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Global Witness statement on BHP Billiton engagement in Cambodia

Today it was announced that BHP Billiton is under investigation for potential anti-graft violations by the U.S. Securities Exchange Commission (SEC). The country in which the alleged activities took place has not been named, but the investigation does not involve the company's business in China. Global Witness has the following statement regarding the company's activities in Cambodia:

In 2009, Global Witness published the report *Country for Sale* which exposed extensive governance failures in Cambodia's emerging extractive sectors. One of the cases covered was a payment made by BHP Billiton to the Cambodian government in exchange for rights to explore a 100,000 ha bauxite concession in the northeast of the country. The concession was a joint venture with Mitsubishi. The companies reportedly decided to pull out of the project in 2009 because they did not find bauxite in sufficient quantities to justify extraction.

Global Witness wrote to BHP in October 2008 to ask about its activities in Cambodia's mining sector – specifically whether it had made any form of payment to the Cambodian government or any government officials. The company's response confirmed it had made a payment to the Cambodian government to secure access to the mineral concession, stating: "In accordance with the terms of a minerals exploration agreement with the Cambodian government which granted BHP Billiton and Mitsubishi the right to explore for bauxite an amount of US\$1 million was formally paid to the Cambodian government in September 2006." The company rejected any assertion that the payment under the minerals exploration agreement was inappropriate.

Global Witness has obtained government figures which provide information on annual income to the Cambodian state. According to these, non-tax revenue from mining concessions was US\$443,866 in 2006. If the money appears elsewhere in these documents, it is not clear where. This raises questions as to where BHP Billiton's US\$1 million payment made in September 2006 has gone, and how companies manage the risk of investing in corrupt environments.

"BHP is not in a minority of one here. Other extractive companies paid large amounts of money to the Cambodian government which are not showing up in the national accounts" said Global Witness campaigner, Eleanor Nichol. "To date, we have not seen any attempt by the Cambodian government, or its international donors, to clarify where these monies have gone."

"The mystery surrounding this underlines the vulnerabilities of companies making these kind of payments," said Nichol. "One potential solution is the Energy Security through Transparency Act, a bi-partisan bill introduced in the U.S. Senate that would require companies registered with the U.S. SEC to disclose how much they pay each government for extraction of oil, gas and minerals. This would create a level playing field for all US registered companies on these kind of payments and make it much easier for civil society to call their government to account on missing revenue."

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Read Global Witness's report, [Country For Sale](#)