



Chevron Lobbyist Reveals Imperialist Corporate Attitude

“We can’t let little countries screw around with big companies like this [like Chevron] – companies that have made big investments around the world”¹

- Statement made recently by unidentified Chevron Lobbyist to Newsweek magazine

by Jorge Daniel Taillant²

Every once in a while someone slips and says something *outrageous*. Just this happened recently on behalf of Chevron, through one of the company’s Washington-based White House and Congressional lobbyists, who pulling back Chevron’s *corporate responsibility veil* bluntly stated the unspeakable, *big oil interests are more important than small countries*. It’s hard to imagine a worse PR blunder for Chevron, particularly considering that the oil giant is immersed in the middle of a multi-billion dollar lawsuit involving accusations of severe contamination and corporate irresponsibility. Chevron denies that the statement reflects their corporate thinking, but local communities in Ecuador, where the company is entangled in a legal nightmare over oil contamination, are furious.

The statement sounds like a 19th Century throwback defending large greenback investments in a Banana Republic. But no, it was blurted out a mere few weeks ago, and has understandably outraged environmentalists, human rights advocates, and indigenous communities, many of which are presently waging a lawsuit alongside more than 30,000 rural and indigenous people³ against Chevron over the social and environmental impacts that oil extraction has had and continues to have on local communities (particularly indigenous communities) and natural resources in Ecuador.⁴

The crude reality of the Chevron lobbyist comment, brings home what few politicians or oil industry representatives want to admit, that our societies have been unsuccessful in properly balancing our need for oil and containing the negative impacts that this industry has on our natural and social environment.

The legal battle against Texaco and later Chevron, seeking what we might call “*petrol justice*”, began in the US in 1993 against Texaco for contamination that took place during 1964-1992. In 2001 Chevron and Texaco merged. The successor company, Chevron Texaco, now renamed Chevron, acquired Texaco’s assets and growing profitability, but also its liabilities including the environmental disaster left behind by the oil industry, to be fair, attributable to more companies than just Texaco and Chevron.

But the fact remains, Texaco left large contaminated areas that to date have never been effectively cleaned up and continue to destroy the natural environment with serious adverse impacts to the lives of local communities. Hundreds of waste pits remain from Chevron’s tenure, which include the irresponsible dumping of 18 billion gallons of formation waters containing crude, heavy metals, and other contaminants. These conditions form part of the multibillion dollar lawsuit now menacing the oil company from disgruntled local communities, environmentalists, and human rights advocates.

Largely at the encouragement of Chevron, US federal courts dismissed lawsuits filed in New York, suggesting that they should be taken up in Ecuador. Chevron argued back then that the Ecuadorian judicial system was extremely competent, fair, and non-partial. So the legal battle went south.

But times are changing in international circles in terms of holding big multinational companies accountable for violating the law, particularly when it comes to environmental impacts. Globalization is having its effects, not only on the movement of goods and people, but also on rendering justice, in this case, *petrol justice*.

¹ Newsweek. See: www.newsweek.com/id/149090

² President. Center for Human Rights and Environment (CEDHA), winner of Sierra Club’s Earth Care 2007 most prestigious international advocacy award for CEDHA’s advocacy on Corporate Accountability and Human Rights

³ Including: Sionas, Sequoias, Cofan, Wuarrani, and Quichuas

⁴ See: <http://www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/TexacoChevronlawsuitsreEcuador>

Things got heated up when an Ecuadorian court-hired independent consultant came back with a 6000-page social and environmental impact assessment report which included a recommendation that Chevron pay up and clean up, to the tune of up to US\$16 billion. The worst part for Chevron was that the consultant had been on their payroll. They had originally accepted his qualifications, impartiality and expertise, alongside that of his 15 or so other professional collaborators. Chevron had also hailed the Ecuadorian Court for its neutrality and reliability. "Accepted" of course, until transparency, professionalism and reliability became liabilities.

Then Chevron reversed their support to the independent study and to the Ecuadorian legal system, which they now claim is *corrupt, illegal, and partial*. According to Chevron, the position of the local community, complaining of decades of contamination, is "outrageous" and "fictional".

Chevron also attacked the legitimacy of the lead advocates in Ecuador, Pablo Fajardo and Luis Yanza, who are waging the battle against the oil giant. Both Ecuadorians won last year's Goldman Prize, which is one of the world's most distinguished environmental prizes for their work to uncover the contamination and injustices occurring in Ecuador to the environment and local communities. Chevron claims that the Goldman Prize Foundation was tricked by Fajardo and Yanza, and that in fact they are working solely for financial gain and to protect Petroecuador, the state owned oil company which Chevron says is really to blame for everything.⁵ You can read Chevron's line on an official website put up by the company to discredit local opposition to their investment in Ecuador.⁶

But a long string of evidence and studies, along with the new expert report, suggests quite the contrary, lending legitimacy and rationality to the local community's claims. Chevron argues in a letter sent to Newsweek magazine when their lobbyist's statement went public, that a whopping US\$40million went into environmental remediation and public works programs in Ecuador. Sounds like a lot perhaps, but when considered as a percentage of what experts say today should be spent to clean up the area, it's merely 0.25% (a fraction of 1%) of what the experts are suggesting is needed, i.e. 400 times the amount Texaco spent on environmental repairs. And even the US\$16 billion number could fall short.

