Should Business Influence the Science and Politics of Global Environmental Change?

The Oil Industry and Climate Change (B)

Climate Change Strategies of Three Multinational Oil Corporations

05/2001-4957

This case was prepared by Dr. Sybille van den Hove, Research Fellow at INSEAD, under the supervision of Marc Le Menestrel, Assistant Professor of Economics and Business at University Pompeu Fabra and Visiting Professor at INSEAD and Henri-Claude de Bettignies, Professor of Asian Business at INSEAD and Visiting Professor at Stanford University. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

The authors gratefully thank the interviewees for their time and openness and Prof. Daniel Esty for his helpful comments on an earlier draft of this case. The authors are solely responsible for the content.

Copyright © 2001 INSEAD, Fontainebleau, France.

N.B. PLEASE NOTE THAT DETAILS OF ORDERING INSEAD CASES ARE FOUND ON THE BACK COVER. COPIES MAY NOT BE MADE WITHOUT PERMISSION.

> "The Kyoto Protocol is a climate policy derived from a debate that for too long has been driven by ideological rhetoric, pseudo facts, staged media events and scathing attacks on those who raise legitimate doubts."
>
> William O'Keefe[1]

> "If, at the cost of corporate pocket change, industrial giants can control the publicly perceived reality of the condition of the planet and the state of our scientific knowledge, what would they do if their survival were truly put at risk?"
>
> Ross Gelbspan[2]

Introduction

This case B contains a synthetic presentation of historical developments of the climate change strategies of three multinational oil corporations: ExxonMobil, TotalFinaElf and BP Amoco. It looks at the 1990's decade with an emphasis on the period around the Kyoto Conference (1997-1998). The three companies we concentrate on – Exxon, Elf and BP – have merged with competitors in the late 1990s to form respectively ExxonMobil, BP Amoco, and TotalFinaElf. In this document, we refer to their names at the date considered.

The material used to explore those corporations' strategies consists of (i) publicly available documents from the companies; (ii) public statements by corporate officials; (iii) interviews with individuals within these corporations, and with other stakeholders and analysts; (iv) newspaper articles; and (v) information provided by various NGOs.

---

1 O'Keefe (1998b).

2 Gelbspan (1995), p. 36.

ExxonMobil

> "Although the science of climate change is uncertain, there's no doubt about the considerable economic harm to society that would result from reducing fuel availability to consumers by adopting the Kyoto Protocol or other mandatory measures that would significantly increase the cost of energy. Most economists tell us that such a step would damage our economy and almost certainly require large increases in taxes on gas and oil. It could also entail enormous transfers of wealth to other countries."
>
> ExxonMobil CEO and Chairman, Lee Raymond[3]

Ever since climate change became a subject of public and policy concern, ExxonMobil has been the most active major oil and gas corporation in the debate. "Since the 1980s, we started thinking about climate change as a potentially important issue", says Brian Flannery, the Science Strategy and Programs Manager for ExxonMobil's Safety, Health, and Environment Division, "This was in the context of major long term investment projects. The issue held business meaning as a regulatory risk driven by public policy."[4] Since the Rio Summit in 1992, the Company's strategic line has been to oppose mandatory restrictions to curb greenhouse gas emissions.

ExxonMobil describes itself as "a science- and technology-based company"[5], making decisions on the basis of hard facts and rational scientific, economic and technical analysis. "Our public policy positions are based on scientific, economic and technical analysis. And this, even if it is not politically easy. It is very different from BP Amoco and Shell who have other drivers that are mainly of a political nature", says Flannery.[6] Vidal characterizes ExxonMobil as "a strongly legalist corporation, recognizing only public authorities and institutional interlocutors."[7] Says Flannery: "We do not acknowledge the notion of social responsibility as defined by some NGOs. NGOs are not the sole arbiters. We comply with the laws of countries. We maintain and enforce a strict code of ethical conduct for all employees. Consumer behavior and preferences are powerful indicators of what society wants." [8] In this context, the company has always striven to participate in the debate with a discourse presented as purely scientific, economic, and technological.

The core arguments of many opponents to mandatory emissions restrictions to address the issue of climate change can be summarized by the following progression of statements: climate change is not happening; the science of climate change is uncertain; climate change is not human induced; climate change will not necessarily be bad; the timing of proposed action is not adequate; the policies under discussion (at national and international levels) are not the

---

3 Excerpt from ExxonMobil (2001).

4 Interview with Dr. Brian Flannery, The Hague, November 2000.

5 Lee Raymond, CEO and Chairman of ExxonMobil, excerpt from ExxonMobil (2001).

6 Interview with Dr. Brian Flannery, The Hague, November 2000.

7 Vidal (2000, p. 4).

8 Interview with Dr. Brian Flannery, The Hague, November 2000.

good way to tackle the issue. Not all arguments have been pushed by all opponents, nor have they been put forward at the same time, as the latter imply implicit recognition of a problem. In the early days of the debate, Exxon was mainly contesting the science, based on its complexity and associated uncertainties. Its strategy of preventing political action on climate change was chiefly implemented through efforts denying the existence of a problem. The objective was to convince the public and policy-makers, chiefly in the US, that human-induced climate change was not an issue requiring mandatory restrictions on greenhouse gas emissions. As time went by, efforts were also directed at addressing the economic impacts of the policy proposals under examination, which were viewed by ExxonMobil as unacceptably costly and threatening to the US and world economies. The uncertain science was deemed insufficient to justify the supposedly certain and massive economic costs that would ensue. In parallel came more and more arguments against the diplomatic foundations of the Kyoto Protocol that ExxonMobil believes are fundamentally flawed.

Instrumental to the implementation of Exxon's strategy was its participation in industry and lobby groups. Exxon is a prominent member of the American Petroleum Institute (API), the major US petroleum industry trade association, and was, from the date of its creation in 1989, a board member of the Global Climate Coalition (GCC).[9] "At the time, and until Kyoto", says Rafe Pomerance, former Deputy Assistant Secretary for Environment and Development at the US State Department, "the trade associations were the key players [on the US scene] and the companies were on a lower level. The American Petroleum Institute and the Global Climate Coalition were very hostile to action on climate change (…) They were key to defeating President Clinton's 1993 BTU tax proposal, through lobbying the Congress.[10] I think they put together a US$7 or 8 million campaign. The BTU tax was a climate move in the mind of Clinton but he did not play it as a climate measure, for political reasons. This was a key moment."[11,12] The strategy of the GCC and the API to fight against mandatory climate policy at US and international levels rested on two main pillars: "raising questions about and undercutting the prevailing scientific wisdom"[13] on climate change in order to cast doubts in the mind of the public and policy-makers on the existence of a problem, and attacking the policy proposals on economical grounds.

