



March 2, 2011

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-5546

**RE: Disclosure of Payments by Resource Extraction Issuers, File No. S7-42-10**

Dear Secretary Murphy:

I would like to begin by commending the Commission on the excellent set of proposed rules to implement Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Your hard work and diligence in implementing these rules will do much to promote transparency and accountability in the extractives sector, improve the business climate for investors, and make an enormous difference in the lives of millions of the world's poorest people. I also want to thank you for providing interested parties with the opportunity to comment on the draft rules.

Backed by two million people, ONE<sup>1</sup> is a global advocacy and campaigning organization dedicated to fighting extreme poverty around the world. As a member of the Publish What You Pay Coalition, we have a vested interest in the existence and implementation of Section 1504, and our other offices in London, Paris, Brussels and Berlin are all actively engaged in the effort to push for adoption of similar measures in other markets.

Our interest in Section 1504 stems from our decade-long work on debt relief for the world's poorest countries, particularly those in Africa. To fight extreme poverty, we advocate for increased overseas development aid from wealthy countries and increased trade for the world's poorest countries, particularly in Africa.<sup>2</sup> ONE and our partners successfully campaigned for landmark debt relief measures<sup>3</sup> through which donor countries, including the US, have provided African countries with \$113.5 billion in debt

---

<sup>1</sup> Additional background information on ONE available at <http://www.one.org/us/>

<sup>2</sup> In fact, ONE was formerly called DATA (Debt, AIDS, and Trade for Africa) and (Democracy, Accountability and Transparency in Africa), so we have always dealt with debt relief and transparency as interconnected issues in the effort to achieve poverty reduction.

<sup>3</sup> These include the Multilateral Debt Relief Program (MDRI) and the Heavily Indebted Poor Countries Initiative (HIPC).

cancellation. As a condition for receiving debt relief, approved countries are expected to invest these savings in public infrastructure and services to promote the welfare and wellbeing of their citizens, thereby reducing poverty, and increasing social and economic development. However, corruption is rife in many of these countries, particularly in the highly lucrative extractives sector and it threatens these debt savings we've achieved. Without transparency, these newly available funds can be siphoned off by kleptocrats, instead of being invested in public services, such as education, health care and infrastructure, which are critical to poverty reduction. Therefore, to protect the newly available government funds secured through debt relief from corruption, ONE became an advocate for budget transparency, including extractive industry transparency, including the passage of Section 1504. We believe that the strongest interpretation of Section 1504 to show how much, for what purpose and to which individual government's agencies, resource extraction issuers make their payments, will enable us, and our Publish What You Pay partners, to track these payments, hold these governments accountable, and help us achieve our goals to reduce poverty and promote development in Africa.

We understand the intent of the congressional authors and supporters of Section 1504 as being to 1) increase transparency in the extractive industries, and 2) provide protections for investors in the markets the Commission regulates. The supporters of Section 1504 in Congress sought to accomplish this by providing useable data for investors to better assess risk by increasing the level of information available for the countries in which resource extraction issuers are operating. They also wished to make this data equally available for civil society organizations to use in our efforts to uncover and fight corruption, measure compliance and boost the efforts of the Extractive Industries Transparency Initiative (EITI), as well as to assess poor countries' compliance with MDRI and HIPC and their ability to service their debt. Therefore, we urge the Commission to ensure that the final rules reflect the plain language of the statute and congressional intent, specifically around the following priority areas:

### **1) Exceptions for Some Categories of Resource Extraction Issuers<sup>4</sup>**

We believe that Congressional intent was to provide the broadest coverage of companies registered with the Commission. With respect to Questions 1, 2 and 3, we commend and strongly support the Commission's current proposal to require disclosure by all "resource extraction issuers" without exception for size and national origin, and we strongly urge you to retain this proposal in the final rules. We would contend that if an 'extraction issuer' has the capacity to operate internationally, and seeks to raise capital in the US market to facilitate its overseas ventures, it should comply with Congressional intent, regardless of whether they are a US-based or foreign extraction issuer, with

---

<sup>4</sup> For more detailed comments on 'Exceptions for resource extraction issuers,' we refer you to the Publish What You Pay Coalition and Oxfam submissions.

reporting requirements abroad. With respect to Question 55, we would also urge you to mandate these disclosures regardless of the rules of foreign governments prohibiting disclosure of payments. Those countries whose governments would prohibit these disclosures are in many cases the very same countries where the need for revenue transparency is most urgent. Additionally, issuing such exceptions would only encourage such countries to legislate the prohibition of such disclosures and to include similar prohibitions in their contract negotiations, which would defeat the purpose behind the U.S statute.

