

The Rt Hon Greg Clark MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
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Reports on Payments to Governments Regulations

Dear Secretary of State

While I was Vice-President of the Economic & Monetary Affairs Committee of the European Parliament I helped negotiate chapter 10 of the European Union Accounting Directive. This requires companies active in the oil, gas and mining industries to report annually on the payments they make to all governments around the world.

I would like to commend the United Kingdom Government for being among the first EU Member States, together with France, to implement chapter 10.

The recent advent of payment transparency in the extractive sector has been a milestone in the global fight against corruption and in the empowerment of citizens in resource dependent countries. To its credit the UK, with cross-party support, has continued to show admirable leadership on this issue, which I hope will long continue. Extractive companies such as Rio Tinto and Tullow Oil have also helped lead the way.

These are still relatively early days for mandatory reporting. But I am aware that civil society organisations have already done considerable work in accessing and analysing extractive companies' disclosures and using them as a vehicle to engage with companies and governments. This has generated momentum for a greater degree of accountability in this historically opaque sector, where so much potential public benefit has in the past been squandered.

As you now undertake your statutory review of the Regulations, I urge you to build on the gains made thus far – not only in the UK and the EU but also in Norway, Canada and the United States, where Dodd-Frank Section 1504 remains on the statute book – and to continue this momentum.

The essential requirements for company reporting under the Regulations are sound and make a valuable contribution to a more just and sustainable world. At the same time, I believe there are minor elements in the disclosure regime that could be improved, which I am sure will be presented to you by UK civil society organisations that have worked so hard with your Government to get this legislation on to the statute book

I believe we owe it to present and future generations to ensure that our depletion of the world's finite stocks of oil, gas and minerals results in lasting benefits for global society,

including consumers, company shareholders and the hundreds of millions of poor people who live in the countries of production.

Yours sincerely

Arlene McCarthy OBE

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