On the science, these groups criticized the 1995 IPCC review process that led to the drafting of the summary for policy-makers on the grounds that it was politicized and biased. In June

---

9 See Exhibit 4 for background information on the American Petroleum Institute and the Global Climate Coalition.

10 One can read on API's website, under the title "How API adds value", that: "When our members' interests are under attack, API acts as the industry's crisis communications manager. When a BTU energy tax was proposed in 1993, API created an effective coalition to stop the tax in its tracks.": http://www.api.org/about/valueadd.htm, accessed February 2001.

11 Interview with Mr. Rafe Pomerance, Amsterdam, November 2000.

12 On the BTU tax and interest group politics, see Agrawala & Andresen (1999, p. 470).

13 This quote is extracted from an API internal memo leaked to the New York Times in April 1998. The memo also states that: "Unless 'climate change' becomes a non-issue, meaning that the Kyoto proposal is defeated and there are no further initiatives to thwart the threat of climate change, there may be no moment when we can declare victory for our efforts." See Cushman (1998); text available at: http://www.corpwatch.org/trac/feature/climate/culprits/bigoil.html, accessed January 2001.

1996 for instance, the George Marshall Institute[14], the API, and the GCC personally attacked one of the lead authors of the IPCC, Dr. Benjamin Santer. It started with an op-ed article by Dr. F. Seitz in the Wall Street Journal, charging Santer with having made unauthorized and politically inspired changes to Chapter 8 of the IPCC second assessment report, hence with being responsible for "disturbing corruption of the peer-review process"[15]. Chapter 8, because it addresses the question of attribution of climate change to human activities, is key to the overall IPCC conclusion of the plausible existence of a discernible human influence on global climate. Many IPCC leading figures replied by supporting Santer and pointed to his faithful work.[16] Exxon was also directly very critical of the summary for policy makers: "[T]he executive summary of the [IPCC] report, the part most people read, was heavily influenced by government officials and others who are not scientists. The summary, which was not peer-reviewed, states that: 'the balance of evidence suggests a discernible human influence on climate.' You'll note that this is a very carefully worded statement, recognizing that the jury is still out, especially on any quantifiable connection to human actions. The conclusion does not refer to global warming from increases in greenhouse gases. Indeed, many scientists say that a great deal of uncertainty still needs to be resolved."[17] Other criticisms of mainstream climate change have been articulated through the more or less direct funding of individual scientists holding the contrarian view – the so-called 'climate skeptics' – and by amplification of their access to the media and policy-makers.

Economic arguments against mandatory climate policy included the threat of losses of jobs and of competitiveness in the US, of higher gasoline prices, and of overall huge negative impacts on the US economy. "Our view is that the [Kyoto] Treaty has powerful implications in economics, investment, trade competitiveness, and employment terms", says Flannery from ExxonMobil.[18] These arguments are grounded in a series of economic models, some of which have been funded by ExxonMobil or the American Petroleum Institute, directly or indirectly, with the aim of providing models that are more realistic and more transparent in their assumptions. Influential among these are studies by the US Energy Information Administration – an agency within the Department of Energy charged with providing advice to Congress on these matters. Also widely used are studies by the Wharton Econometric Forecasting Associates[19] and by the Charles River Associates, for which the API provided funding.[20] These models have in turn been criticized on the grounds of inaccurate assumptions such as a restricted set of policy options, non-inclusion of the negative impacts of climatic changes, flaws in modeling procedures, non-inclusion of secondary benefits of

---

14 An ultraconservative U.S institute aiming to provide "rigorous, unbiased technical analysis of scientific issues with impact on public policy" (source: http://www.marshall.org, accessed February 2001) and chaired by Dr. Seitz, who for years has been among the most active 'climate skeptics' – scientists who strongly disagree with mainstream climate science as embodied by the IPCC process – in the US.

15 Seitz (1996).

16 See Stevens (1996).

17 Flannery (1999, pp. 5-6). To back these remarks Flannery also refers to an article by R. Kerr, published in *Science* in May 1997: "Climate Change: Greenhouse Forecasting Still Cloudy" (Kerr 1997).

18 Interview with Dr. Brian Flannery, The Hague, November 2000.

19 This company is not related to the business school.

20 O'Keefe (1998a).

climate policy in terms of health, environment and technological development, non-inclusion of savings from improved energy efficiency, etc.[21] Exxon is also said to have been a contributor to the works of an Australian government forecasting agency – the Australian Bureau of Agriculture and Resources Economics – which put together a controversial economic model predicting huge job and economic losses to achieve emissions reduction targets.[22]

In the year before the Kyoto conference, the Global Climate Coalition concentrated its efforts on fighting to prevent significant climate policy outcomes from the negotiations. The tactics consisted of ensuring that any binding commitment on targets and timetables coming out of Kyoto would not be ratified by the US Senate. To this end, the GCC pursued its efforts aimed at raising doubts about the integrity of the mainstream science of climate change in the eyes of the American public and policy-makers, by pointing to the uncertainties and gaps in scientific knowledge and to what the GCC saw as distortions of the science and of the conclusions made on its basis. Meanwhile, the GCC put together a vast advertisement campaign in the US against any international agreement that would aim at emissions reduction. The main theme of the campaign was "The UN Climate Treaty isn't Global … and it won't work." As William O'Keefe, former vice-president of API and chairman of the GCC describes it: "We only had one public relations campaign, prior to Kyoto. It cost $12 million. The GCC participated, but did not have the money to finance it alone. This campaign was very effective. The reason why, is that fairness is very important to the American people. And the Treaty, by not being global, is not fair. Another important thing is the economic impacts on them. This campaign did galvanize public opinion and helped the passing of the [Byrd-Hagel] Senate resolution. But it did not prevent [Vice-President] Al Gore from going to Kyoto and agreeing to something that President Clinton had said just 60 days before that he would not do."[23]

On the Congress front, the GCC was instrumental to reinforcing the value of a Senate resolution in July 1997 – known as the Byrd-Hagel resolution – which states that: "The United States should not be a signatory to any protocol to, or other agreement regarding, the United Nations Framework Convention on Climate Change of 1992, at negotiations in Kyoto in December 1997, or thereafter, which would: (a) mandate new commitments to limit or reduce greenhouse gas emissions for the Annex I Parties, unless the protocol or other agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period, or (b) would result in serious harm to the economy of the United States (…)."[24] O'Keefe, the then chairman of the GCC, recalls: "We had regular meetings with members of the Congress to discuss our positions and views. In 1997, at the request of Senator Byrd, a democrat, and Senator Hagel, a republican, we communicated a lot with members of the Congress to get them to support their resolution. It ended as a 95-0 vote, so it was really a bipartisan one."[25]

