



The Rt Hon David Cameron
The Prime Minister
10 Downing Street
London SW1A 2AA

28 April 2016

Dear Prime Minister

Anti-Corruption Summit and trading of oil, gas and minerals

Thank you for your leadership in hosting the forthcoming 12 May Anti-Corruption Summit. We commend your championing of a strong anti-corruption agenda since 2010, including at the 2013 Lough Erne G8 Summit, imminent implementation of the United Kingdom's public register of beneficial ownership, and major advances towards a global standard of extractive industry transparency.

The London Summit offers a key opportunity for further progress, and we ask you to ensure that the Summit addresses one of the major remaining areas of opacity and corruption risk in the oil, gas and minerals sector: physical commodity trading.

In many oil producing countries, the national oil company sells oil to international traders. Two of the world's largest traders of oil are BP and Royal Dutch Shell, and other major players like Glencore and Sinopec are publicly listed in the UK. Payments to governments from oil trading transactions can be vast, yet are largely opaque. Sales by the national oil companies of Africa's ten largest oil producing countries from 2011 to 2013 totalled \$254 billion, more than one-half their combined government revenues. The sale of oil constitutes the largest source of government revenue in Angola, Iraq, Libya and Nigeria.

Corruption can occur in the selection of buying companies, in setting the terms of sale, and when secrecy allows governments to misappropriate the sale proceeds. Transparency of payment flows between traders and resource-rich countries will help deter this corruption.

As the Africa Progress Panel, chaired by former UN Secretary-General Kofi Annan, has recognised, international action is urgently needed to make oil, gas and mineral trading more transparent and accountable. A letter in the *Financial Times* earlier this month from Sir Paul Collier, Baroness Valerie Amos and others identified this issue as a priority for the London Summit. The Extractive Industries Transparency Initiative now covers trading, but many countries do not participate. New mandatory payment disclosure laws in Europe and North America have so far neglected trading-related payments, despite their huge size and the associated corruption risks.

Commodity trading hubs should extend natural resource payment disclosure rules to include oil, gas and minerals trading. Companies incorporated or publicly listed in Switzerland, the UK and the United States undertake well over half of this global trade, including 80% of oil trading. Switzerland, the world's largest trading hub, has agreed to include trading-related payments in its

forthcoming extractives transparency legislation *if there is international action*. The London Anti-Corruption Summit is the ideal moment for this international action to emerge.

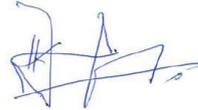
We call upon you and your fellow world leaders to commit in your 12 May Summit communiqué to shine the light of transparency on payments to governments made by traders in oil, gas and minerals as part of the fight against corruption.

We look forward to your reply on this matter.

Yours sincerely



Elisa Peter
Executive Director
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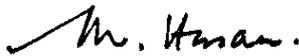
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