United Kingdom

EITI STATUS: Candidate country

CANDIDATE SINCE: 15 October 2014

WEBPAGE: United Kingdom EITI

Extractive Industries

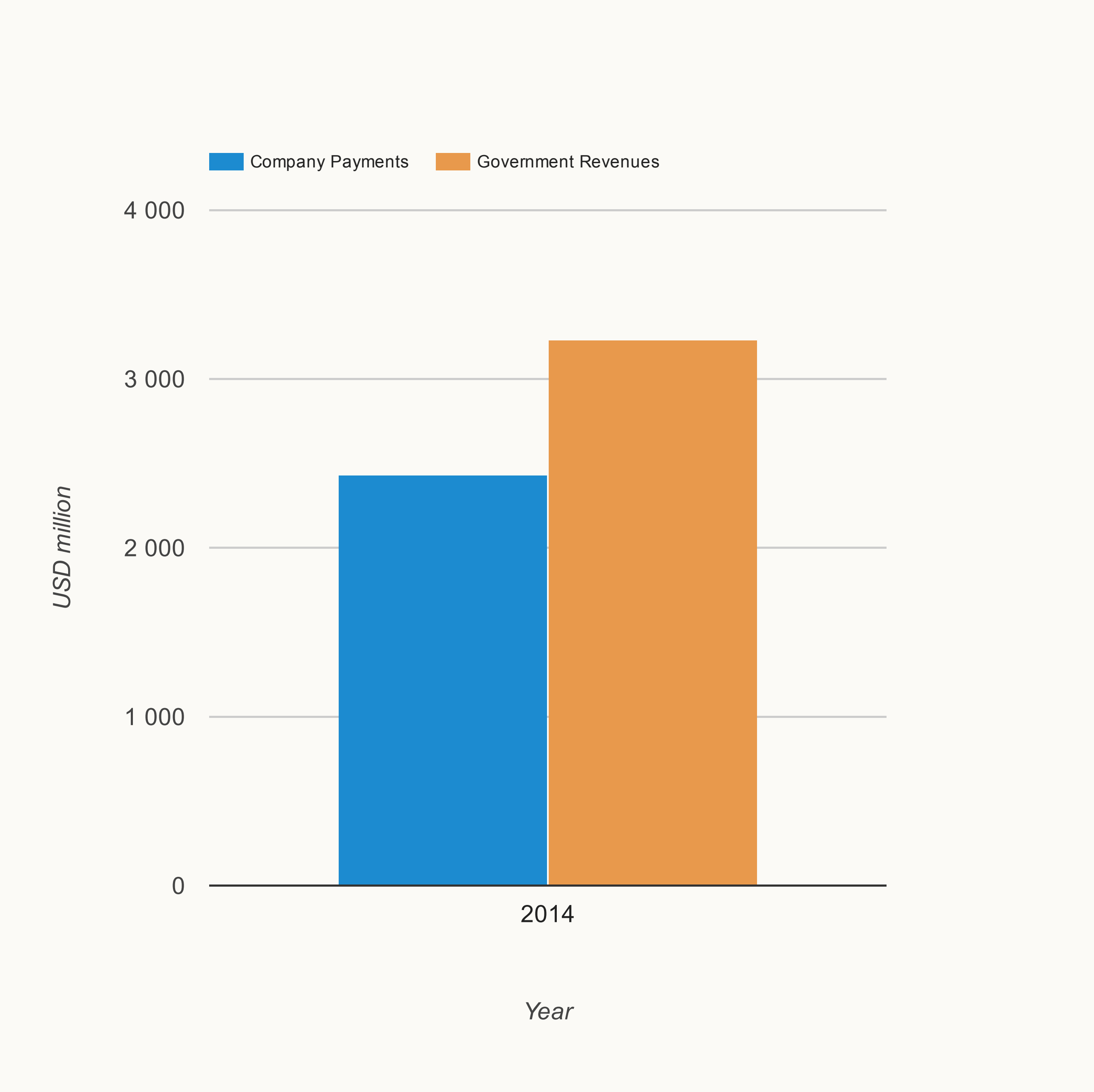
Since its first production in the 1960s, 42 billion barrels of oil have been recovered from the United Kingdom's Continental Shelf. Almost 300 fields are in production today with another 100 or so not yet developed.