## **2) Payments Should be Disclosed at Individual Project-Level and How to Define “A Project” for Disclosure Purposes<sup>5</sup>**

In relation to Questions 39, 40, 44, and 47-48 we urge that the Commission proceed in defining a ‘project’ and to do so in a manner that reflects the spirit of Congressional intent. We also urge you not to define a ‘project’ as all the activities or aggregate payments of an extraction issuer in a single country, but rather, in relation to each lease, license and/or other concession-level arrangement entered into by a resource extraction issuer, and to apply this definition universally for all issuers reporting under Section 1504. Disclosure of aggregated payments to national governments will not achieve the Congressional intent to increase transparency in resource-rich countries. Aggregated payments also do not allow local communities to see how much of their country’ total extractive industry revenues are coming from their region and to demand appropriate public services from their federal, state or local governments.

## **3) Payment Categories<sup>6</sup>**

We believe that Congressional intent was to provide the most specific and detailed disclosure of material payments for activities in the oil, gas and mining sectors. With respect to Questions 12-15 and 20-25, we ask that in the final rules, the disclosure of payment types and categories should include as much detail as possible and we do consider it fair to apply a *de minimis* standard.

The disclosure of in-kind payments is particularly important because in many instances payments for resource extraction take the form of production from resource extraction projects. These in-kind payments, such as refined petrol in exchange for extracting crude oil can be worth billions of US dollars. If benefit streams that may come in the form of volumes of oil or gas are not properly disclosed, we and our civil society partners in a producing country will not be able to hold their government fully accountable for the responsible management of their resource wealth.

---

<sup>5</sup> For more detailed comments on ‘Project-definition,’ we refer you to the Publish What You Pay Coalition and Oxfam Submissions.

<sup>6</sup> For more detailed comments on ‘Payment Categories’ and definitions of ‘*de minimis* standards,’ we refer you to the submissions of the Publish What You Pay Coalition and Global Witness.

In countries where they operate, resource extraction issuers can make their payments to several government ministries and agencies. For example, these agencies may include the Departments of Energy and Mining (for leases/licenses/concessions), Interior (customs), Finance (taxes), Environment (penalties), state, local governments and non-profits (social payments). Accounting of benefit streams should include in-kind payments. Without detailed and disaggregated payments, it would be difficult for local and international civil society organizations to identify where corruption is taking place in order to root it out. In the event of corruption-related disparities between reported aggregate payments and government revenues, the entire government would be suspected of the crimes in one agency. This issue is particularly critical to our work, because we also advocate with the G8 and other wealthy governments for more aid to the world's poorest countries. As an organization that seeks to tell success stories in Africa, we need to be able to specify where failures are taking place in recipient governments, to avoid losses, and to support the targeting of aid dollars towards agencies and functions of governments that are truly working for their people. Detailed knowledge of payments will also help ONE and our partners to make better recommendations on where donor governments' investments are most needed and which countries can finance their own development programs. It will also help us make recommendations on whether some recipient countries would benefit more from public finance management programs than humanitarian aid programs.

Payment category information that would be useful for us include:

- "Social payments" made pursuant to a resource extractive contract;
- Payments related to transport operations, including pipeline transit fees, customs duties and customs user fees, and payments related to pipeline and terminal operations;
- Ancillary payments made pursuant to the extraction contract (including personnel training programs, local content, technology transfer, and local supply requirements);
- Dividends;
- Payments made for infrastructure improvements;
- Value-added tax payments and offsetting value-added tax credits;
- Payments of taxes in lieu; and
- Payments related to any liabilities incurred in connection with a resource extraction contract.

#### **4) Filing vs. Furnishing of Disclosures<sup>7</sup>**

With respect to Questions 86-89, we believe it is important that these disclosures should be filed, not furnished with the Commission in the annual report on Form 10-K, Form 20-F, or Form 40-F of the relevant resource extraction issuer. Through the passage of Section 1504 and the earlier discussed conditions of multilateral debt relief for which the

---

<sup>7</sup> For more detailed comments on Filing vs. Furnishing, we refer you to submissions of Calvert Asset Management and the Publish What You Pay Coalition.