---

21 See e.g. Krause (1997) and Cool the planet (1999).

22 Hamilton (1998a) and Rampton & Burton (1998).

23 Interview with Mr. William O'Keefe, January 2001.

24 US Senate Resolution 98, 105th Congress, 1st Session. Available from: http://www.senate.gov, accessed January 2001.

25 Interview with Mr. William O'Keefe, January 2001.

In effect, this resolution lowers the chances of ratification of the Protocol by the US Senate. And it significantly delays (and even could prevent) the entry into force of the Protocol which is *de facto* almost impossible without US ratification.[26] It also damaged US diplomatic credibility during the Kyoto talks since it evidenced the lack of consensus amongst the legislative and executive branches of the US government.[27]

This was not the only influence of US industry opponents to binding action – including ExxonMobil – on the US political process. From 1990 to 2000, the oil and gas industry contributed more than $122 million in political donations – through so-called PAC contributions to federal candidates, soft money contributions to national parties, and individual contributions.[28] Exxon alone is reported to have officially contributed some $2.9 million in political donations at federal level from 1991 to 1998 (see Exhibit B-1). As Pomerance, from the State Department, puts it: "This created a political climate that made things difficult [for the Administration] (…) The oil industry has also had a strong influence by de-legitimizing the science and by using the Congress as a voice for their own agenda. For instance, the Congress may put riders on Appropriations bills – bills that allow the executive branch to spend money. As an example, the Congress used [this means] so that we could not spend money on the implementation of the Kyoto Protocol."[29]

By inducing the Senate to require immediate reduction commitments from developing countries, Exxon and its allies in the GCC have been successful in reopening the debate on developing countries participation, pointing to the future rise in their emissions, and contesting the underlying principles of the Climate Convention: the common but differentiated responsibilities of countries (in particular the historical responsibility of developed countries) and the principle of equity. It is on the basis of such principles that the Treaty calls for developed countries to demonstrate that they are taking the lead in modifying long-term trends in human induced greenhouse gas emissions.[30] Meanwhile, in a speech before the World Petroleum Congress in Beijing in October 1997, Exxon's CEO, Lee Raymond, was urging developing countries to resist climate policies: "Before we make choices about global climate policies, we need an open debate on the science, an analysis of the risks, and a careful consideration of the costs and benefits. So far this has not taken place

---

26 There are at least two reasons for this. First, other developed countries are not keen to go along without the US, in particular for competitiveness reasons. Second, the rule for entry into force in the Protocol requires it to be ratified by at least 55 Parties, incorporating developed countries (so-called Annex 1 Parties) which in total accounted for 55% of total Annex 1 CO_2 emissions in 1990. At the time, the US accounted for 36% of these emissions, and Russia for more than 17%. (See UNFCC 1997 and Grubb et al. 1999, p. 253-4).

27 Note that the signature and ratification of a Protocol imposing mandatory emissions reductions was also strongly opposed by organized labor and farm groups who were also active in influencing the U.S. Congress.

28 See Exhibit B-1 hereafter for definitions, references, and details on those numbers.

29 Interview with Mr. Rafe Pomerance, Amsterdam, November 2000.

30 See the text of the Climate Change Convention available at http://www.unfccc.de, in particular the Preamble and Articles 3 & 4.

and until it has, I hope that the governments of this region will work with us to resist policies that could strangle economic growth."[31]

It is around the end of 1998 that Exxon's strategy implementation appeared to evolve to a more moderate stance, where climate change started to be characterized as a legitimate potential long-term risk, albeit in prudent terms. While at the beginning of 1998, one could read on Exxon's website that: "It appears that climate variability is still too large and complex a subject for current measurements and projections to be able to determine whether reliable links exists between human activity and future global warming"[32], in 1999, Flannery was writing that: "Exxon does not believe that uncertainty is an excuse for doing nothing. We acknowledge that global climate change is a legitimate concern and we are taking steps now that we believe will lead in the right direction."[33] And in a 2000 op-ed ad, the company was further stating that: "Science has given us enough information to know that climate changes may pose long-term risks. Natural variability and human activity may lead to climate change that could be significant and perhaps both positive and negative."[34] Against this milder position on the existence of the problem and the need for action, ExxonMobil's focus shifted towards the acceptable means to tackle the issue, which – ExxonMobil believes – is technology development induced by market forces, not mandatory measures. "As one of the world's leading science and technology organizations, ExxonMobil is confident that technology will reduce the potential risks posed by climate change." [35]

Not surprisingly, environmental NGOs are denouncing ExxonMobil's strategy on the climate issue loudly and strive to bring to light the hidden public relations, lobbying, and other tactics of ExxonMobil and of the lobby groups in which it is influential.[36] So do other stakeholders who have come directly under ExxonMobil's – or its allies' – charges, such as, in particular, mainstream climate scientists. Arguments also go back and forth between ExxonMobil and other oil corporations which have opted for more proactive positions on climate change.

Some also analyze ExxonMobil's position in light of the dominant corporate culture. For Björn Stigson, President of the World Business Council for Sustainable Development: "ExxonMobil does not believe in sustainable development. They have another view of the world. But we do not know what they are really doing internally."[37] And the corporate culture is itself seen as strongly influenced by the political context of the company's country of origin. "The confrontational tradition of US lawmaking and the power the oil industry has in the ratification process – in coalition with other interest groups – thus stand out as crucial

---

31 Cited by Hamilton (1998a, p. 46). The speech is no longer available from ExxonMobil's web page. See also the comments on this speech in Business Week (Raeburn, 1997).

32 Excerpt from Exxon website, 1998, cited by Hamilton (1998a).

33 Flannery (1999), p. 9.

34 Excerpt from "Unsettled Science", ExxonMobil (2000).

35 Excerpt from "The Promise of Technology", ExxonMobil (2000).

36 See e.g. Hamilton (1998a & b) and http://www.greenpeace.org/~climate/industry/ for Greenpeace; http://www.corpwatch.org/trac/climate for Corporate Watch; The Heat is On web site at: http://heatisonline.org ; Ozone Action at http://www.ozone.org/warming.html.