Despite declining production since the turn of the century, 40% of the United Kingdom's oil and gas reserves are still to be extracted according to Oil and Gas UK. It remains in the top 25 producers of both oil (20th) and gas (23rd) in the world. The upstream? industry generated income exceeding £35 billion in 2012, and paid around £6.5 billion in taxes to the UK Government in 2012/13. Revenues from oil and gas have fallen considerably in the last few years but still represent over 15% of the government's total revenue from corporation tax.

Mining in the United Kingdom produces a wide variety of fossil fuels, metals, and industrial minerals?. Total proved coal reserves in the United Kingdom are estimated at 220 million tonnes (source: World Coal Institute). There is also significant production of potash, gypsum, salt, tin, gold, china clay, and tungsten.

EITI Reporting

The country produces EITI Reports that disclose revenues from the extraction of its natural resources. Companies disclose what they have paid in taxes and other payments and the government discloses what it has received. These two sets of figures are compared and reconciled.



EITI Implementation

The UK egovernment has taken a strong leadership role on the global tax transparency? debate. The EITI was set up under its leadership back in 2002. The UK then supported the EU country-by-country reporting, committed to implement the EITI in 2013, placed tax and transparency at the centre of the G8 summit in 2013, and committed to set up a beneficial ownership? register by the end of 2016.

The first UK EITI report was published on 15 April 2016. The report provides for the first time a holistic picture of how the sector operates in terms of the fiscal and legal environment, the licenses, production, payments and contribution to the whole economy. These vary considerably from oil and gas, to mining and quarrying.

The report shows how the £3.23 bn (USD 4.6bn) revenue in 2014 is broken down between taxes, license? fees and other payments; by license and oil field where applicable; and amongst the individual oil, gas, mining and quarrying companies. Oil and gas accounts for over 98% of revenues from the sector, with revenue from the mining and quarrying sector spread amongst many small companies. The

BG Group (which was then bought by Shell) was the largest single taxpayer (£646m – USD 926m). Shell and BP were net recipients due to tax refunds from previous years. Oil and gas production was worth over £14bn (USD 20bn) as recently as 2008/09.

The report only managed to reconcile £2.43 bn of that with the companies payments mainly because six oil and gas companies did not report their tax payments. The UK Government's tax authority determined that they could not be forced to do so.

United Kingdom was accepted as an EITI Candidate at the International EITI Board meeting on 15 October 2014.

At a joint press conference in Paris in May 2013, UK Prime Minister David Cameron and President of France François Hollande announced that France and the United Kingdom will implement the EITI.

The United Kingdom submitted an EITI candidature application on 5 August 2014. The agreed objectives plan are:

1. Recognise and support the principles set out in the 2013 EITI Standard?.
2. Enhance accountability? to the UK public on the revenues from the UK's extractive industries?.
3. Increase public understanding of the social and economic impacts of the UK's extractive industries and enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources.
4. Ensure information is readily accessible and presented to the public in a clear manner.
5. Support moves towards common global reporting standards in oil, gas and mining and promote a level playing field for business in the UK and internationally.
6. Support the UK government's championing of extractives transparency and open government.

The UK is also developing a publicly available register with information on who owns and controls companies. Read more here.