US is a significant donor, America has sent a powerful message to African governments that transparency is an important goal in our foreign policy. This was underscored by President Obama in his September 22, 2010 speech at the United Nations Millennium Development summit *“That’s why we now require oil, gas and mining companies that raise capital in the United States to disclose all payments they make to foreign governments. And it’s why I urged the G20 to put corruption on its agenda and make it harder for corrupt officials to steal from their people and stifle their development.”* By allowing resource extraction issuers to furnish and not file their disclosures, the SEC would inadvertently send a conflicting message to foreign governments on the importance of transparency in extractive industries to the US government. We believe it is vital that these disclosures should not be treated as qualitatively different but, rather, should be covered by the same liability as those covered under Section 18 of the Exchange Act of 1934.

### **Other Considerations**

As you consider the overall ramifications of Section 1504, in finalizing the rules, we would like to share with you our perspective of the positive global impact and momentum of Section 1504. We understand that the Commission may have concerns put before you by other interested parties, suggesting that Section 1504 could A) duplicate or even undermine the Extractives Industry Transparency Initiative (EITI), and B) put Commission-registered companies at a competitive disadvantage. We wish to address these concerns.

#### **A) The Extractives Industry Transparency Initiative (EITI)**

We believe that Cardin-Lugar in its entirety complements and enhances EITI. This is evidenced by the fact that many of the civil society groups that advocated for Section 1504 were also involved in the development of the EITI, and sit on its board and various stakeholder committees.<sup>8</sup> Further evidence is provided by Peter Eigen, Chairman of the EITI board:

“I must say that after this fierce struggle for this legislation has been brought to a conclusion, I can say very frankly how pleased I am particularly regarding the formulation that this is complementary to EITI’s work. And objections that have been repeated here this evening are not conclusive. It is by no means the case that there is a competitive disadvantage for the companies that will be engaged in transparency in the future by adhering to the new standards. On the contrary, as regards the investors, they will have a higher esteem – not just in America, also in Europe – they will have a greater deal of trust placed in them. They will go down better with the customers. The same applies of course to the American companies which back in 1977 were subject to the “Foreign Corrupt Practices Act”, in other words that they were the only ones who were not allowed to

---

<sup>8</sup> These civil society organizations include the Publish What You Pay Coalition, Global Witness, Oxfam, The Open Society Institute, and the Revenue Watch Institute. You can also view the list at <http://eiti.org/about/board>.

engage in bribery abroad. In Germany, UK and France we could continue to engage in bribery in a scandalous way. But now these companies are more competitive than those who relied on corruption or bribery in the past. . . . In a few years from now there will be general acceptance that this was very much due, very much timely, and I hope that Germany and other countries in Europe and Europe as a supranational organization will introduce similar rules of regulation.<sup>9</sup>

## **B) The Ongoing Effort to Secure Adoption of Section 1504 in Global Markets Challenges Claims of Competitive Disadvantage<sup>10</sup>**

Section 1504 does not require resource extraction issuers to disclose their bid or contractual negotiations, but rather, what they pay to governments only after contracts have been signed. Consequently, we are not persuaded by assertions that a strict interpretation of Section 1504 would put Commission-registered resource extraction issuers at a competitive disadvantage. However, we can assure the Commission that the goal of ONE and our PYWP partners is full global adoption of provisions that go at least as far as Section 1504 and we are pleased to provide you with examples to illustrate our intentions and the increasing success of our efforts in Europe.

### **France**

In an opinion editorial published on January 27, 2011, ONE's cofounder, U2 lead singer and activist, Bono, urged President Nicolas Sarkozy of France,<sup>11</sup> who is also this year's convener of the G8 Summit, to make Section 1504 mandatory in France and promulgate it at the European Union. In his public response to Bono, President Sarkozy stated:

"In your article, you bring up the need for transparency in the area of natural resources' extraction in Africa. I completely agree with you. France is organising an experts' conference on this issue in March in Paris. As of now, I have decided to ask the European Union to adopt, as speedily as possible, legislation to compel industries in the extractive sector to disclose their payments to all countries in which they operate."<sup>12</sup>

### **The United Kingdom**

After several months of intensive advocacy by the Publish What You Pay Coalition, at a meeting of the G20 Finance Ministers in Paris, on February 19, 2011, the Honorable

---

<sup>9</sup> See enclosed unofficial translation of remarks by Peter Eigen, Chairman of the EITI board at ONE's public panel discussion on Section 1504 in Berlin on January 25, 2011.

<sup>10</sup> For more detailed comments on 'Competitive Disadvantage,' we refer you to Section V: "Section 13(q) Will Not Significantly Burden Competitiveness." of the Oxfam submission.'

