Publish What You Pay
United States

Do Not Remove an Anti-Corruption Safeguard that Protects American Investors and National Security

The bipartisan Cardin-Lugar anti-corruption provision (Section 1504 of Dodd-Frank) requires all oil, gas and mining companies listed on US stock exchanges to publicly disclose the project-level payments they make to the US and foreign governments in every country of operation.[1]

Request

- **VOTE NO on any effort to repeal the Cardin-Lugar Provision to protect American investors and National Security**

Corruption, secrecy, and government abuse have catalyzed conflict, instability, and violent extremist movements globally: In resource-rich but economically poor countries, natural resource revenues are often lost to fraud, corruption, and waste. Rather than lifting people out of poverty, the funds are used to enrich well-connected political elites. Corruption and mismanagement of natural resource revenues breeds discontent, resentment, and conflict. Terrorist groups currently posing the gravest threats to the United States and our allies have taken root in highly fragile countries or regions with certain defining characteristics: 1) corrupt governments with inadequate service delivery and limited responsiveness to citizens; 2) high poverty and inequality; and 3) low quality of life and a lack dignity for ordinary citizens. Extremist groups such as ISIS and the Taliban use natural resources to fund their operations. Countries with high levels of disaffected and disenfranchised citizens also present fertile recruiting grounds for these groups.

Today, Russian companies like Rosneft and Gazprom are more transparent than American oil giants *Chevron* and *ExxonMobil*

Increased transparency of natural resource revenues is critical for investors: Investors representing $10 trillion in assets under management wrote in to the SEC in support of a strong rule implementing the Cardin-Lugar provision. Investors recognize the significant risks in investing in the natural resource sector given the sometimes unstable operating environments in which extraction takes place globally. Operations are subject to risks such as: nationalization, abrupt tax policy changes, production stoppages due to social and political factors, instability, and conflict. Between 2011-2014, during the conflict in Libya, five US stock exchange-listed companies, Marathon, Hess, ENI, Suncor and Total SA **lost an estimated $17.42 billion** due to production disruptions. The Cardin-Lugar provision provides investors the information necessary to assess and analyze risk. This leads to an increased trust and willingness to invest, and greater access to capital for US oil, gas, and mining companies working abroad in challenging environments.

Global Norm: US leadership set the international payment transparency standard. Thirty of our allies adopted rules that are aligned with the Cardin-Lugar Provision, with hundreds of companies now reporting. This includes all EU member states, Canada, and Norway. Companies covered under equivalent foreign reporting requirements include Shell, BP, BHP Billiton, Rio Tinto, Total as well as the Russian state-owned companies Rosneft and Gazprom.

[1] In February 2017, a Congressional Review Act (CRA) resolution of disapproval, rolled back the implementing rule for the Cardin-Lugar Provision. Despite this action, the Cardin-Lugar Provision law is in force, and the CRA statute mandates that the Securities and Exchange Commission (SEC) promulgate a new rule within a year.