

Address Ruseløkkveien 26, 0251 Oslo, Norway

Telephone +47 22 20 08 00

Fax +47 22 83 08 02

Email secretariat@eiti.org

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Angela Merkel
Chancellor of Germany
Bundeskanzleramt
Bundeskanzlerin
Willy-Brandt-Straße 1
10557 Berlin

GERMANY G20 LETTER

Dear Chancellor Merkel,

Dear Angela, I hope everything is well!

I write in my capacity as the newly elected Chair of the Extractive Industries Transparency Initiative (EITI). On behalf of the EITI, I would like to thank the German government for its long-standing support, and to highlight several opportunities for further collaboration, particularly through Germany's presidency of the G20 in 2017.

The EITI is a global standard to promote open and accountable management of natural resources. 51 countries are currently working towards implementing the newly agreed 2016 EITI Standard. EITI countries have collectively published EITI Reports covering 290 fiscal years, covering USD 2 Trillion in government revenues. This has translated into tangible results on the ground. Our work in countries like the Democratic Republic of Congo and Nigeria has undoubtedly transformed the public debate in those countries about the governance of the oil, gas and mining industries. Our work in new member countries like Myanmar and Ukraine is challenging, but also promising.

The EITI is now entering into a new and even more demanding phase. In many countries, the identity of the real owners – the 'beneficial owners' – of the companies that have acquired the rights to extract oil, gas and minerals are unknown, hidden behind a chain of anonymous corporate entities. This opacity can contribute to corruption, money laundering and tax evasion. In February 2016, the EITI agreed that all member countries must ensure that the oil, gas and mining companies that bid for, invest in, or operate in their country disclose their beneficial owners. The subsequent release of the Panama Papers has put pressure on governments worldwide to clamp down on tax evasion. The EITI is playing an important role in responding to these challenges with tangible engagement from the countries where capital flight originates.

These efforts deserve greater recognition and support. Germany's Presidency of the G20 in 2017 presents a unique opportunity to reinforce these efforts. Previous G20 statements, such as the one from the G20 summit in Saint Petersburg and several G7 statements including Heiligendamm and Loch Erne have welcomed initiatives aimed at increasing extractive transparency, including the EITI. These statements have been critical in building support for the EITI. It is high priority for us to encourage implementation and further reforms in G20 countries like Brazil. We would welcome language committing to greater support

for EITI implementation and welcoming the 51 EITI countries' commitment to beneficial ownership disclosure.

Germany is ideally placed to take the lead. Germany has provided technical and financial support through GIZ and BMZ for many years. This support is playing a critical role in countries such as the Democratic Republic of Congo and Mongolia. In February, the EITI Board accepted Germany's application to become an EITI candidate country. Thus Germany, along with the Norway, the United Kingdom and the United States - has transitioned from a supporting the EITI to "practicing what it preaches". Again, this commitment is playing a key role in convincing other countries to commit to the EITI. Australia, Argentina, France, Italy, Mexico and several countries have already made a commitment to join.

Germany's domestic implementation efforts have been led by Parliamentary State Secretary Uwe Beckmeyer, and the German multi-stakeholder group and national secretariat has already begun its work to develop EITI Reporting in harmony with the EU's Accounting and Transparency Directives. This has the potential to enhance transparency and accountability while minimising compliance costs, an approach that will be of significant interest to other EITI implementing countries. As in the 50 other implementing countries, the effectiveness of this work hinges on adapting EITI implementation so that it addresses the needs of German stakeholders. The early discussions about the coal sector and plans to promote renewable energy have been both challenging and rewarding. We welcome the work undertaken to date, and will continue to encourage all stakeholders to make full use of the EITI process, data and findings. The International EITI Secretariat based in Oslo stands ready to provide further support and advice.

In closing, it is clear that many countries face huge challenges in an era of falling commodity prices. The "Panama Papers" have further highlighted the need for a coherent and coordinated global response. The EITI forms a small but important part of such a response.

Sincerely,



Fredrik Reinfeldt
EITI Chair