

December 11, 2017

ActionAid International USA  
Amnesty International  
American Jewish World Service  
Bank Information Center  
CARE USA  
Catholic Relief Services  
Columban Center for Advocacy and Outreach  
CorpWatch  
Crude Accountability  
EarthRights International  
EARTHWORKS  
Environmental Defense Fund  
EG Justice  
Environmental Defense  
Friends of the Earth  
Gender Action  
Global Financial Integrity  
Global Rights  
Global Witness  
Government Accountability Project  
Human Rights Watch  
International Budget Project  
International Labor Rights Forum  
Justice in Nigeria Now  
Micah Challenge USA  
Natural Resource Governance Institute  
Open Society Policy Center  
Oxfam America  
Pacific Environment  
Presbyterian Church USA  
Project on Government Oversight  
Robert F. Kennedy Center for Human Rights  
Sierra Club  
Sustainable Energy & Economy Network  
United Methodist General Board of Church and Society  
United Steelworkers  
United to End Genocide

The Honorable Jeb Hensarling  
Chairman  
House Financial Services  
Committee  
United States House of  
Representatives  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services  
Committee  
United States House of  
Representatives  
Washington, DC 20515

**Re: Vote no on H.R. 4519 which would repeal the Cardin-Lugar Anti-Corruption Provision**

Dear Chairman Hensarling and Ranking Member Waters,

We are writing on behalf of the Publish What You Pay - United States (PWYP-US) coalition to voice our strong opposition to H.R. 4519 and reiterate the vital importance of the bipartisan Cardin-Lugar provision (or Section 1504) of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act.<sup>1</sup> H.R. 4519 would repeal this critical tool for combatting corruption and enable secret back-room deals that benefit foreign regimes hostile to American interests. H.R. 4519 ignores communities of faith and oil, gas and mining investors worth \$10 trillion that have formally supported Section 1504, while damaging U.S. global leadership on combating corruption.

The bipartisan Cardin-Lugar Anti-Corruption Provision requires domestic and foreign oil, gas, and mining companies listed on U.S. stock exchanges to publicly disclose the payments they make to U.S. and foreign governments in exchange for access to oil, gas and minerals. Transparency of oil, gas, and mining revenues is recognized by investors and companies as necessary to deter government corruption and waste and create stable investment markets. It gives U.S. citizens and citizens around the world the tools they need to follow the money and hold their governments to account. As a result, it supports more effective U.S. foreign aid, and is critical to U.S. energy security and national security.

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<sup>1</sup> Read the text of Section 1504 here: <http://pwypus.wpengine.com/wp-content/uploads/2016/05/1504-Law-Text.pdf>

Section 1504 enjoys a broad base of support:

- **Oil, gas and mining investors with nearly \$10 trillion in assets under management formally supported the Cardin-Lugar provision and strong implementing rules in multiple submissions to the SEC.**<sup>2</sup> They need the information to be produced under the law to assess and analyze investment risk.<sup>3</sup> Research by Catholic University and George Washington University suggests that the resulting transparency could lower the cost of capital for covered companies by up to \$12.6 billion.<sup>4</sup>
- **U.S. government agencies, including the Department of State, USAID and the Department of the Interior, as well as national security experts and anti-corruption watchdog groups have strongly supported Cardin-Lugar as vital.** The secrecy, government abuse, and corruption that fuels conflict in resource-rich countries undermines global market stability, benefits foreign adversaries of the United States, and fuels the growth of violent extremism.
- **The faith community, including the United States Conference of Catholic Bishops, Catholic Relief Services, the Presbyterian Church USA, United Methodist Church, Maryknoll, and many others strongly support Section 1504.** Faith groups support the law because it is essential for protecting the world's poorest and most vulnerable in oil and mineral rich countries where corrupt elites siphon away millions in revenues that could be used to fund basic services.

H.R. 4519 would undermine U.S. global leadership. Section 1504 catalyzed a wave of transparency laws in the largest capital markets for oil, gas and mining, including the European Union, Canada and Norway. Today, 30 countries have laws in force that align with Section 1504 and cover the majority of oil, gas and mining companies that compete with American firms.<sup>5</sup> **All the European oil and mining majors have been reporting under these laws for the past two years, including BP, Shell, Total and BHP Billiton, the largest mining company in the world.** Under EU law, U.S. companies, like ExxonMobil, Chevron and ConocoPhillips, have been successfully reporting for their local subsidiaries with no incident. These sister laws also cover foreign state-owned companies, including Russian companies like Gazprom and Rosneft, and some Chinese state-owned companies.<sup>6</sup> Section 1504 is necessary to cover foreign state-owned companies operating in U.S. waters, including Brazilian state-owned oil major, Petrobras, and Chinese companies Petrochina and Sinopec.

