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Oil groups sue SEC over anti-bribery rule

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Four business groups including two prominent oil lobbies filed a federal lawsuit against the US Securities and Exchange Commission on Wednesday to challenge a new law that will require companies to disclose payments they make to foreign governments.

The groups argue that implementation of the law, a provision of the 2010 Dodd-Frank Wall Street reform act, would put US companies at a competitive disadvantage and would be a violation of their First Amendment rights, which guarantee free speech.

The suit alleges that the SEC failed to properly weigh the rule's costs and benefits, and claims that the commission "grossly misinterpreted its statutory mandate" in how it crafted the rule.

"The rule as written would impose enormous costs on US firms and put them at a competitive disadvantage against government-owned oil giants not subject to the rule," AF president Jack Gerard said in a statement, adding that the law would make it more difficult for US firms to gain access to resources abroad.

"The oil and natural gas industry strongly supports payment transparency," Gerard said. "We've been working hard to increase transparency for a decade, but this rule could interfere with ongoing efforts by making US firms less competitive against state-owned firms in China and Russia that have no interest in transparency."

SEC spokesman John Nester said the agency is still reviewing the lawsuit, but believes it on solid legal ground.

"We believe our legal interpretation and economic analysis are sound and we look forward to defending the rule that Congress directed us to write," Reuters quoted Nester as saying.

The SEC's resource extraction rule, known as the Cardin-Lugar provision, has been among the most controversial Dodd-Frank requirements. The SEC adopted the Cardin-Lugar rule [in August](#). The new rules are set to take effect in the 2014 fiscal year.

The European Union is expected to take up a similar, if not more stringent measure, in the near future.

The Independent Petroleum Association of America, the National Foreign Trade Council and the US Chamber of Commerce have joined API in the lawsuit.

Ian Gary, the senior policy manager of Oxfam America, said in a statement that companies such as Talisman of Canada and Norway's Statoil already disclose payments in every country of operation.

"If transparency truly hurt their bottom line, they simply wouldn't be doing it," Gary said. "The law is the law and the oil industry is undermining the democratic process."

He called on individual companies such as Chevron and ExxonMobil "to disassociate themselves from this lawsuit".

Oxfam, an international relief and development organisation, [sued the SEC in April](#) over the same provision, saying the commission had unlawfully delayed implementation of the rule after missing a deadline.

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