



April 24, 2009

Dear President Obama,

As leaders of U.S.-based human rights, development, faith-based, and environmental groups, we are writing to draw your attention to the urgent need to increase transparency and accountability in the oil, gas and mining sectors in the United States and in the more than fifty “resource rich” countries around the globe. We hope that your Administration will make transparency in the extractive industries a priority in its foreign and domestic policy as this simple and effective step can help combat corruption, ensure our national and energy security, alleviate poverty, and combat human rights abuses in the developing world.

Transparency in extractive industries is critical for good governance and in providing space for civil society to play an oversight role in resource rich countries. Only by knowing how much money is flowing into a country can the citizens of that country and international organizations hold a government accountable for spending those funds to build infrastructure, educate its people and plan for a future when the nation’s natural resources have run out. Our organizations, members of the global Publish What You Pay coalition, are dedicated to supporting local groups and developing new global frameworks for extractive industries transparency.

The United States relies heavily upon foreign oil to fuel our economic growth, importing around 60% of its total oil supply – 20% from Africa alone. Yet many of the U.S.’s energy suppliers face severe governance and security challenges that create volatile markets, threaten oil supplies and foster kleptocracies. The discovery of oil, gas, precious metals or minerals can turn into a “resource curse”; mismanagement of oil, gas, and mining profits in energy-producing countries often go hand-in-hand with endemic corruption, underdevelopment, high investment risk, and social unrest.

Political and investment risk ratings for America’s primary African suppliers—Nigeria, Angola and Equatorial Guinea—are consistently among the worst in the world. Instability in the Niger Delta region resulted in the loss of hundreds of thousands of barrels of oil each day, which caused Nigeria’s oil exports to fall 25% in 2007.

From Angola to Bolivia, the disparity between severe poverty and resource wealth has led to civil unrest, often leading to the nationalization of natural resources critical for U.S. energy supplies. By promoting extractive revenue transparency as a global norm, the U.S. government can reduce instability among its energy suppliers, achieve greater long-term energy security, and demonstrate leadership. In holding governments to account and combating corruption, the potential for development is enormous. Billions of dollars of resource revenues, dwarfing U.S. aid to developing countries, could be used for development purposes if they were spent in a transparent and accountable manner.

Our coalition seeks your support for two important initiatives:

1. Passage of legislation that would require disclosure of payments from companies to host governments.

- Last year the Extractive Industries Transparency Disclosure Act (EITDA) was introduced in the 110th Congress by Chairman Barney Frank of the House Financial Services Committee with companion legislation introduced by Senator Charles

Schumer. Similar legislation is expected to be re-introduced in the 111th Congress. The EITDA would require all extractive industries registered with the Securities and Exchange Commission (SEC) to report their payments to foreign governments for the extraction of oil, gas and minerals on a country-by-country basis.

- Importantly, all SEC-registered American *and* international companies - covering the majority of the world's oil, gas, and mining businesses (including 90% of the major operating oil companies) - would be required to disclose any payments within the eight categories specified under the voluntary Extractive Industries Transparency Initiative (EITI).
- Directly reinforcing the U.S. government's Anti-Kleptocracy Initiative, the EITD Act is a low cost method for both companies and government agencies to combat corruption and increase transparency.
- **Strong Presidential backing for the reintroduction of the EITD Act would ensure passage in Congress.** It is an important piece of legislation, but needs high-level support for success.

2. **Implement the Extractive Industries Transparency Initiative (EITI) in the U.S. and increase support for EITI globally.**

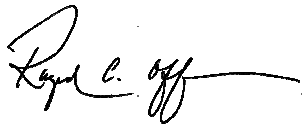
- The EITI is a voluntary, global standard for promoting transparency of, and accountability for, payments and revenues in countries rich in oil, gas, and mineral resources. It is multi-stakeholder in nature, with governments, companies and civil society all working together. More than twenty-five producing countries, including Norway, are either implementing or have committed to EITI implementation within their extractives sector. Additionally, thirty-seven oil, gas, mining, and forestry companies have endorsed and support the EITI.
- **The U.S. government should implement EITI for all oil, gas and mining extraction on Federal lands.** Adopting EITI's payment disclosure rules would underscore the Administration's commitment to transparency, and greatly improve accountability in the Interior Department's historically woeful management of these valuable public assets. U.S. implementation would also send a powerful signal that we are striving for one global standard, not a different set of rules for poor countries than for ourselves.
- The U.S. government should **raise its level of representation at the EITI international governing board.** Currently, an Office Director within the State Department represents U.S. interests at the EITI board.
- Finally, , the U.S. government should **increase its financial support for the EITI process** through the multi-donor Trust Fund, managed by the World Bank.

The EITI and the EITD Act complement each other; where countries lack the political will to implement a voluntary initiative, the EITD Act would put valuable information into the public domain.

Ultimately, implementing both the EITI and the EITD Act would send a message to the world that the U.S. government is seriously committed to transparency in the extractive sectors, thereby enhancing U.S. energy security, combating the resource curse, promoting Anti-Kleptocracy initiatives, and strengthening civil society.

We look forward to working with you and your Administration to advance efforts to promote greater transparency and accountability in the extractive industries globally and would welcome the opportunity to meet with your staff to discuss this further in person.

Thank you.



Raymond C. Offenheiser
President
Oxfam America



Bama Athreya
Executive Director
International Labor Rights Forum



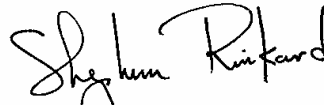
Simon Taylor
Director
Global Witness



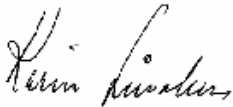
Kate Watters
Executive Director
Crude Accountability



Gradye Parson
Stated Clerk
Presbyterian Church (USA)



Stephen Rickard
Executive Director
Open Society Policy Center



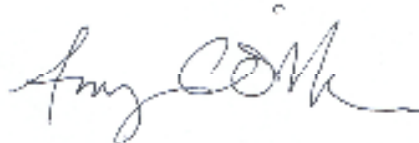
Karin Lissakers
Director
Revenue Watch Institute

/s/

Alanna Hartzok
Co-Director
Earth Rights Institute



Arvind Ganesan
Director of Business and Human Rights
Human Rights Watch



Amy O'Meara
Policy Director, Economic Relations
Amnesty International USA



Chad Dobson
Executive Director
Bank Information Center



Ka Hsaw Wa
Co-Founder and Executive Director
Earthrights International



Tutu Alicante
Executive Director
E.G. Justice

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CC: SECRETARY OF STATE HILLARY CLINTON

SECRETARY OF THE INTERIOR KEN SALAZAR

NATIONAL SECURITY ADVISOR GEN. JAMES JONES