The oil giant's reverberations made their way directly back to Washington, where Chevron's lobbyists have been pressuring the White House and Congress to suspend privileges under bilateral trade agreements between Ecuador and the US, essentially sending the political message "you press us on environment and social responsibilities, and we press you on trade". If heeded it would be quite a message, "free, fair and beneficial trade yes, but only if its nice and dirty, and good for the oil business."

Oil extraction is one of those industries environmentalists and human rights activists love to hate. It's big, it's expensive, it's dirty, and has a long imperialistic diplomatic history. It's a *not-so-welcome-anymore* natural resource that for lack of a sufficiently viable and better alternative continues to be the diehard foundation fuel for most of our economies. It's also a diehard problem because it is the most environmentally contaminating solution to our global energy deficit.

The oil industry creatively dresses their sector in embellished outfits, painting it green, developing catchy commercials about how responsible they are, how important their social programs in local communities are for sustainable development, and how they are at the forefront of innovative environmental technology. Such commercials from oil producers are ubiquitous.

But let's face it, however crafty and convincing the corporate commercials and Corporate Social Responsibility (CSR) programs of the oil giants might be, oil contaminates, disturbs some of the world's most sensitive natural habitats and literally destroys the lives and livelihoods of entire communities. And ironically, this occurs in some of the world's most natural resource-dependent communities, home to some of the most environmentally sensitive indigenous peoples. Ecuador is a prime example.

⁵ See:

http://www.businesswire.com/portal/site/home/news/sections/?ndmViewId=news_view&newsLang=en&newsId=20080413005057

⁶ <http://www.texaco.com/sitelets/ecuador/en/>

This doesn't change, however, our dependence on oil, and our unfortunate need to accept tradeoffs, *more oil-less environment, more oil-more social impact, more oil-more socio-economic problems, more oil-more development for richer sectors and more inequity for the marginal, for the vulnerable, and for the poor.*

Part of the problem is that despite the petroleum companies' rhetoric about the benefits of developing the oil sector, the wealth generated by the oil industry is not equitably distributed and the negative impacts of the industry not properly controlled or mitigated. Public policy in countries where extraction takes place has generally failed to address the inequities and the negative externalities the industry generates. Further, policy priorities generally favor oil extraction over environmental control and compliance.

In most countries, public servants charged with protecting the environment, have relatively weaker power than the public authorities promoting oil extraction. *Mining and Energy Ministers trump Environment Ministers.* That's pretty universal in most of the developing world, and probably in the industrialized world as well. We know this is true, environmentalists know it is true, States that foster oil extraction on their territory know it's true, and so do the oil companies.

But the situation is clearly more complex than a squabble just about oil. The Chevron comment cannot be de-contextualized from the broader geopolitics of not only Ecuador but of the greater Latin American region, from which the White House led by President Bush has virtually disappeared for the last 8 years.

In that political US vacuum, the rise to global notoriety of Presidents like Chavez of Venezuela, Morales of Bolivia, Correa of Ecuador, Lula in Brazil, the Kirchners of Argentina, and now Fernando Lugo of Paraguay, as well as other socially-minded Latin American leaders constructing political careers on platforms of anti-imperialism and the reversal of historical trends of multinational dominance over local economies, posits serious questions about what the future will look like in the region for companies like Chevron. The oil giants of the world are accustomed to having enormous, quasi-imperialist negotiating power *vis-à-vis* local governments. And in such dynamics, *big investments trump little countries.*

The real question is who benefits from oil exploitation? Because it's really not extraction but rather *exploitation*, corporate interests exploiting local communities in exchange for band-aid assistance through glossy CSR programs that build a few schools, buy few vehicles, fund a few social programs. This amounts to petty cash in exchange for access to some of the world's most valuable economic wealth that is evermore profitable in a global economy that is desperate for more and more oil.

The Chevron example is not uncommon. Throughout the world, oil companies like Shell, Exxon, BP, Total, Repsol, and others have been behind their fair share of similar environmental and social atrocities committed in the name of developing the energy sector for the benefit of local populations. And always, the promises of local development, sustainable oil production, and *petrol justice*, are empty. No one benefits, no one develops, no one that is, locally. Surely international bank accounts grow, the wealthy become wealthier, while inequality grows, natural resources are contaminated, and local communities are worse off than before.

It's ironic, but perhaps predictable that when courts' verdicts in the South start looking like the verdicts in the North, the corporations scream foul. They say the lawyers are lying. They say it's not their fault. They say they're the good guys. They say, they say, they say, but just maybe, sometime, somewhere, the little countries, and the little communities and the little people, will revert the tables on the oil giants and herald in a new era of environmental cleanup, of equitable social and economic justice, of a true *petrol justice*. And just maybe, that day has come.

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