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<sup>2</sup> See Comment submitted to the SEC by Calvert Investments (16 Feb. 2016). Available at: <https://www.sec.gov/comments/s7-25-15/s72515-39.pdf>

<sup>3</sup> Stu Dalheim. "Transparency from Energy Companies is Good for Investors, and Good for Business." Morning Consult. (July 2016) Available at: <https://morningconsult.com/opinions/transparency-oil-gas-mining-companies-good-investors-good-business/>

<sup>4</sup> Comment submitted to the SEC by Anthony Cannizzaro and Robert Weiner. Does Dodd-Frank Disclosure Regulation Benefit Investors? Theory, Landscape, and Application to Extractive Industries (Feb. 2016). Available at: <https://www.sec.gov/comments/s7-25-15/s72515-22.pdf>

<sup>5</sup> PWYP-US. Transparency on the Move: Payment Disclosure by the World's Largest Oil, Gas & Mining Companies (Feb. 2015) Available at: [http://pwypus.wpengine.com/wp-content/uploads/2016/05/Company-Coverage-Fact-Sheet\\_Final\\_0-1.pdf](http://pwypus.wpengine.com/wp-content/uploads/2016/05/Company-Coverage-Fact-Sheet_Final_0-1.pdf)

<sup>6</sup> Gazprom Consolidated Report on Payments to Governments for 2015, available at: <http://www.gazprom.com/f/posts/12/001311/gazprom-consolidated-report-2015-en.pdf>, and for 2016, available at: <http://www.gazprom.com/f/posts/44/307258/gazprom-consolidated-report-2016-en.pdf>; Rosneft Oil Company Report on payments to governments for 2015, available at: [https://www.rosneft.com/upload/site2/document\\_file/Rosneft\\_GP\\_2015\\_ENG\\_30.06\\_final.pdf](https://www.rosneft.com/upload/site2/document_file/Rosneft_GP_2015_ENG_30.06_final.pdf), and for 2016, available at: [https://www.rosneft.com/upload/site2/document\\_file/Rosneft\\_GP\\_2016\\_ENG\\_30.06\\_final.pdf](https://www.rosneft.com/upload/site2/document_file/Rosneft_GP_2016_ENG_30.06_final.pdf)

The U.S. has already fallen behind the rest of the world due to delays in implementing Cardin-Lugar. Repealing the Cardin-Lugar provision would be a costly step backwards and a shameful abdication of U.S. leadership. H.R. 4519, by repealing the Cardin-Lugar provision, would send the wrong signal to the world at this critical moment: that the U.S. is more interested in serving the interests of foreign dictators, kleptocrats, extremists, and the few companies interested in illicit back-room deals, than in continuing to promote stable investment markets and leading the fight against corruption. H.R. 4519 is contrary to American values, and against the interests of the American people.

**For all of these reasons, we urge you to support the Cardin-Lugar Anti-Corruption Provision and vote no on H.R. 4519.<sup>7</sup>**

Thank you for your consideration and please do not hesitate to contact us with any questions. Please reach out to Waseem Mardini at [wmardini@pwwypusa.org](mailto:wmardini@pwwypusa.org) or 202-777-2934.

Sincerely,

**Publish What You Pay - United States  
Steering Committee**



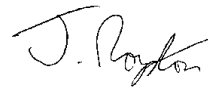
Joseph Kraus  
Director, Transparency and Accountability  
ONE Campaign



Stefanie Ostfeld  
Deputy Head of U.S. Office  
Global Witness



Isabel Munilla  
Policy Lead, Transparency, Extractives Program  
Oxfam America



James Royston  
Regional Coordinator, G20 Countries  
Publish What You Pay International

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<sup>7</sup> H.R.4519 - To amend the Securities Exchange Act of 1934 to repeal certain disclosure requirements related to resource extraction, and for other purposes. Available at: <https://www.congress.gov/bill/115th-congress/house-bill/4519>