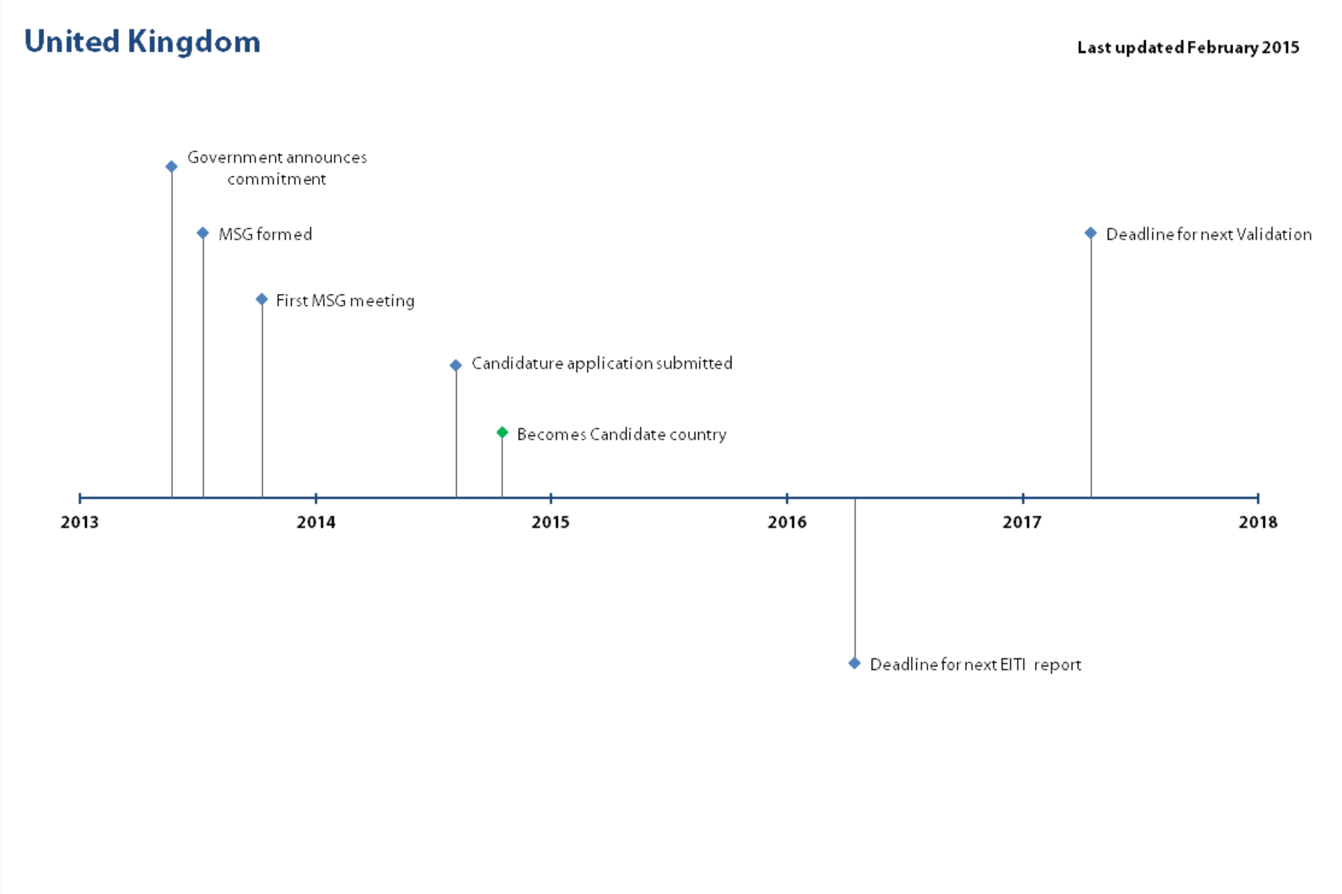
Read more

National Coordinator

Margaret SUTHERLAND
United Kingdom
National Coordinator
Department of Business, Industry and Skills, UK Government

+44 (0)20 7215 3585

Contact



International Secretariat

Eddie Rich
United Kingdom
Deputy Head and Regional Director for Africa and the Middle East

erich@eiti.org

Facts & Figures

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DEADLINE FOR NEXT EITI REPORT: Saturday, 15 April 2017

NUMBER OF FISCAL YEARS PUBLISHED: 1

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EITI International Secretariat?
Ruseløkkveien 26, 0251 Oslo, Norway
+47 222 00 800
secretariat@eiti.org