37 Interview with Mr. Björn Stigson, Geneva, December 2000.

determinants for ExxonMobil's [regulatory] risk assessment and hence the perceived long-term viability of their strategy choice on the climate issue."[38] ExxonMobil indeed does not seem to feel the urge to green its image as some of its competitors have done in recent years. As noted by the Financial Times, ExxonMobil did not take the opportunity of its merger with Mobil to "recast its image". To the contrary, "ExxonMobil reintroduced itself to customers and clients with studied plain-speaking as 'the world's premier petroleum and petrochemical company' (…) The US company, which is now the world's largest publicly traded oil group and an industry icon of capital productivity, would rather let the numbers behind its enviable financial performance speak for themselves."[39]

How effective has ExxonMobil's strategy on the climate change issue been from a business standpoint? First of all, ExxonMobil – together with its partners in US lobby groups – has been instrumental to the hindrance of US ratification of the Kyoto Protocol. And, without US ratification, the chances of entry into force of the Protocol are meager.[40] In terms of delaying international and national actions on climate change, there is no doubt that ExxonMobil's strategy succeeded. When asked whether there was any sign that ExxonMobil's position on climate change was affecting its business, Flannery clearly responded with a short and definite "No".[41] So overall, ExxonMobil gained valuable time during which no climate change policy will come as a constraint on its activities. And this makes good sense for ExxonMobil's executives who believe that "if there indeed is a climate problem, it is a long-term problem for which we have plenty of time to develop appropriate responses."[42]

Another indicator of ExxonMobil's self-confidence on the climate issue is the way it repeatedly fought back – and defeated – shareholder proposals initiated by environmental and other civic groups that were challenging the company's climate change strategy.[43] However, the mere fact that shareholders - at least the most strongly pro-environment amongst them - are starting to raise the issue at annual meetings, could indicate that ExxonMobil's strategy will, at some point, need to be significantly revised. Noticeable in this regard is the framing of the issue in terms of liability: "Shareholders at both companies [5.4% at Exxon and 5.18% at Mobil] voted on a global warming resolution that asked the company to report what actions they are taking to address global warming and what potential liabilities shareholders may face as a result of inadequate actions," states the NGOs' press release.[44] But ExxonMobil is apparently ready for that too: "Exxon's actions and position on climate change have evolved over the years. They will continue to be responsive to emerging scientific and technical understanding in the future. Exxon has been in business for over 100 years and we intend to

38 Skjaerseth and Skodvin (2000, p. 27).

39 Durgin (2000).

40 See note 26.

41 Interview with Dr. Brian Flannery, The Hague, November 2000.

42 B. Flannery and G. Ehlig, March 2000, cited by Skjaerseth and Skodvin (2000, p. 10).

43 See Durgin (2000); Ozone action (1999) and the Campaign ExxonMobil NGO website: http://www.campaignexxonmobil.org.

44 Ozone action (1999).

remain a profitable, responsible supplier of energy through the next century. As the climate change debate progresses, so too will our actions."[45, 46]

Will ExxonMobil's successful gaining of time be damaging from an ecological standpoint? Only the future will tell.

TotalFinaElf

> "The Elf Aquitaine Group is ready to commit to a reduction of 15% of its [CO_2] emissions in 2010".
>
> Elf Aquitaine CEO, Philippe Jaffré[47]

In 1985, the issue of global warming was raised at a meeting of the executive committee of Elf Aquitaine for the first time. Bernard Tramier, Director for Environment and Safety, who had come up with the question was asked to monitor the scientific and political evolution of the issue. An additional person was charged with the detailed follow-up.

On November 24, 1997, only a few days before the meeting of the Conference of the Parties to the Climate Convention in Kyoto, the CEO of Elf Aquitaine, Philippe Jaffré, in an interview with the French newspaper 'Le Monde' announced that "The Elf Aquitaine Group is ready to commit to a reduction of 15% of its [CO_2] emissions in 2010."[48] According to the CEO, this decision was based on an acknowledgement that "The consensus within the scientific community appears to be stronger and stronger in affirming that a climatic warming is happening. A number of facts are not disputable. First there is a rise in greenhouse gas concentrations, in particular carbon dioxide (CO_2). Second, these gases have an effect on the climate. What is not measured is the extent of this effect and the potential for natural regulation via the carbon cycle."[49] To Jaffré, however, it is a long term problem which "leaves us time to react"[50]. He called for the application of the precautionary principle, which "for a business leader means that he needs to consider how he can reduce his [company's] emissions and how these reductions could be financed". However this announcement did not constitute a firm commitment. It was presented as an agreement to comply with the 15% emissions reduction goal that constituted the negotiation position of the European Union. But it was conditional on equal commitments from other nations: "We can adopt the global emissions reduction objective proposed by the European Union only if all Nations of the world do the same."[51] The other condition put forward by Jaffré was the necessity for

---

45 Flannery (1999).

46 On the history of oil corporations, see Yergin (1991).

47 Interview with Philippe Jaffré, *Le Monde*, 24 November 1997, our translation.

48 Interview with Philippe Jaffré, *Le Monde*, 24 November 1997, our translation.

49 ibid.

50 ibid.

51 ibid.

geographical flexibility in fulfilling its commitment: "Concerning Elf Aquitaine, it seems possible to reduce our total world emissions by 15% in 2010. But such a reduction is only possible if we account for our activities in the entire world. We could not achieve this result solely for our European activities."[52]

The Kyoto conference passed, and Elf did not publicly go much further on the issue. As stated by Bernard Tramier, now Senior Vice-President Environment and Industrial Safety for the merged TotalFinaElf Group: "It was a commitment taken before Kyoto, it is more difficult for us to comply with it after [what happened in] Kyoto." [53] The Protocol adopted in Kyoto has not yet entered into force, and the commitment of the EU is a reduction of 8% of emissions for six gases in the period 2008-2012 as compared to 1990 levels. Furthermore, the years after Kyoto have seen the merger of Elf with TotalFina. "Amongst the three companies united in the new group, only Elf had a quantitative reduction commitment", says Tramier. "Today, our position is that we are going to reduce our emissions, but we do not yet know by how much. It will depend on the rules of the game – in particular on accounting rules – that will be imposed on us. We will spend a certain amount of money to reduce our emissions, but the result in reduction terms will depend on where we will do the reductions, and how they will be accounted for."[54]

Concerning its influence on the scientific debate over climate change, Elf was always very clear: "When we are confronted with an issue that raises fears (…) our attitude is scientific: it is that of the 'Cartesian doubt'. We then turn to the scientific community in which we have confidence."[55] And Tramier confirms: "None of the three companies of the TotalFinaElf group has ever contested the principle of climate change." [56] As for the US lobby groups, he recalls: "We have never been members of the Global Climate Coalition. Note that, in terms of publicity, some have achieved great benefits by conspicuously leaving this coalition. We are indeed members of the American Petroleum Institute, but this is completely different because API is the fossil fuel industry trade association, and membership is normal when one operates, even on a small scale, in the US."[57]

On the political process, TotalFinaElf does not acknowledge much influence either. In France, says Tramier, "the possibility [to participate] was not offered much to us by the authorities. (…) At the international level, before the merger none of the three companies carrried much weight. The game was lead by the big groups. We were more or less midway between two extreme positions (ExxonMobil on one side, BP Amoco and Shell on the other) and for this, were sometimes considered as the voice of reason."[58] TotalFinaElf did not make much use of industry groups to participate in the political process at the European level. "We have

---

52 ibid.

