



# HELSINKI COMMISSION HEARING

UNITED STATES COMMISSION ON  
SECURITY AND COOPERATION IN EUROPE

## Testimony :: Hon. Benjamin L. Cardin

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**Chairman - Commission on Security and Cooperation in Europe**

Good afternoon and welcome to the Helsinki Commission hearing on “The Link between Revenue Transparency and Human Rights.” Over the past few years, I and my Commission colleagues, particularly our Co-Chairman Mr. Hastings, have actively worked to make revenue transparency an integral part of U.S. foreign policy and also to encourage revenue transparency among the 56 participating States of the Organization for Security and Cooperation in Europe (OSCE).

Transparency in financial transactions has taken on even greater importance as the world economy suffers from tremendous setbacks. The financial crisis means that the reduction in international prices for oil, gas, metals and minerals translates into a decline in government revenues in commodity dependent economies. So as revenues decline, we have seen the need for greater transparency as companies and investors have become increasingly risk-averse and preferential to markets with a stable and transparent business environment; in addition to the need within these resource rich countries to boost their ability to spend wisely on behalf of their citizens.

Recently, Senator Lugar and I introduced in the Senate the Energy Security Through Transparency Act, a bill that would create a new transparency standard for reporting of extractive payments to governments. It would also advance U.S. efforts to promote good governance of extractive industries through increased transparency at home and abroad. We have bipartisan support with 13 co-sponsors, so I'm looking forward to moving the bill forward soon.

But action in the U.S. is not enough. It's clear that we need a concerted effort by the international lending institutions to use their leverage in order to create more accountability. This weekend the World Bank and the IMF are holding their Spring Meetings, and transparency certainly will be on the agenda. In particular I hope to see the promotion of sustainable and responsible investment in extractive industries around the world, with clear expectations for good governance.

The Extractive Industries Transparency Initiative, or EITI, is a unique mechanism aimed at increasing transparency and accountability, and I personally think EITI has brought us light years ahead in terms of creating a global standard for transparency. But revenue transparency is just one step in the process, and we need to not lose sight of the ultimate goal—and that is less corruption and better governance.

Transparency in and of itself does not necessarily lead to better governance.

In today's hearing I want to take a look at how we can take those next steps that will lead us to better governance and improved human rights.

One of the key components of EITI is the development of civil society and a free media—but frankly in the early stages of EITI implementation we see little progress on civil society and media, the folks who will be the watchdogs in this process, despite a strong emphasis on getting the disclosure mechanisms in place.

The OECD—and common sense—tells us that lack of press freedom is one of the key factors enabling corruption to flourish. Development of civil society and a free and independent media are therefore key pre-conditions for improving human rights, but unfortunately the trend for press freedom and civil society in many of these countries is not positive. In today's hearing I hope we can explore how we can move forward with the tools we have in place now, perhaps ways we can improve the EITI process, but also discuss what other steps we should be taking to advance human rights.

I'm pleased that we have an excellent panel today who will give us their perspective on this issue. The witnesses bios have been distributed so let me simply introduce our first speaker, Mr. Daniel Baer, Deputy Assistant Secretary for Democracy,

Human Rights and Labor at the State Department. On our second panel, first we'll hear from Mr. Ian Gary, the Senior Policy Advisor for Extractive Industries, with Oxfam America; then Mr. Max Bokayev with Arlan, an NGO from Kazakhstan; and finally, Mr. Anthony Richter, Chairman of the Governing Board of the Revenue Watch Institute.