



Oil, gas and diamond companies could be forced to fully disclose payments to governments

Committees: Committee on Legal Affairs

Large extractive companies dealing with oil, gas and minerals would be obliged to disclose full information on their payments to national governments, on a country-by-country and project-by-project basis, according to a negotiation mandate approved on Tuesday by the Committee on Legal Affairs. It also agreed that red tape should be cut for small firms.

The committee approved, in two separate votes, a package of proposals imposing on large companies extracting oil, gas and minerals and loggers of primary forests a new obligation to provide full details on their payments to national governments. It also endorsed changes to existing EU accounting legislation aimed at reducing bureaucracy for smaller EU firms.

Arlene McCarthy (S&D, UK), responsible for one of the two approved pieces of legislation, said: "I'm pleased the committee has overwhelmingly backed my compromises for a strong law on transparency and disclosure for the extractive industries. The vote is a clear rejection of the 27 member states' weak proposals for disclosure of country-by-country payments and reporting in the extractive industries. We have not given in to the pressure of industry and government lobbying for a weak transparency regime".

Klaus-Heiner Lehne (EPP, DE), in charge of the other proposal, said: "Today's vote shows the EU's commitment to cutting the administrative burden for small and medium sized companies (SMEs). The vote is also a clear rejection of any attempt to introduce International Financial Reporting Standards (IRFS) for SMEs, as they rather provide a platform for accounting tricks than a basis for accurate financial statements".

Full transparency for the benefit of civil society

The new rules proposed by the committee, to be agreed with the 27 national governments, would delete from the Commission proposal an article exempting companies from respecting information requirements forbidden in the host country.

Information disclosure would be on a country-by-country basis and indicate the financial resources allocated to each project. "Project-level disclosure is the only way in which local communities in resource-rich countries are able to expose corruption and hold their governments accountable for using revenues towards development", McCarthy added.

At the same time, the committee will seek during the negotiations to avoid overburdening smaller EU firms. "Country-by-country reporting is an important tool to assist building a civil society in many countries outside the EU. All that glitters is not gold though.. We have to take care that we do not overload the reporting requirements with unnecessary information that proves useless in the end", said Lehne.

Press release

The committee also proposes to extend country-by-country information requirements to the banking, telecoms and construction sectors. The new rules would entail stricter sanctions for firms that fail to respect the new information requirements. The mandate was approved unanimously. Committee members will soon enter into negotiations with Council on all the issues covered by the draft legislation.

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