53 Interview with Mr. Bernard Tramier, Paris, January 200.

54 ibid.

55 Interview of Philippe Jaffré, *Le Monde*, 24 November 1997, our translation.

56 Interview with Mr. Bernard Tramier, Paris, January 2001.

57 ibid.

58 ibid.

underestimated their influence. But this is changing. We realize that we need to be more present in this process of influencing the politics. But this is more for reasons of competition amongst companies than to influence the political process itself. (…) What we need to do is to influence the process in order to have a simple and efficient system as an outcome.” [59]

Clearly, with the exception of the 1997 emissions reduction announcement – which turned out to be a mere announcement and not a commitment – TotalFinaElf has publicly taken a low key position on the climate change issue. It concentrated on gathering information and knowledge, waiting to see where the international negotiations would lead. With the merger, although company documents now acknowledge the necessity of “effectively taking into account the concept [of sustainable development] in all [the Group’s] activities,”[60] the publicly displayed strategy on climate change is not yet very elaborate. The Group’s documents state that: “TotalFinaElf adheres to the conclusions of the Kyoto Conference on climate change and will participate in the necessary efforts to reach greenhouse gas emissions reduction objectives which have been agreed to by the Nations, and this without waiting for the elimination of scientific uncertainties.”[61] One can read that the group participates in simulation exercises on flexibility mechanisms. It also plans to reduce its own emissions, although, given uncertainties on the evolution of the world’s energy consumption, on the rules of flexibility mechanisms, on financial incentives and on the inclusion on carbon sinks, “a quantitative commitment cannot be taken today with sufficient accuracy and credibility.”[62] Moreover, the group aims at offering products that are more efficient in terms of their greenhouse gas emissions to consumers, and at participating in the development of new energy resources.

From a business standpoint, Elf’s (and subsequently TotalFinaElf’s) strategy on climate change has been generally positive. Given the developments on the political scene, both at international and national levels, which have been fairly slow since the Kyoto Conference, there was no urgency for the company to take a strong public position on the issue. Even the Erika oil spill in December 1999 did not induce a major shift in the group’s environmental position, in contrast with the Brent Spar issue at Shell. As noted by Denis Goguel, Director for Ethics of TotalFinaElf, the Erika accident “has been negative for our image but we have not seen any measurable decrease in sales.”[63] TotalFinaElf is advancing step by step in the construction of its climate change strategy, and its overall environmental strategy. The group prefers not to communicate beforehand on its future positions and actions. As Tramier pointed: “If there is so little information on our actions on the climate change issue as compared to some of our competitors, it is because we are acting. We do not consider climate change as a communication issue. We take it seriously, it is part of our business, but we do not think that it is necessary to make a lot of fuss about it.”[64]

---

59 ibid.

60 Introduction by CEO T. Desmarest in TotalFinaElf (2001), our translation.

61 TotalFinaElf (2001), our translation.

62 ibid.

63 Interview with Mr. Denis Goguel, Paris, January 2001.

64 Interview with Mr. Bernard Tramier, Paris, January 2001.

BP Amoco

> "We must now focus on what can and what should be done, not because we can be certain climate change is happening, but because the possibility can't be ignored. If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now."

BP Chief Executive, John Browne[65]

Until BP's withdrawal from the Global Climate Coalition in 1996 and, more visibly, until BP Chief Executive Officer John Browne's landmark speech at Stanford University in May 1997, BP's strategy regarding climate change did not differ significantly from that of all the other major oil and gas corporations. As a member of both the Global Climate Coalition and the American Petroleum Institute, BP was participating to the efforts of these groups to negate the existence of the problem, to influence public opinion, and to prevent any political action on the issue.[66]

The radical shift in strategy that BP operated a few months before Kyoto came as a surprise to many observers, but also to competitors in the oil and gas industry. BP's new strategy was based on a recognition of the scientific assessment of the existence of a serious risk of human induced climate change by the Intergovernmental Panel on Climate Change.[67] As Browne put it, in Stanford: "[T]here is now an effective consensus among the world's leading scientists and serious and well-informed people outside the scientific community that there is a discernible human influence on the climate, and a link between the concentration of carbon dioxide and the increase in temperature."[68] However, he also pointed to the remaining "large elements of uncertainties"[69]. From this premise, he proposed a conclusion that action was needed, which was rooted in the precautionary principle: "The time to consider the policy dimensions of climate change is not when the link between greenhouse gases and climate change is conclusively proven but when the possibility cannot be discounted and is taken seriously by the society of which we are part."[70] The framework in which he placed his analysis is the recognition of a need for "a re-thinking of corporate responsibility."

BP became a member of the Pew Center on Global Climate Change's Business Environmental Leadership Council, a coalition of companies who agree that "Businesses can and should take concrete steps now in the US and abroad to assess opportunities for emission

65 Excerpt from Browne (1997).

66 See Exhibit A-3 in case A for background information on the API and GCC.

67 See Exhibit A-1 in case A.

68 Browne (1997).

69 ibid.

70 ibid.

reductions, establish and meet emission reduction objectives, and invest in new, more efficient products, practices and technologies." [71]

Through 1997 and 1998, BP progressively made public a multi-action plan on climate change based on increased research and development, addressing BP's own operations, and developing the solar energy business. As of 2001, BP's climate change action plan is composed of six main areas.[72] First, reducing the company's emissions. BP set an internal greenhouse gases reduction target of 10 percent from a 1990 baseline over the period to 2010. This is combined with the development and implementation, in collaboration with the NGO Environment Defense Fund (EDF), of an internal emissions trading system: the Pilot Emissions Trading System (PETS).[73] Second, the company focuses on energy conservation, through continuous improvement of its use of energy, and by encouraging customers, suppliers, and partners to conserve energy. Third, it fosters the introduction of new energy technologies by growing investment in the solar business and by collaboration to create energy-efficient new technologies. Fourth, it promotes the use of flexible market instruments, including emissions trading, Joint Implementation (JI) and the Clean Development Mechanism (CDM), to demonstrate the potential of these market-based concepts to reduce greenhouse gas emissions costs effectively.[74] Fifth, it seeks active participation in the climate change policy debate, by investigating innovative ways of reducing greenhouse gas emissions, and contributing to the design of new national and international institutions and processes. And sixth, BP continues its investments in – and support of – science, technology and policy research.