<sup>11</sup> Bono's op-ed, entitled 'M. le Président, get things done !' is available at:

[http://www.lemonde.fr/idees/article/2011/01/27/m-le-president-get-things-done\\_1471203\\_3232.html](http://www.lemonde.fr/idees/article/2011/01/27/m-le-president-get-things-done_1471203_3232.html)

<sup>12</sup> Full translated text is attached. Full French text is available at: <http://www.elysee.fr/president/les-actualites/communiqués-de-presse/2011/lettre-adressee-a-bono-en-reponse-de-sa-tribune.10545.html>

George Osborne, Chancellor of the Exchequer, expressed his support for President Sarkozy's and other European efforts to develop mandatory reporting requirements for oil and mining companies to publish details of what they pay to governments in poor countries where they operate. Osborne was quoted in the British Guardian newspaper saying *"As we enter a new decade when the resources of Africa are going to be heavily developed, I strongly believe it's in everyone's interests that mining companies and others operate to the highest standards... That's the way to ensure some of the world's poorest benefit from the wealth that lies in the ground beneath them."*<sup>13</sup>

## **Germany**

ONE and PWYP partners have also put Section 1504 on the German government's radar. ONE hosted a public panel discussion on Section 1504 where the government was represented and made positive statements. German Deputy-Minister in the Ministry of Economic Affairs and former G8-Sherpa, Dr. Bernd Pfaffenbach indicated that German thinking is moving in the direction of an EU version of Section 1504. He said *"Whether we will exactly copy this legislation [Cardin-Lugar/Section 1504] is still undecided since the discussion on this issue in the government is still fresh. But beyond any doubt we will be taking steps in that direction."* German Deputy Minister of the Ministry of Development Cooperation, Mrs. Gudrun Kopp said: *"We are on our way to legally binding measures, but at the ministry of development cooperation we are already doing a lot like for example advising partner governments to improve their public financial management."*<sup>14</sup> Germany would also be covered under any new EU regulations.

## **The European Union (EU)**

ONE and our PWYP partners have also been involved in intensive advocacy with the EU and in October 2010, the European Commission initiated a public consultation in order to gather stakeholders' views on financial reporting on a country-by-country basis by multinational companies. (Please note that country-by-country is the general term and does not preclude doing this reporting at project level.) It is also possible that the EU will look to include a wider range of financial reporting measures in their proposals that could be applied to more sectors. New regulations on financial reporting would affect all twenty-seven EU member States.<sup>15</sup>

---

<sup>13</sup> Quote and full article available at: <http://www.guardian.co.uk/business/2011/feb/20/george-osborne-oil-mining-africa>

<sup>14</sup> These are unofficial translations of Mr. Pfaffenbach and Ms. Kopp's remarks, which were made, along with Peter Eigen's, at ONE's public panel discussion on Section 1504, in Berlin, Germany, on January 25, 2011. Audio available at <https://www.box.net/shared/evbv6eecok> (Part 1) and <https://www.box.net/shared/fa7lklotny> (Part 2)

<sup>15</sup> List of EU member states that would be covered by mandatory reporting requirements is available at [http://europa.eu/about-eu/member-countries/index\\_en.htm](http://europa.eu/about-eu/member-countries/index_en.htm).

The positive moves in the direction of Section 1504 in Europe are being influenced by progress made in the United States. Therefore, it is critical that the Commission produce the strongest disclosure requirements to provide a high-level minimum standard for resource extraction issuers that will form the basis for 'regulatory convergence' of global markets.

For more expanded comments on each of these areas we refer you to the submissions made by our partners the Publish What You Pay Coalition, Global Witness and Oxfam America.

Thank you again for your attention to the comments of interested parties, and for your hard work and diligence in crafting the rules to implement Section 1504 of the Dodd-Frank Act.

Sincerely,

A handwritten signature in black ink that reads "Sheila Nix". The signature is written in a cursive, flowing style.

Sheila Nix  
US Executive Director, ONE  
1400 Eye Street NW, Suite 600  
Washington, DC 20005

Dear Bono,

I would like to thank you for the letter you sent me on 26 January to explain the reasons that led you to publish the following day an op-ed in the French press.

I find it normal, healthy and useful that you call upon me so directly about official development assistance at the beginning of the French presidency of the G20 and the G8. This is entirely in keeping with your role, just as I am in keeping with mine in reminding you of the strategy that I have implemented tirelessly since 2007 to help the world's poorest countries, especially in Africa. You and I are thus simply "doing our President's jobs", as befits the beginning of any mandate, even though the importance of the issue we both so care about is such that I don't simply want to give you ready-made answers.

