

September 19, 2006

Sir David Tweedie  
International Accounting Standards Board  
30 Cannon Street, First Floor,  
London  
EC4M 6XH

Dear Sir David,

I am writing to you out of concern for the potentially adverse impact pending changes in international accounting standards may have on the international movement to increase the transparency of payments to governments by oil, gas and mining companies in resource-dependent countries. I have been deeply disturbed to learn that the IASB is considering adopting accounting rules for foreign operations of companies that would have the effect of making their payments to individual governments more, not less difficult for the outsider to discern.

The international community, including the G-8 governments, major inter-governmental agencies such as the IMF, the World Bank and the EBRD, leading international oil and mining companies such as BP, Shell, Chevron and Anglo-American and large money-managing institutions have embraced the notion that transparency of payments to governments is an important means of fighting corruption and reducing instability and poverty in producing countries, to the benefit of the people of those countries as well as to the companies investing there. These groups have banded together under the UK-led Extractive Industries Transparency Initiative to develop common reporting templates for companies, as well as for governments. The IFIs have adopted clear disclosure rules for their project and investment support in extractive industries which require public reporting of company payments to individual governments.

In October, a large international multi-stakeholder EITI conference in Oslo is expected to endorse the goal of making public disclosure of extractive company payments to governments the global norm. The IASB would seem to be badly out of step with this movement if the changes proposed in IAS 14 as I understand them are adopted.

Mr. Chairman, I appeal to you and your colleagues to take these matters under careful consideration. The IASB is a vital international standard-setting body and could make a major contribution to greater transparency of corporate payments to individual governments by adopting accounting rules that are consistent with the growing and broad-based support for such disclosure.

Sincerely,  
George Soros  
(ys)