

The Honorable Mitch McConnell
Senate Majority Leader
United States Senate
Washington, DC 20515

The Honorable Charles Schumer
Senate Minority Leader
United States Senate
Washington, DC 20515

The Honorable Paul Ryan
Speaker of the House of Representatives
United States House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
House Minority Leader
United States House of Representatives
Washington, DC 20515

January 31st, 2017

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Minority Leader Pelosi:

As civil society representatives from Iraq and Yemen, working to combat corruption in the oil industry, we write to express our extreme concern at the proposal to repeal the United States' world-leading transparency law through a Congressional Review Act resolution of disapproval. Undoing this regulation could undermine the national security of both the U.S. and our own countries.

The Cardin-Lugar anti-corruption rule helps protect global security interests by deterring the corruption, secrecy, and government abuse that has catalyzed conflict and instability in Africa, the Middle East and beyond.

Corruption has a direct link to growing and sustaining violent extremism, terrorism and conflict. By invalidating the Securities and Exchange Commission's (SEC) rule implementing the Cardin-Lugar provision,¹ the US risks enabling the kind of corruption that often provides funding to these extremist groups. The provision, which requires all US-listed oil, gas and mining companies to publish their payments around the world, makes it harder for companies to hide their payments to questionable regimes, which could end up supporting terrorist organizations. As Ali Neema, Coordinator of the Iraqi Transparency Alliance for Extractive Industries (ITAEI), pointed out in a 2015 letter to the SEC, "it is because of [Iraq's] dire corruption that we so desperately need the SEC rule to require detailed, project-level disclosure."²

In Iraq specifically, the mayor of Mosul has pointed out that corruption was essential to the city's fall to Da'esh (so-called Islamic State), which relied on smuggled oil to raise finances. In the words of Sarah Sewall, the former Under Secretary of State for civilian security, democracy and human rights, "corruption undermines the struggle against terrorism at every level...[and] fuels new terrorist threats. When public officials and businesses can demand

¹ Also known as Section 1504 of the Dodd-Frank Act.

² Ali Neema, comment to SEC on "Specialized Disclosures; Resource Extraction Issuers Title XV Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act" <https://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-87.pdf>

bribes with impunity, it shreds the compact between citizens and government and allows terrorists to cast themselves as a better deal.”³ We must not allow this to happen.

Catalyzed by the U.S. provision, over 30 nations including Canada and all European Union countries adopted similar laws, and many companies including Gazprom, Lukoil, Shell, BP and Total are already disclosing their government payments. This regulation is a clear example of U.S. leadership and its commitment to transparency and countering corruption around the globe. It would be a tragedy to undo this important work.

We urgently urge you to vote against S.J. Resolution 9 and H.J. Resolution 41 repealing this rule.

Thank you for your consideration.

Yours sincerely,



Ali Neema
Coordinator – Iraqi Transparency Alliance for Extractive Industries



Members:

Strategic Center for Culture and Media
Hana Organization for Youth
Akad Institute
Union for University Alumni
Awan Organization
Haboubi Institute
Massala Institute for human development
Ashour organization for development
Sawa Organization for Human Rights
Thir for Development
Sada Al Ouloum for Development
Aldiya organization for development

³ Sarah Sewall, “This is one of our top strategies for fighting terrorism”, CNBC, 12/15/2016
<http://www.cnbc.com/2016/12/15/this-is-one-of-our-top-strategies-for-fighting-terrorism-state-department-official-commentary.html>

Moubdioun Institute for Development
Nabeh Al Hayat organization
Al Inbithaaq Foundation
Al Mada for Human rights organization
OSA for Development
Al Hadara Organization for Human development
Al Zaqoura for small scale development
Rafiday Al Iraq Al Jadeed Foundation
IIER
KEDO
Academia for sustainable development
Peace and Freedom institute
Al Zouhour Organization for Development



Youssef Abou Raas,
Yemeni Organization for Economic and Social Development (YORECSOD)
Member of the executive board of the TCEIW



The Transparency Coalition for Extractive Industries Watch, Yemen

Members:

Yemeni Organization for Economic and Social Development (YORECSOD)
Organization for Change and support of Rights and Freedom
Yemeni Organization for Supporting Integrity
Al Amal Center for Transparency
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Irada Organization
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Social Democratic Forum