

“The EITI in a Volatile World”  
Plenary Panel Comments  
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Peter J. Robertson  
Vice Chairman of the Board of Directors  
Chevron Corporation

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Thank you for a great introduction to the panel. On behalf of Chevron, let me express our appreciation to our hosts, the government of Qatar, for their hospitality as well as their work in promoting greater transparency.

The questions that have been raised are large and important. The current economic crisis does impact the extractive industries, of course, and each company will feel that impact in different ways.

For example, many companies will defer immediate investments, with a longer-term impact on the capacity needed to meet inevitably growing energy demand over the long term. The major projects of our industry take 10 to 15 years to develop; there are numerous such projects under way, and it very important that they continue because the world will desperately need the energy.

With respect to the EITI [Extractive Industries Transparency Initiative] principles, I do believe they can help bring stability to the energy market. Transparency is a great plus for markets in general and for commodity prices in particular. A good example of this is JODI -- the Joint Oil Data Initiative sponsored by the International Energy Forum. Like EITI, I believe JODI can and should be expanded and strengthened, to the benefit of energy producers and consumers alike.

Let me speak for a couple of minutes about our view of EITI and transparency. First and foremost, credit is due to the countries who have been the pioneers. By its very nature, EITI must be a voluntary, country-led initiative. EITI's credibility as a long-term initiative rests on full national participation.

Thus, we owe much to Nigeria and Azerbaijan for being the first EITI flag bearers and particularly to Azerbaijan for being the first country to complete validation. Kazakhstan also deserves great credit for stepping to the forefront. The presence here of a delegation from Iraq is an especially promising sign.

Twenty-six states have now taken the initiative to be candidate countries, the most recent being Norway, the first OECD [Organisation for Economic Co-operation and

Development] country to implement EITI. We are reaching this common ground because governments, industry, civil society organizations and investors all recognize the benefits of transparency. Credit for our progress also belongs with the men and women serving in EITI's independent secretariat for their excellent work.

The global financial crisis makes it even more important to achieve greater transparency – not only in extractive industries but across the economic spectrum. We should firmly resist those who suggest the opposite, who say that somehow current conditions justify a delay in fully implementing EITI. Those who seek to retreat from our principles – by reversing openness, embracing protectionism and adopting weaker governance standards – would be making an enormous mistake. The erosion of greater transparency would, in fact, lead to greater volatility and declining economic performance.

Today, the global momentum for transparency is growing. The commitment of the new U.S. administration is most welcome in this regard – as Secretary of State Clinton has indicated.

Indeed, this is the view of Republicans as well as Democrats in the United States, as Senator Richard Lugar has made clear in his own thoughtful advocacy of more vigorous support of EITI by the U.S. government. Similar supportive calls for increased transparency have been heard from the G-20 Summit last November and from the London Energy Meeting in December.

Chevron's association with this movement stretches back to the inaugural EITI conference, and I am proud that Chevron continues to maintain a presence on the EITI board, now as a full member. At the beginning, we had little more than a concept and the shared recognition that transparency could help create a stable, long-term investment climate.

We committed to the simple proposition of promoting transparency through the public disclosure of payments made by companies and revenues received by countries. We each saw this as an important pathway to improved governance. The simplicity of that founding principle was something of a paradox, given the complexity of the process that lay ahead.

During EITI's development, consensus fostered frank and honest debate and ultimately forged a stronger and more effective outcome. In only six short years, we have succeeded in getting a wide range of groups to the table that have successfully steered a course through the complexity to create a united effort in promoting revenue transparency.

While we feel a sense of accomplishment, we all recognize that more needs to be done. During our last meeting in Oslo, we discussed several priorities for EITI moving forward. In light of the volatility in today's economy, it's right to revisit those priorities. I believe our overarching aim should continue to be, to fully implement transparency in all countries that have already committed to EITI – and to promote more universal adoption of EITI's principles.

And, demonstrating that transparency works in these countries remains the strongest single factor that will attract new members. We can look forward to the point that the benefits of inclusion and participation are self-evident.

The second priority we discussed was an expanded membership. The fundamental fact is that EITI will gain greater credibility if it can attract additional member countries. Much valuable work has been done promoting a greater understanding of the benefits of participation in EITI. But, more still remains to be done.

There is still concern about whether EITI, through transparency, is actually leading to better governance. EITI will only achieve its true potential by attracting the widest membership of producer countries and all companies operating in those countries. And the final priority we identified was the need to determine the scope and governance of EITI. This priority is most important.

With regard to scope, EITI's role need to be absolutely clear and accepted. In addition, the requirements and expectations that accompany participation must be transparent to existing and potential members. As we reach out to new members, it must be clear to them that EITI is a voluntary initiative dedicated solely to promoting revenue transparency.

It must also be clear that we respect the sovereign rights of participating countries and the sanctity of commercial contracts as enshrined in the EITI Principles.

Individual countries must determine the appropriate remedies to address shortcomings. EITI should serve as a tool to encourage and foster improvements rather than to admonish participants. Maintaining this proper definition of scope for EITI is important, because to widely succeed, the Initiative must stay closely focused on its core mission.

So, in summary, we believe that the two key priorities for EITI going forward remain clear: the successful application of transparency in existing member countries and expanding our membership.

My comments today are rooted in Chevron's deep commitment to the central purpose of EITI – promoting transparency through the public disclosure and comparison of payments made by companies and revenues received by countries – and we are committed to the success of this coalition.

This movement deserves the full support of all of us.

Thank you.

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