

Senator Cardin would like to enter the attached video footage and transcript from the February 28, 2012 Senate Foreign Relations Committee hearing, commenting on the Disclosure of Payments by Resource Extraction Issuers (File No. S7-42-10), Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

<http://www.youtube.com/watch?v=QtwCdikHyLI>

If you have any comments or concerns, please be in touch.

Best, Rori

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SENATE FOREIGN RELATIONS COMMITTEE

HEARING ON NATIONAL SECURITY AND FOREIGN POLICY PRIORITIES IN THE FY 2013 INTERNATIONAL AFFAIRS BUDGET

FEBRUARY 28, 2012

SENATOR CARDIN... Let me talk a little bit about an amendment that Senator Lugar and I were responsible for including in the Dodd-Frank legislation dealing with transparency of extractive industries and in which you were extremely helpful in supporting that effort and having it included in the Dodd-Frank provisions.

I would ask if you could perhaps share with us how you see that playing internationally. We know that that is important for investors to have transparency when they determine whether to invest in a particular company. It also leads to stability of governments that are critically important to U.S. interests.

The international community is looking at the United States and sees the leadership here. And I am wondering if you could share with us how you think this will be effective internationally, the U.S. leadership on transparency of these mineral companies so that the wealth goes to the people of the country rather than to fund corruption.

SECRETARY CLINTON. Well, first, I want to commend you and Senator Lugar for including the principles that underpin the extractive industries disclosure requirements in Dodd-Frank. Look, we know and we see it every day how development of natural resources has fueled corruption, mismanagement. It is the so-called oil curse or resource curse that actually impedes inclusive, broad-based economic growth. And so, you set a new standard for transparency.

We are working very hard to try to make sure that it is implemented effectively. We know that there are challenges in doing this. I hope the regulations expected from the SEC

reflect the clear intent of the law, namely to require all relevant companies operating in this sector to disclose the payments they make to foreign governments.

I think everybody is benefited by the disinfectant of sunshine and the spotlight to hold institutions accountable. And the Section 1504, which is what the SEC is promulgating rules on, complements other efforts at transparency that we are committed to.

And yet I hear a lot from people who are concerned about whether the SEC is going to go far enough. In our system, they are the ones that have responsibility for doing it. So we are encouraging them to go as far as possible because the EU is already considering provisions similar to Section 1504 because we passed 1504.

We are working at State on a program called the Energy Governance and Capacity Initiative, which is trying to encourage governments to manage their oil and gas and mineral sector responsibly. So we have got a good start here. USAID even has an EITI multi-donor trust fund to help countries know how to implement it.

So I think that our own Government, all aspects of our own Government should be as forward-leaning as possible in giving full weight to what the intent was behind the legislation that you and Senator Lugar proposed and passed.

SENATOR CARDIN. Thank you, Madam Secretary.