I am familiar with your generosity, but I appreciate your courage and efficiency as well. Ever since our meeting in Heiligendamm in June 2007, we have often spoken to one another about your commitment to the cause that you defend, a cause that unites us, i.e. Africa. It is with my usual honest words that have sometimes surprised you that I wish to give a substantive reply to your comments and proposals.

***Bono***  
***Singer of U2 and co-founder of ONE***

You invited me to get things done. I suppose that you are referring to the G20 and the G8 presidency, because when it comes to France's ODA levels, our record seems very clear to me.

Since 2007, France's ODA has increased by more than 30% to reach almost 10 billion euros in 2010, or 10% of global ODA. Let me remind you that France, the 5<sup>th</sup> largest economy in the world, only represent 4% of global GDP. Our ODA contribution went up from 0.4% to 0.5% of GDP in less than 4 years. It is the largest increase of all G8 countries, together with the United Kingdom. I do not wish to overwhelm you with figures but, among G8 countries, France's ODA is the one most focused on Africa, with 60% of the total going to that continent.

My staff will send you a detailed explanation of these figures. I know that you challenge some of those numbers, but just like our partners, we apply the methodology defined by the OECD with the greatest transparency.

Despite the crisis, I did not want France to reduce its aid to the world's poorest. I have pleaded, unceasingly, for the realization of the Millennium Development Goals and to find solutions that benefit developing countries in the fight against climate change. May I remind you that I am the only Head of State or government of the G20 to have participated in all United Nations Development Summits since 2007, and that it was thanks to my initiative that, in Copenhagen, we adopted the "Fast Start" programme with its 30 billion dollars over 3 years in December 2009. Furthermore, that France played a crucial role with the Korean presidency of the G20 to get development onto the forum's agenda.

As to the French presidency of the G20 and the G8 this year, I decided to accord a strong priority to Africa. I have invited 8 African countries, the members of the NEPAD, and the Chairperson of the African Union to meet with the G8 on May 27 in Deauville in order to strengthen our partnership. This partnership must be an honest and open one: how can we achieve our respective commitments? On the G8 side, of

course, and particularly on health and food security, but also on the African side, and when I say this I am referring to governance.

At the G20, we will focus on the fight against hunger and on infrastructure. I decided to go to Addis Ababa on 30 January to explain this agenda to the African Union. But also in order to plead for innovative financing. ODA will not be enough to face and overcome all challenges; we must necessarily have access to additional and stable sources of financing.

I have spoken several times of my preference for a tax on financial transactions. I like the idea of this levy and hope to mobilise as many as possible this year to support it. But I equally acknowledge the strong hostility of a large number of countries. Either way, I will not accept that this year be another year without new innovative financing mechanisms. In addition, I would like us to analyse a “basket of options” so that each G20 country may choose to apply one or several innovative financing mechanisms.

In your article, you bring up the need for transparency in the area of natural resources’ extraction in Africa. I completely agree with you. France is organising an experts’ conference on this issue in March in Paris. As of now, I have decided to ask the European Union to adopt, as speedily as possible, legislation to compel industries in the extractive sector to disclose their payments to all countries in which they operate.

You also bring up health. May I remind you that in Heiligendamm, I told you that I would allocate 1 billion dollars per annum to developing countries; today, France gives 1 billion euros every year to health, more than half of which goes to the fight against the major pandemics. I get your message about financing new vaccination campaigns. The replenishment of the Global Alliance for Vaccination and Immunisation (GAVI) will take place in June. France confirms its commitment towards GAVI, with 25 million euros for 2011, which will progressively increase to

reach 86 million euros in 2026. France will call upon all countries that have the means, to contribute to this replenishment.

Finally, for agriculture, I am glad that you support the work that I have launched on price volatility. Just as you do, I believe that the solution lies also in the increase of agricultural production that will have to be of at least 70% by 2050 in order to feed the world.

The fight for development is a difficult one, especially in times of crisis, but it is vital. You can count on my commitment to it, but I also need you, I need the world's entire civil society, to mobilise all governments. I intend to prioritise Africa. It is my objective, as it has been since 2007. You can be sure that I will spare no effort to implement the most ambitious agenda as the President of the G20 and the G8 this year.

