



*For immediate release*

## **COMMODITY TRADING HUBS MUST TAKE THE LEAD IN MINIMISING CORRUPTION RISKS IN OIL, GAS AND MINING London summit a key opportunity for trading transparency**

LONDON, 10 May 2016—PWYP and NRG [call upon the governments of the UK](#) and other countries participating in the [Anti-Corruption Summit: London 2016](#) to address one of the largest remaining areas of secrecy and corruption risk in oil, gas and mining: [commodity trading](#).

The UK and other participating governments have discussed whether to address the challenge of secrecy in physical commodity trading at the summit, hosted by UK Prime Minister David Cameron. The issue had appeared in various drafts of the summit communiqué, but governments are still formulating a final version. It is imperative that the communiqué contain concrete, actionable commitments to address this urgent challenge.

The summit is a crucial opportunity for countries to commit to the development of a global standard for the disclosure of payments to governments for the sale of oil, gas and minerals—and that should include payments from commodity traders. Millions of citizens of resource-rich countries live in poverty, worsened by corruption and gross financial mismanagement; they deserve nothing less than the commitment to end secrecy in the purchase of commodities from their governments.

“International action by governments is urgently needed to end this major area of corruption risk in the natural resources sector,” said Elisa Peter, Executive Director, PWYP. “It’s time to make oil, gas and minerals trading transparent and accountable.”

When companies buy physical commodities from governments, the payments they make are usually secret—even though payments for commodities can form one of the largest income flows for governments of resource-rich countries. In Angola, Iraq, Libya and Nigeria, for example, the majority of total government revenues come from crude oil sales – often to British, Swiss or American companies. Damaging oil trading deals signed by the previous Nigerian administration [cost the country’s treasury](#) as much as \$16 per barrel and have since been cancelled by the administration of current president Muhamadu Buhari.

Corruption risks in oil, gas and minerals trading have been acknowledged by the Africa Progress Panel, the UK’s Financial Conduct Authority, the Swiss government, a recent report published by the Organisation for Economic Co-operation and Development (OECD) and others.

Commodity sales by national oil companies also touch on important security, conflict and geopolitical agendas. For example, contested governmental entities, such as the Kurdistan Regional

Government in Iraq and factions within Libya, have sold oil to international buyers. In other cases, the export of stolen oil has fuelled conflicts in Iraq, Syria and Nigeria.

“Laws in the EU, US and Canada already require transparency in some oil, gas and mining payments. Trading payments should not be an exception to this rule,” said Daniel Kaufmann, president and CEO of NRGi. “Illuminating this persistently opaque corner of the industry will lower risks and bad deals, and therefore benefit millions of citizens in poor countries.”

The UK government should commit to revising its own Reports on Payments to Governments Regulations to include these transactions, push for inclusion of commodity trading in the summit communiqué, advocate for EU-level change, and lead to an international process to end trading secrecy in other major trading hubs like Switzerland, Singapore and the United States.

## **Background**

PWYP, NRGi and others have [written to Prime Minister Cameron](#) calling for UK leadership on this issue. The heads of both PWYP and NRGi have also emphasised the urgency of addressing trading transparency in their contributions to a Leaders’ Anti-Corruption Manifesto to be presented to government leaders on 12 May.

Read the joint PWYP-NRGi briefing on the importance of commodity trading transparency [here](#).

**The Natural Resource Governance Institute (NRGI)** helps people to realize the benefits of their countries’ endowments of oil, gas and minerals.

**Publish What You Pay (PWYP)** is a global network of civil society organisations that are united in their call for an open and accountable extractive industry that contributes to improving the lives of women, men and youth in resource-rich countries.

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