Corruption and Other Leakages

Inge Amundsen, senior researcher, Chr. Michelsen Institute
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The petroleum sector ideal
Corruption in oil: companies

- Paying up for access to resources
  - Licences, contracts

- Paying up for maximising profits
  - Taxes, royalties, fees, …
  - Exaggerated development costs
  - Re-negotiation of and amendments to contracts

- Paying up to pollute and abandon
  - Regulatory exemptions
  - Early abandon and sub-standard rehabilitation
Corruption in oil: government

- **Extraction for status, wealth**
  - Embezzlement, bribes, “commissions”, “contributions”
  - “Nationalisation”, “privatisation”, monopolies
  - “Dead meat” oil companies

- **Paying up for power preservation**
  - Buying friends: favouritism, nepotism
  - Buying votes: elections, parliaments
  - Buying off rivals: co-optations
  - Buying off institutions
  - Buying instruments of coercion
Capital flight: an indicator

Capital flight from developing countries: The top 20 losers

- **Russia**: $798b
- **South Korea**: $779b
- **China**: $1,189b
- **Mexico**: $417b
- **Venezuela**: $406b
- **Brazil**: $520b
- **Argentina**: $399b
- **Poland**: $165b
- **Ukraine**: $167b
- **Kazakhstan**: $138b
- **Hungary**: $242b
- **Turkey**: $158b
- **Iran**: $147b
- **Saudi Arabia**: $308b
- **Nigeria**: $306b
- **Kuwait**: $496b
- **Singapore**: $169b
- **Indonesia**: $331b

Financial assets transferred to offshore tax heavens:
- Worldwide total 2010: $21tr
- Owned by 91,186 individuals: $9.8tr

Cumulative capital flight 1970s–2010:
- 55–200
- 100–300
- 300–500
- 500–1,000
- 1,000–3,876
- No data

Source: Tax Justice Networks

* China, Poland, Hungary: 1980s–2010; Russia, Ukraine, Kazakhstan: 1990s–2010