Warm regards,

Nicolas SARKOZY



**Panel Discussion on**  
***The Importance of Extractives Industry Transparency in Germany***

Tuesday, January 25, 2011

Brandenburgische Akademie der Wissenschaften, Berlin, Germany

**Program**

**Welcoming Remarks**

**Tobias Kahler**, Director, ONE Germany

**Keynote Address**

**Dr. Bernd Pfafenbach**, Deputy-Minister of the Ministry of Economic Affairs, Germany

**Moderator**

**Dr. Jan Lublinski**, Deutsche Welle

**Panelists**

**Gudrun Kopp**, Parliamentary Deputy Minister of the Ministry of Development & Cooperation

**Peter Eigen**, Chairman of the Extractives Industry Transparency Initiative (EITI)

**Dr. Bright Okogu**, General Secretary, Nigerian Budget office

**Joseph Williams**, Advocacy and Communications Officer, Publish What You Pay Coalition

**Attendees**

*Members and staff of the German Parliament, Officials of the Development and Economics Ministry and the Chancellery, Civil Society, Representatives of German Industry, Media*



Figure 1. From L-R Joseph Williams, Gudrun Kopp, Jan Lublinski, Peter Eigen and Bright Okogu

*Unofficial Translation of Remarks by*

**Peter Eigen**

**Chairman of the Extractives Industry Transparency Initiative (EITI)**

I think as the chair of EITI it was forbidden for me at the outset to adopt clear cut positions regarding the American legislation. One third of the members on the board are major American companies and European companies, which were very much opposed to this new legislation.

The predecessor of the Dodd-Frank Act was a Lugar Act, which was run by 2 republicans. I spoke to senator Lugar right from the outset and I pushed out the boat in America for the passing of this legislation. The criticism, that's been summarized very well there, meant that if this legislation were to be passed, this would be the deathblow for EITI. Because: If it were made binding to disclose these data, for the American companies that were subject to the American legislation, there would be no interest anymore in working in our initiative and support.

Now my argument has always been exactly the opposite. I always said that if this legislation were passed and all these major companies were to abound to the mandatory obligations contained in the American legislation, then they should have an even greater interest in making sure that all the other companies, particularly their competitors in the market who are not bound to this legislation, should disclose their figures as well.

So, bearing that in mind, I must say that after this fierce struggle for this legislation has been brought to a conclusion, I can say very frankly how pleased I am particularly regarding the formulation that this is complementary to EITIs work. And objections that have been repeated here this evening are not conclusive. It is by no means the case that there is a competitive disadvantage for the companies that will be engaged in transparency in the future by adhering to the new standards. On the contrary, as regards the investors, they will have a higher esteem – not just in America, also in Europe – they will have a greater deal of trust placed in them. They will go down better with the customers. The same applies of course to the American companies which back in 1977 were subject to the “Foreign Corrupt Practices Act”, in other words that they were the only ones who were not allowed to engage in bribery abroad. In Germany, UK and France we could continue to engage in bribery in a scandalous way. But now these companies are more competitive than those who relied on corruption or bribery in the past.

We have just seen it in the case of Siemens for instance how much profit Siemens is now making since it has left the field of corruption in the international field. The same applies to the argument that was voiced in the past that the American economy would suffer if they weren't allowed to pay bribes in the past. But we see now: the countries that adhere to the stable international standard will be regarded as models as pioneers and probably will have a better

status in the international markets at least in the medium term than the companies that continued to briefly carry on bribing.

**Comment by Moderator:** This is all good and well, but companies often look at the short term profit. This might not go down

**Response by Eigen:** But if you are leading an enterprise you have to think about your short term profitability and would not want to accept short term competitive disadvantages.

Even companies that think on the short term and enter the market with high quality and good prices have an interest that their competitors behave fairly. That is the prisoners dilemma that you have: You can't behave better than your competitors. But you can avoid it if you have binding regulations for the vast mass of companies in the same sector and they all have to adhere to the same standards.

I think the arguments may sound plausible in the short term. But just as Germany, for instance, has given up corruption abroad by adhering to an OECD initiative in the late 1990s and is now beginning to experience a situation in which corruption from the past is being brought to justice now. The same applies here to the situation now. In a few years from now there will be general acceptance that this was very much due, very much timely, and I hope that Germany and other countries in Europe and Europe as a supranational organization will introduce similar rules of regulation. I am very pleased to hear what Mr. Pfaffenbach had to say: That – maybe a different form will be taken for this – but we will introduce it in a legally binding way.