According to Klaus Kohlhase, Senior Environmental Adviser to BP Amoco, this strategy has several drivers: (i) pressure from governments, "the Kyoto Protocol and subsequent governmental action has had a major impact on EU industry"; (ii) the need to attract and retain customers in a potentially shrinking oil market in the future; (iii) the willingness to enhance company's reputation, (iv) the people inside the company, and finally, (v) unions, who are slowly becoming drivers, "Unions will become more and more active on the issue as it is their responsibility to represent the social side".[75]

Many insist on the leadership dimension of BP's strategic repositioning. "What is driving change in a particular situation?" asks Björn Stigson, the President of the World Business Council for Sustainable Development, before replying: "It is very fuzzy. Often it comes down to individuals and people like John Browne for instance. People don't understand how much it comes down to individuals. If you are a CEO, you have to decide, you cannot avoid it. It seems that Browne has decided for sustainable development and that so far, for BP, it has

---

71 Excerpt from the Pew Center on Global Climate Change Website: http://www.pewclimate.org/belc/index.cfm, accessed February 2001.

72 Source: Browne (1998) and BP Amoco website (accessed February 2001): http://www.bp.com/alive/index.asp?page=/alive/performance/health_safety_and_environment_performance/issues/climate_change.

73 See BP Amoco (1999).

74 See Exhibit A-1 in case A for a brief description of these instruments.

75 Interview with Mr. Klaus Kohlhase, The Hague, November 2000.

served them well."[76] Even William O'Keefe, former Chairman of the Global Climate Coalition insists on the leadership aspect: "Browne has shown leadership," he says, "this is what leadership is about." [77]

Another major driver has been the growing importance of the notion of corporate social responsibility. Since the mid-90s a combination of studies and surveys have pointed to the need for multinational corporations to pay more attention to the social and environmental responsibility dimensions of their actions.[78] For the oil industry, it has combined with various public relations disasters such as, in particular, Shell's involvement in human rights issue in Nigeria, Total's involvement in Burma, or Shell's Brent Spar crisis.[79] BP took the issue of social responsibility seriously[80] and used it to frame its proactive climate change positioning. "It is important to see that our position is argued in an ethical sense, but as business persons. We are responsible to our shareholders, our employees, the local populations, and the environment. This constitutes an enlargement of responsibility," says Kohlhase.[81]

But some analysts temper the social responsibility issue: "I think that they [BP and Shell] are overdoing their explanation of how socially responsible they are. When you ask them if they are funding their statements with money, they are shrinking, not delivering," says Hermann Ott, Acting Head of the Climate Policy Division of the Wuppertal Institute for Climate, Environment and Energy.[82] While Benito Müller, Senior Research Fellow at the Oxford Institute for Energy Studies, regards the question as one of time-frame: "Why would a corporation acknowledge a social responsibility?", he asks, "Because in the long run it could be more profitable. The question is: what is the firm in for? If it is thinking short term, then there exists no good argument for social responsibility."[83]

To Ott, there is another substantial incentive: "An important question [in this debate] relates to what the product liability laws [on oil products] are going to be like 10-15 years from now.

---

76 Interview with Mr. Björn Stigson, Geneva, December 2000. A BP executive, Lee Edwards also refers to "a true leadership act on the part of [John Browne]", cited in Reinhardt and Richman (2000) who provide an excellent and extensive case study on BP Amoco and climate change.

77 Interview with Mr. William O'Keefe, January 2001.

78 See for instance the Burson Marsteller opinion leader survey: "The responsible century?", summary available from BM website: http://www.bm.com/insights/corpresp.html, or the "Millenium Poll on Corporate Social Responsibility" conducted by Environics International Ltd., summary available from Environics International website: http://www.environics.net/eil.

79 On the Brent Spar, see Neale (1997) and Grolin (1998). Note that the two almost simultaneous crises for Shell – Nigeria and the Brent Spar – seem to have been instrumental in initiating a huge corporate reorganization process based on more transparency, corporate responsibility and later, sustainable development.

80 BP first complemented its "Annual Report and Accounts" by environmental reports, then in 1999 by a combined environmental and social report. Finally, in 2000, it proposed a combined financial, environmental and social report. See http://www.bpamoco.com/alive.

81 Interview with Mr. Klaus Kohlhase, The Hague, November 2000.

82 Interview with Dr. Hermann Ott, The Hague, November 2000.

83 Interview with Dr. Benito Müller, The Hague, November 2000.

Some of the oil companies are aware of the risk. BP definitely, their strategy is a containment strategy, for image and reputation… maybe for more. In court, they could be acquitted because they could show early action. This is an important driver of their strategy.”[84]

Some critics remain skeptical and interpret BP Amoco’s strategy as a pure communication and public relations strategy, devoid of substantial and concrete commitment. Not surprisingly, many environmental NGOs point to a contradiction between BP Amoco’s rhetoric and the reality of their actions. Says Kirsty Hamilton, Climate Campaigner with Greenpeace International: “There is a discrepancy between the discourse and actions of oil companies, in different areas. First, investments: compare an investment of $20 million per year in solar energy to over $4 billion in exploration and production expenditures in 1998. Second, advocacy: it is now considered good marketing practice to show a green face, and also good lobbying practice. And third, advertising: they advertise being green, and at the same time join [anti-action] lobby groups.”[85,86] While O’Keefe underlines his understanding of the nature of BP Amoco’s strategy: “Doing this move, [Browne] created an image of BP that differentiated it from his competitors, and this was good marketing (…) But if you look at what they are doing, apart from BP’s internal emissions trading scheme, there is no significant difference between what ExxonMobil and what BP Amoco are doing, in terms of money invested, research, etc.”[87]

Brian Flannery of ExxonMobil, discussing the actions of some competitors notes that some significant actions taken had little or nothing to do with climate change but were already in the pipeline for other reasons. He asks “Is this good public relations? Is this good ethical business?”[88] Flannery also expresses doubts regarding the depth of its competitors’ commitment to emissions reductions: “We will be watching our competitors to see as a result of their commitments and procedures whether, on the one hand, they forgo an economically attractive project that would significantly increase their emissions or whether they make a large investment that is un-economic to reduce their emissions. So far we have not seen sufficient examples of those outcomes.”[89] Another reason for caution on BP Amoco’s strategy is the fact that the company continued its contribution to the US political process after 1997, albeit in smaller amounts (see Exhibit B-1).

