

## **Energy Security Through Transparency Act of 2009 Summary**

The Energy Security Through Transparency (ESTT) Act takes important steps towards reversing the resource curse by revealing payments made here and abroad to governments for oil, gas and minerals. The resource curse describes a phenomenon in which countries with rich natural resource endowments often end up with high rates of poverty, corruption, conflict, and poor governance rather than prosperity. Good governance in extractive industries contribute to a better domestic investment climate for U.S. businesses, increase the reliability of commodity supplies, promote greater U.S. energy security and thereby strengthen our national security.

ESTT expresses the Sense of Congress that the Administration should undertake to become an ‘implementing’ country of the Extractive Industry Transparency Initiative (EITI). EITI is a major international transparency effort which sets a global framework for companies to publish what they pay and for governments to disclose what they receive. EITI’s revenue data is intended to provide citizens with basic but crucial information necessary to effectively monitor government stewardship of natural resource revenues; hold decision-makers accountable for the use of public funds; and signal investors that a given country offers a transparent, rule of law-based business environment. As an implementing country, the United States would commit to publicly disclosing payments from companies for oil, gas, and minerals extracted from federal lands. This bill commits the Department of Interior to disclosing extractive payments received for resources derived from federal lands.

The United States would also promote international extractive transparency by requiring companies listed on U.S. stock exchanges to disclose in their regular SEC filings their extractive payments to foreign governments for oil, gas and mining which builds on the EITI requirement that all extractive companies operating in an EITI implementing country must report their payments to the government. This would allow investors to better evaluate the potential country risk faced by companies. It would also allow people to have information about the funds sent to their governments in non-EITI implementing countries.

This legislation additionally encourages the President to work with members of the G-8, G-20, the Organization for Economic Cooperation and Development, and the Asia-Pacific Economic Cooperation to promote similar disclosure through their exchanges and jurisdictions.