



HELSINKI COMMISSION HEARING

UNITED STATES COMMISSION ON
SECURITY AND COOPERATION IN EUROPE

Testimony :: Hon. Alcee L. Hastings

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Co-Chairman - Commission on Security and Cooperation in Europe

Thank you, Mr. Chairman. According to Transparency International, six of the top ten oil-exporting countries to the United States are among the most corrupt countries in the world. A lack of transparency within governments and the energy sector poses a threat to both energy exports and the ability of governments to properly manage revenue for their citizens. These governments are not accountable to their citizens and have taken advantage of national resources in pursuit of the self-interest of a few corrupt leaders. Oil and gas companies have generated enormous revenues for a number of countries, yet rather than improving the lives of ordinary families, this money has often fueled wars and corruption, weakened economic development and worsened poverty.

One of the key ways the international community has sought to counteract the political and economic instability inherent in the resource curse is through programs that seek to instill transparency and accountability into the resource payment system. EITI is the leader in this field.

Corruption in these nations not only affects the citizens of those countries, but it comes back to us squarely here in the U.S. and Europe in terms of energy security. Here's the linkage: corruption and kleptocracy in resource-rich countries lead to political instability, drive up oil prices, and present significant risks to U.S. investments. As citizens in oil-producing countries become disgruntled with governments and foreign investors whom they believe to be corrupt, these citizens can foster political unrest and threaten oil supplies. And we haven't begun to talk about the incredible human toll in countries where citizens are deprived of basic services while the government leaders build up their offshore bank accounts.

Each of the countries we are talking about today—whether it be Russia, Kazakhstan, Turkmenistan, Uzbekistan and Azerbaijan—face some aspect of this resource curse. And while the situation in each country is unique, we can generalize and say that the lack of transparency in politics, and in oil and gas deals, is at the root of many of their social problems.

EITI is a good first step, but I am concerned that with regard to civil society and the free press, we may be stopping far too short of the finish line and declaring winners before we've completed the race. I am looking forward to hearing today's witnesses, and I hope that they will address how the situation in some of the recently validated countries, such as Azerbaijan where we see continued assaults on freedom of speech and on civil society, bodes for the future of EITI implementation.

Thank you.