Will BP Amoco deliver on its strategy and yield positive results in ecological terms? Proactive strategies encompass at least one built-in incentive for corporations to act on what they say. As pointed by Müller: “They do care about their image, and this induces them to act as they say. When there are proactive companies, the role of NGOs and consumers becomes

---

84 Interview with Dr. Hermann Ott, The Hague, November 2000.

85 Details of sources for these figures are given in: Hamilton (1998a, p. 30).

86 Interview with Mrs. Kirsty Hamilton, The Hague, November 2000. As of today, BP America is still a member of the API. However, BP has prohibited the API from using BP membership funds for anti-climate work (Source: ICCR 2000).

87 Interview with Mr. William O’Keefe, January 2001.

88 Interview with Dr. Brian Flannery, The Hague, November 2000.

89 Brian Flannery, cited in “Hardliner ExxonMobil opposed to Kyoto Treaty”, *The Earth Times*, 15 November 2000.

that of watchdog elements."[90] This role is made more effective by the rapid development of information and communication technologies, which give more power to civil society through stronger connections and the possibility of by-passing governments and putting direct pressure on corporations to behave in a more socially acceptable manner.

As for the effectiveness of BP Amoco's climate change strategy in terms of business results, it is probably too early to judge, since it is a long-term positioning strategy. In particular, effects on competitiveness are hard to detect as of today. The question is: are they losing something now? The answer is no, BP Amoco does not seem to have experienced negative impacts from its strategy. It probably costs them a bit in terms of money and efforts, but BP Amoco people do not comment on this. BP Amoco did experience positive effects in terms of image. However, this could backfire if at some point the public and stakeholders feel that the company does not live up to its promises. On another important level, BP Amoco clearly improved its legitimacy as a participant in the political process, at least in European circles, and probably world-wide. Overall, in the words of Kohlhase: "It is important to understand the importance of the process here: every year now, climate change is a topic for the board at BP Amoco (…) We have been learning a lot and we are improving our understanding of the options. These last two aspects put us in a good position to face the issue."[91]

Another test for BP Amoco's good faith on its proactive climate strategy is going to be the evolution of its position now that the Bush Administration – with all its ties to the oil business – is in power in the US.

---

90 Interview with Dr. Benito Müller, The Hague, November 2000.

91 Interview with Mr. Klaus Kohlhase, The Hague, November 2000.

References

Agrawala, S. and Andresen, S. (1999) Indispensability and Indefensibility? The United States in Climate Treaty Negotiations, *Global Governance* 5, pp. 457-482.

BP Amoco (1999) Greenhouse gas emissions trading in BP Amoco, November 1999. Available at: http://www.bp.com/alive_assets/downloads/100000000034161/climatechange.pdf, accessed February 2001.

Browne, J. (1997) Speech delivered at Stanford University, California, May 19, 1997. Available from: http://www.bp.com/pressoffice/, accessed January 2001.

Browne, J. (1998) Address to the Conference "Climate after Kyoto. Implications for Energy", Royal Institute for International Affairs, London, February 5-6, 1998.

Burson-Marsteller (2000) The Responsible Century? Summary of an international opinion leaders survey on Corporate Social Responsibility. Available at: http://www.bm.com/insights/corpresp.html.

Common Cause (1999) Some like it hot: As global temperature rise contributions flow to parties & candidates, Common Cause Report, available at: http://commoncause.org/publications/hot , accessed February 2001.

Cool the Planet (1999) Summary of Activities Global Climate coalition: 1996-1999. Available from: http://cool.policy.net/proactive/newsroom/release.vtml?id=17382.

Cushman, J. (1998) Industrial Group Plans to Fight Climate Treaty, *New York Times*, April 26, 1998.

Durgin, H. (2000) Giant that sees no evil, *Financial Times*, 11 August 2000.

ExxonMobil (2000) Global Climate Change Op-Ed Series. Available from ExxonMobil website: http: http://www.exxonmobil.com/news/publications/c_global_climate_change/c_oped.pdf, accessed February 2001.

ExxonMobil (2001) Global Climate Change, ExxonMobil Publication, available from: http://www.exxonmobil.com/news/publications/c_global_climate_change/c_index.html, accessed February 2001.

Flannery, B. (1999), Global Climate Change. Speeches to the European Affiliates of Exxon Corporation, *International Association for Energy Economics Newsletter*, Third Quarter, pp. 4–10.

Gelbspan, R. (1995) The Heat is On. The warming of the world's climate sparks a blaze of denial, *Harper's Magazine*, September 1995.

Gelbspan, R. (1998) Putting the Globe at Risk, *The Nation*, 30 November 1998.

Grolin, J. (1998) Corporate Legitimacy in Risk Society: The Case of Brent Spar, *Business Strategy and the Environment*, vol. 7, pp. 213–222.

Grubb, M., Vrolijk, C., Brack D. (1999) *The Kyoto Protocol,* RIIA and Earthscan Publications, London.

Hamilton, K. (1998a) The Oil Industry and Climate Change, A Greenpeace Briefing, Greenpeace International. Available at: http://www.greenpeace.org/~climate/industry/reports/.

Hamilton, K. (1998b) Oiling the Machine. Fossil Fuel Dollars Funnelled into the US Political Process.. Greenpeace International. Available at: http://www.greenpeace.org/~climate/industry/reports/machine.html.

ICCR – Interfaith Center on Corporate Responsibility (2000) A brief survey of Oil Company Responses to Global Warming. Available from: http://www.campaignexxonmobil.org/learn/oilco_response_table.shtml, accessed February 2001.

Kerr, R. (1997) Climate Change: Greenhouse Forecasting Still Cloudy, *Science*, Vol. 276, May 16, 1997, p. 1040.

Krause, F. (1997) The Costs and Benefits of Cutting U.S. Carbon Emissions: A critical survey of economic arguments and studies used in the media campaigns of U.S. status quo stakeholders, paper presented at the GLOBE Conference *Targeting Kyoto and Beyond*, Bonn, October 1997.

Neale, A. (1997) Organisational Learning in Contested Environments: Lessons from Brent Spar, *Business Strategy and the Environment*, vol. 6, pp. 93–103.

O'Keefe, W. (1998a) Kyoto's Mounting Costs, *The Journal of Commerce*, 6 July 1998.

O'Keefe, W. (1998b) Testimony of William F. O'Keefe, Executive Vice President of the American Petroleum Institute, at the House Government Reform and Oversight Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs, September 16, 1998.

Ozone Action (1999) Exxon's avowed Anti-Environmental Position Dominates Merger Talks, Press release, 27 May 1999. Available at: http://www.ozone.org/mr052799.html, accessed February 2001.

Raeburn, p. (1997) Global warming: Is there still room for doubt?, *Business Week*, November 3, 1997.

