



COLUMBAN CENTER FOR ADVOCACY AND OUTREACH

THE ENERGY SECURITY THROUGH TRANSPARENCY (ESTT) ACT, S.1700

What we see: 3.5 billion people currently live in countries rich in oil, gas and minerals. The use of these resources could generate large revenues to foster growth and reduce poverty. Instead, 1.5 billion people in these 60 developing and transition countries, rich with natural resources, survive on less than US\$2 per day and constitute over two-thirds of the world's poor.

These citizens currently lack any method of recourse in holding their governments accountable for their expenditures because there is no access to the most basic information concerning natural resource revenues. The lack of transparency facilitates corruption. The misappropriation of funds increases poverty and reinforces authoritarian governments; ultimately leading to state failure and the spread of instability.

Currently, investors have little ability to assess the risks of their investments in energy and mining sectors. Corruption undermines public confidence in US business, both at home and abroad.

What our faith tells us: In his 2009 encyclical *Caritas Veritas*, Pope Benedict XVI stated, "The international community has an urgent duty to find institutional means of regulating the exploitation of non-renewable resources, involving poor countries in the process, in order to plan together for the future". As people of faith we must call for transparency in resource revenues as a foundation for poverty reduction and development projects.

What we hope for: Accountability requiring the transparency of information will encourage the effective use of revenues, benefitting all parties involved: civil society, host governments, governments of countries that use oil and gas, companies, financial regulators, regulating agencies and investors and international financial institutions (IFIs).

The Energy Security through Transparency Act would require all companies 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.

This would include 90% of the major internationally operating oil companies, setting an international standard for the public disclosure of such information. The cost to extractive companies to report payments should be minimal because companies already conduct internal audits and have revenue information available. Associated costs would include website maintenance and any necessary oversight or enforcement.

Furthermore, public confidence in the United States, which is merely a "supporting" country of the Extractive Industry Transparency Initiative (EITI), will strengthen since the passing of The Energy Security Through Transparency Act is consistent with the actions of an "implementing" country.

Co-sponsor S.1700 by calling Nilmini Rubin (Lugar) at 202-224-6797.