparency Directive. I am confident that these measures help raise global standards for transparency in the extractive sector, improve accountability and reduce the space for corruption and other illicit activities. Furthermore, these disclosures provide critical information for investors to assess and mitigate the risks of investing in the notoriously opaque extractives industry.

I understand that your Department is now carrying out a review of the U.K. Reports on Payments to Governments Regulations, including an assessment of the extent to which the regulatory system is achieving its intended objectives, whether the objectives remain appropriate, and, if so, the extent to which they could be achieved through less regulation.

My view is that the Regulations, and extractive company disclosure obligations in other jurisdictions and markets, remain invaluable in the fight against corruption and mismanagement. It is widely recognized that oil, gas and mining are among the most corruption-prone economic sectors worldwide. It is equally acknowledged that payment and revenue transparency is a necessary requirement if the extractive industries and the States that host them are to be well-governed and accountable to citizens.

Mandatory payment reporting also has a preventive effect whereby companies and government officials are dissuaded from entering into dubious agreements and siphoning funds for illicit purposes because they know their transactions will be published. While the Extractive Industries Transparency Initiative provides a useful framework for public oversight, it applies in only 50 or so countries around the world. By contrast, mandatory payment disclosure requirements are global in effect.

There is also a growing body of evidence that civil society in resource-rich countries is steadily empowering itself to access, understand and use companies' payment reports for accountability and advocacy purposes. We should not lose sight of the importance of citizen voice and participation in democratizing societies, particularly as it relates to the extractive industries.

In addition, the operating environment for extractive companies, and the business environment for investors, will increasingly benefit from a more open and accountable sector. The high cost to companies and governments of disrupted production resulting from community discontent, and the reputational risks of association with corruption and mismanagement, are widely documented.

While I accept that annual payment reporting imposes a minor regulatory burden on oil, gas and mining companies, this is not excessive or disproportionate in relation to the considerable benefits.

I therefore encourage you to use your statutory report on the U.K. Regulations to reaffirm the United Kingdom's commitment to extractive sector transparency through mandatory reporting and to advance a vision of greater accountability to citizens around the world on the part of companies and governments for natural resource extraction.

Sincerely,

A handwritten signature in blue ink that reads "Ben Cardin". The signature is written in a cursive, slightly stylized font.

Benjamin L. Cardin  
Ranking Member