Rampton, S. & Burton, B. (1998) The PR Plot to Overheat the Earth, *Earth Island Journal*, Spring 1998.

Reinhardt, F. and Richman, E. (2000) Global Climate Change and BP Amoco, Harvard Business School Case N° 9-700-106, available from http://www.hbsp.harvard.edu.

Seitz, F. (1996) A Major Deception on Global Warming, *The Wall Street Journal*, June 12, 1996.

Skjaerseth, J. and Skodvin, T. (2000) Climate change and the Oil Industry: Common Problem, Different Strategies, Paper presented at the Sixth Session of the Conference of the Parties to the Climate Convention, The Hague, 23 November, 2000.

Stevens, W. (1996) A Hot Center of Debate On global Warming, *The New York Times*, August 6, 1996.

TotalFinaElf (2001) Profil Environnement, TotalFinaElf brochure.

UNFCCC – United Nations Framework Convention on Climate Change (1992) United Nations Framework Convention on Climate Change. Available at http://www.unfccc.de.

UNFCCC – United Nations Framework Convention on Climate Change (1997) The Kyoto Protocol to the Convention on Climate Change. Available at http://www.unfccc.de.

Vidal, E. (2000) Pétrole et environnement: le défi vert de l'or noir, *Impact Entreprises*, n°20, juillet-août 2000, CFIE.

Yergin, D. (1991) *The Prize. The Epic Quest for Oil, Money and Power*, Simon & Schuster.

Exhibit B-1
Oil and Gas Industry Contributions to US Political Process

US Political donations of some Oil & Gas Corporations

YEAR COMPANY	1991/2 (US$)	1993/4 (US$)	1995/6 (US$)	1997/8 (US$)	1999/2000 (US$)
Amoco	332,200	371,400	479,866	493,000	-
ARCO	1,245,706	936,154	1,232,662	743,477	(est.)957,570[92]
BP America	117,400*	107,450*	374,829	316,766	-
Exxon	499,110	733,953	816,329	847,125	-
Mobil	295,278	293,650	346,712	503,731	-
Exxon + Mobil	794,388†	1,027,603†	1,163,041†	1,350,856†	1,206,305
BP + Amoco	449,600†	478,850†	854,695†	809,766†	338,344 (est.)†
BP + Amoco + ARCO	-	-	-	-	1,295,914[93]

Sources

All numbers are from the Center for Responsive Politics: http://www.opensecrets.org based on data from the Federal Election Commission with the exception of those marked with a * which are from Greenpeace (1998b) and only cover PACs and soft money (see methodology below). Numbers marked with a † are computed from other data in the table.

Methodology[94]

The numbers are based on contributions from PACs, soft money donors, and individuals giving $200 or more. Political Action Committees (PACs) are political committees organized for the purpose of raising and spending money to elect and defeat candidates. Most PACs represent business, labor or ideological interests. In the broadest sense, 'soft money' encompasses any contributions not regulated by federal election laws. The exemption was made to encourage 'party-building' activities which benefit the political parties in general, but not specific candidates. In reality, though, [this] has emerged as the parties' primary means of raising tens of millions of dollars from wealthy contributors during the fall presidential campaigns, when direct contributions to candidates are prohibited. They are also used to support congressional candidates in key battleground states during off-year elections.

In many cases, the organizations themselves did not donate, rather the money came from the organization's PAC, its individual members, employees or owners, and those individuals' immediate families. Organization totals include subsidiaries and affiliates.

---

92 Data for individual contributions was not readily available: these have been estimated by the authors, on the basis of CRP data, to be approximately $175,000.

93 This figure, given by the CRP, includes numbers for ARCO: $957,570 ($671,275 soft money donations and $111,295 PAC contributions, plus an estimation by the author of $175,000 in individual donations).

94 This section is a compilation of quotations from various pages on the Centre for Responsive Politics' website: http:// www.opensecrets.org.

Exhibit B-1 (Cont'd)

All numbers attributed to a particular industry can be assumed to be conservative. Tens of millions of dollars of contributions in each election cycle are not classified by industry at all – either because the original data is incomplete or too vague to categorize, or because of limitations on the Center [for Responsive Politics]'s ability to fully research the millions of individual contributions given over the years.

As a general rule, PAC contributions are almost 100% categorized by industry; soft money in the current election cycle is more than 90% coded. In earlier cycles, the proportion is lower. Individual contributions to candidates and parties are the most difficult to classify – both because of the huge number of contributions, and because the data is based on employer/occupation data that is often incomplete. In most cycles, approximately 70% of the contributions there have been categorized, based on the occupation/employer reported by the donor.

Oil & Gas Industry: Long-Term Contribution Trends

Election Cycle	Rank [95]	Total Contributions ($)	Contributions from Individuals ($)	Contributions from PACs ($)	Soft Money Contributions ($)	Donations to Democrats ($)	Donations to Republicans ($)	% to Dems	% to Repubs
2000[96]	9	29,733,766	9,679,680	6,594,952	13,459,134	6,057,031	23,199,731	20%	78%
1998	7	21,677,051	6,372,834	6,542,204	8,762,013	4,864,258	16,732,696	22%	77%
1996	7	24,847,230	8,663,250	6,284,593	9,899,387	5,533,584	18,933,949	22%	76%
1994	7	16,616,090	5,956,078	6,313,539	4,346,473	6,040,075	10,564,520	36%	64%
1992	7	20,189,649	8,779,085	6,255,621	5,154,943	6,656,495	13,423,902	33%	66%
1990	8	9,046,667	3,324,994	5,721,673	0	3,621,114	5,424,153	40%	60%
Total	**7**	**122,110,453**	**42,775,921**	**37,712,582**	**41,621,950**	**32,772,557**	**88,278,951**	**27%**	**72%**

Methodology

The numbers in this table are based on contributions to federal candidates and political parties from PACs, soft money donors, and individuals giving US$200 or more, as reported to the Federal Election Commission. While election cycles are shown in charts as 1996, 1998, 2000 etc. they actually represent two-year periods. For example, the 2000 election cycle runs from January 1, 1999 to December 31, 2000. Data for the last election cycle were released by the Federal Election Commission on Tuesday, January 2, 2001. Soft money contributions were not publicly disclosed until the 1991-92 election cycle.

95 These numbers show how the industry ranks in total campaign giving as compared to more than 80 other industries. Rankings are shown only for industries (such as the Automotive industry) -- not for widely encompassing "sectors" (such as Transportation) or more detailed "categories" (like car dealers).

96 So far. Also, availability of electronic records by the Federal Election Commission is typically two months delayed during the busy election season, since most campaigns still file their reports on paper rather than by computer.