For Immediate Release: February 14, 2018
Contact: Waseem Mardini – wmardini@pwypusa.org
Mobile: 610-322-6732

Publish What You Pay
United States

ExxonMobil and Chevron Complicity in Undermining U.S. Anti-Corruption Regulation Exposed on Anniversary of SEC Rule Repeal

Citizens call for their removal from prestigious oil and mining sunshine initiative

Washington D.C. - One year ago today, President Trump signed away U.S. leadership in the global effort to combat corruption by rolling back a critical oil transparency rule. The repeal of the regulation put the U.S. behind other capital markets with similar rules in force and led the U.S. to withdraw from implementing the prestigious Extractive Industries Transparency Initiative (EITI). Citizens are now calling for ExxonMobil and Chevron to be removed from the EITI Board for their role in repealing the rule.(1)

"Today marks the anniversary of the U.S. taking a backseat in the fight against oil and mining corruption. While Europe and Canada's transparency laws are moving successfully ahead, the U.S. is embarrassingly behind other capital markets thanks to lobbying by ExxonMobil, Chevron and the American Petroleum Institute," said Waseem Mardini, Policy Advisor, Publish What You Pay - United States (PWYP-U.S.). "Citizens have had enough. ExxonMobil and Chevron continue to ignore citizen and investor demands for transparency and flout the basic requirements of the EITI while serving on its board. If they won't play by the rules, they are not fit to be members."

PWYP-U.S. members and investors worth nearly $10 trillion in assets under management supported the strong 2016 U.S. Securities and Exchange Commission (SEC) rule to implement Section 1504, also known as the Cardin-Lugar Anti-Corruption Provision of the 2010 Dodd-Frank Act. The law requires oil, gas, and mining companies listed on U.S. stock exchanges to report the project-level payments they make to U.S. and foreign governments for access to natural resources. Thirty other countries have implemented laws modeled on the U.S. law, and the EITI Board approved the integration of the law's requirements into its 2013 Standard. Today, fifty countries implement the EITI.

"Citizens around the world, from Iraq to Zimbabwe to Indonesia, have been able to use company data to hold their governments to account and to inform their communities. Without a strong SEC rule upholding the global transparency standard, some American companies and citizens, and the global citizenry, stand to lose a great deal," said Elisa Peter, Executive Director of Publish What You Pay International representing a global coalition of over 700 citizens groups working in over 50 countries advocating on transparency.

PWYP-U.S. and members of the national USEITI program filed a grievance with the EITI Board Chair, with a discussion scheduled for today in Oslo.

“Today we are taking stock. The U.S. government was once the global leader in the fight against corruption, but now leading U.S. oil companies like ExxonMobil and Chevron have been surpassed by the transparency of key competitors like Shell, BP and Total. Even Russian and Chinese state owned oil companies are more transparent than these companies. Nearly $300 billion in payments have been disclosed by public and state-owned companies thanks to rules in other markets and the sky has not fallen,” said Mardini. “For years, Exxon and Chevron have touted their commitment to transparency. The false arguments they used to undermine the SEC rule and end USEITI reveal that their rhetoric doesn’t match reality. As the SEC gears up for a new rule, we’ll be keeping an eye out.”

##

Background and Notes to Editors

Since the Cardin-Lugar provision was adopted in 2010, 30 countries, including major extractives capital markets UK, France, Canada and Norway, passed their own versions of the legislation establishing a global standard. Covered companies have reported successfully without any reported competitive impact or impact on cash flow. In fact, leading oil and mining majors support a level playing field and the existing global standard for oil, gas, and mining transparency. (2) State-owned Russian companies Rosneft and Gazprom, listed on European exchanges, and state-owned Chinese companies CNOOC and Sinopec, listed in European and Canadian exchanges, have reported their payments in line with the global standard. In early 2017, six Republican Senators submitted a letter to the SEC encouraging the agency to publish a new rule “consistent with the international standards already adopted in European and other governments.”(3) SEC Chair Jay Clayton has made public his commitment to produce a new rule for Section 1504 and a rule is expected in the first quarter 2018.

In December, a bill to repeal the Cardin-Lugar provision, sponsored by Rep. Bill Huizenga (R-MI-2), the same sponsor of the bill rolling back the SEC’s implementing rule, passed out of the House Financial Services Committee. PWYP-U.S. responded to the legislation, “We are disappointed that a committee whose duty is to protect U.S. investors and create stable investment markets would choose to do the opposite. Cardin-Lugar allows oil and mining investors to better assess risk by shining a light on billions of dollars that flow out of company coffers to unstable regimes.”(4) The EITI Chair Fredrik Reinfeldt, former prime minister of Sweden, publicly voiced his concern about the repeal attempt stating “I believe it would be a setback for transparency in the extractive industries if this legislation is adopted and 1504 repealed.”(5)

(1) Civil society organizations call on ExxonMobil and Chevron to be removed from the EITI Board. February 7, 2018 (link); see also the PWYP-US response to the Department of the Interior withdrdawal (link)
(2) Oil, Gas, and Mining Company Support for Transparency. September 2017 (link); Comment submitted to the SEC by Patrick Pouyanné, Chairman and CEO of Total SA, January 2016. (link)
(3) Letter to the SEC from Sens. Bob Corker (R-TN), Susan Collins (R-ME), Marco Rubio (R-FL), Johnny Isakson (R-GA), Lindsey Graham (R-SC), Todd Young (R-IN), February 2, 2017. (link)

(4) PWYP-US Condemns Congressional Attempt to Scrap Landmark Anti-Corruption Law, December 13, 2017. (link)

(5) Statement from EITI Chair Fredrik Reinfeldt, December 14, 2017. (link); the EITI Chair also made a statement in response to the Trump administration's repeal of the SEC rule: "The SEC took great care in drafting these rules in consultation with industry to ensure that they complement the EITI's efforts and avoid unnecessary duplication. I would urge Congress to consider this matter thoroughly, and to ensure that any action does not undermine the hard-won gains in this arena." February 14, 2017. (link)