

For the attention of Vickie Wood
Consultation Responses (Extractive Industries)
Alternatives to Regulation Team
Department of Business, Innovation and Skills
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OGP Consultation Response to BIS
Covering Letter

The International Association of Oil and Gas Producers (OGP) has over 80 member companies who together account for more than half of the world's oil production and about one third of global gas production. OGP strongly supports international efforts towards facilitating revenue transparency in the extractive sector and to this end has focused on working with policy-makers in the UK and Europe to provide the industry's perspective and input on the key issues.

We welcome the opportunity to respond to the BIS consultation and look forward to continuing our work, along with the International Council on Mining and Metals (ICMM), on the Chapter 10 industry implementation guidance as part of the process of implementing the new EU reporting requirements in the UK.

While the OGP consultation response provides our position in more detail, OGP would like to underline a few important conclusions more broadly. The first is that any effective revenue transparency scheme must recognise equivalent reporting requirements in other jurisdictions in order to avoid multiple reporting. Companies reporting under the UK regime now face the prospect of having to submit multiple reports in different jurisdictions as new regimes are established. This will result in confusion and unnecessary cost.

Another issue is that national legislation with global reach such as the UK's law disadvantages companies as it sets requirements for UK parented companies and UK subsidiaries yet does not apply to companies operating out of countries that do not have comparable legislation. In addition to the potential for commercial harm that this creates, the reporting obligations are also problematic because they do not include an exemption for reporting on payments to governments where the disclosure is prohibited either at law or under contract.

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Finally, OGP believes that the shape of the UK government's proposed penalty regime should take into account a number of factors, including the lack of an exemption for conflict with law/contract referred to above, the non-auditable and not strictly financial nature of the new reporting regime, the materiality of any errors in the reports, and the fact that criminal and civil liability are not appropriate penalties when assessed against the alternatives.

OGP looks forward to continuing the dialogue with BIS and we will look to arranging an opportunity to meet at an appropriate moment in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Festor', with a horizontal line underneath.

Roland Festor
Director EU Affairs
OGP Brussels