

## CORPORATE AMERICA AND THE KYOTO CLIMATE TREATY

*“American Business wants to sabotage the climate accord”<sup>1</sup>*

Anyone who expects President George W Bush to bring the United States back into the Kyoto Protocol ignores the central driving force behind his abrupt and unilateral rejection of the treaty – a conglomerate of the largest companies in the world with core business interests in fossil fuels or related products. Companies like ExxonMobil, Texaco, General Motors and Ford have been at the forefront of a decade-long battle to systematically undermine action on climate change.

The results of Greenpeace's recent survey of US Fortune 100 companies clearly shows that US oil majors and big auto companies are still the ones shoring up Bush's anti-Kyoto stance. Evidence of a close circular relationship is abundant: oil and car companies made substantial election campaign financial contributions during the US 2000 Presidential race. The reward was a series of policy paybacks and political appointments of which the rejection of the Kyoto Protocol, particularly its mandatory targets and timetables for cutting greenhouse gas emissions, was the first and biggest prize.

Expecting this mutually beneficial relationship between the Bush Administration and industry to end is naively optimistic in the short term. Despite incontrovertible evidence of rapidly expanding commercial markets in solutions to climate change – renewables energy is one example, our survey found no major US companies willing to 'break ranks' with either the oil majors, or with the Bush administration, and come out in public support of the Kyoto Protocol. This is despite the fact that many of those companies have some level of commitment to cut their own emissions.

Tensions and splits within the corporate sector are becoming evident internationally between European and US companies, and in some cases within companies themselves. Also there are many medium sized US enterprises that are concerned about the abandonment of Kyoto. Our survey finds that even within the US Fortune 100, there are a selection of companies that do not wish to be associated with an anti-environment message or the now-notorious Exxon camp.

Finally, if any doubt remains that the US corporate sector is the chief architect and beneficiary of Bush's rejection of the Kyoto Protocol, the connection is nowhere clearer than corporate America's multi-million dollar advertising campaign in the lead up to the Kyoto talks in December of 1997. The argument "Its not global and it won't work" became the analysis and script for President Bush's position.

### Key conclusions of Fortune 100 survey

1. **Exxon's** position of outright opposition to Kyoto is shared by a selection of oil, auto and chemical companies well known for being some of the worst offenders in the business lobby working hard for last decade trying to undermine action on climate change. Even companies like **Ford** which is trying to project a greener image, oppose the Kyoto treaty, and **BP** which formerly spoke out in favour of the protocol has been notably silent<sup>2</sup>.

<sup>1</sup> This was a headline quote from a Geneva newspaper (originally in French) during the second Conference of Parties (COP2) of the climate treaty negotiations, July 1996.

<sup>2</sup> In a July 5 speech focusing on climate change, BP mentioned Kyoto only once, and that in relation to economic analysis done by the Pew Centre. Its head John Browne failed to reiterate his 1998 view that Kyoto was a 'positive step', nor did BP support the need for mandatory targets; [www.bp.com](http://www.bp.com)

2. The US trade organisation<sup>3</sup> most outspoken in support of Bush's rejection of Kyoto, - US Council for International Business (USCIB), falsely claimed to have the support of all its members on this issue. This survey shows that a sample of its major member companies were not consulted and/or do not agree (**ABB, Shell, Coca Cola, IBM, Disney** etc). This directly undermines Exxon's claims that its own views were widely held by Corporate America, referring to the letters and press work of USCIB. The sample of member companies communicating with us showed a very different picture.

3. In marked contrast, an initiative by the European Business Council for a Sustainable Energy Future has secured the support of over 100 companies primarily from Europe, but also a few from Japan and the US. Some of the largest companies include **Calor Gas, CGNU** (major UK insurance company), **Deutsche Telekom, Credit Suisse, Swiss Re and AEG**, all of which publicly back the ratification of the Kyoto Protocol. In a separate initiative, well over 100 medium sized US companies and investors expressed 'grave concern' over US abandonment of the Kyoto Protocol.<sup>4</sup>

4. None of the Fortune 100 list of top US companies will publicly support Kyoto, although some European subsidiaries directly support the treaty eg **CocaCola Spain**<sup>5</sup>, **Volvo**<sup>6</sup> (owned by Ford) and **Honeywell** in Sweden<sup>7</sup>. This raises the question as to why European companies can support the treaty, but US companies can't. Many US companies already have firm targets and timetables for corporate pollution reduction, yet are unwilling to support governments taking the same approach. News reports indicating that **Enron** and **DuPont** both support the treaty don't stand up to scrutiny – both companies oppose key parts of it such as the targets and timetables or the fact that, in accord with the 1992 Framework Convention on Climate Change, the burden for emissions reductions comes first on the industrialised countries. It appears that no US company will come out and disagree with Bush, who has reportedly threatened that they will lose 'access' to the halls of power. This inaction is allowing Exxon et al to lead the debate.

5. There are some shady dealings going on between US companies and their European counterparts that could help US vested interests to kill the treaty<sup>8</sup>. Any European company supporting ratification of the Kyoto Treaty 'conditional' on the US ratifying, effectively backs the US fossil fuel industry's push to derail the treaty - the treaty can be ratified without the US<sup>9</sup>. Currently **BP** is chair of the climate change working group of the main pan-European lobby group (UNICE) which has this position at present<sup>10</sup>.

6. Some **oil and car companies in Europe** appear to have a different approach - **Shell** supports the Protocol, and **Volvo** (owned by Ford) voiced support for EU ratification of the treaty to Greenpeace. However, emails leaked to Greenpeace demonstrate that **BP**, which has spent millions of dollars on its green-sounding 'Beyond Petroleum' advertising campaign, has been active in opposing and delaying an EU-wide mandatory system of emissions trading for industry. In apparent contrast to Ford in the US, **Daimler-Chrysler's** Chair came out supporting the 'goals of Kyoto' which are of the targets and timetables for emissions cuts at the core of the treaty itself. However a couple of weeks of further enquiry resulted in (evidently) strenuous discussions between Daimler Chrysler in Germany and their US colleagues, and after a Board of Management discussion the company told Greenpeace that the 'goals of Kyoto' meant supporting greenhouse gas emissions cuts, nothing more specific.<sup>11</sup>

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<sup>3</sup> ref [www.uscib.org](http://www.uscib.org) for list of members and under 'what's new' copy of its press release of April 11<sup>th</sup>.

<sup>4</sup> "Business Leaders Call for US Leadership on Global Warming", advertisement in New York Times, June 21, 2001 ([www.svn.org](http://www.svn.org))

<sup>5</sup> Letter to Greenpeace from Coca Cola Iberian Division, 30 April, 2001.

<sup>6</sup> pers comm Greenpeace Sweden and Volvo press secretary Ingemar Hässlefors, Friday 29 June, 2001.

<sup>7</sup> Letter to Greenpeace from Honeywell AB, April 24, 2001.

<sup>8</sup> For example "U.S. Companies Pursuing Two-Pronged Attack on Kyoto Protocol", Inside EPA, May 25, 2001.

<sup>9</sup> The 'hurdle' for entry into force of the treaty is that 55 countries, including parties representing 55% of 1990 CO2 emissions from the industrialised world must ratify. This hurdle was set specifically to prevent US vetoing the deal.

<sup>10</sup> Pers comm, Mike Wrigglesworth, BP Europe, April 16, 2001.

<sup>11</sup> DaimlerChrysler Chair Juergen Schremp, quoted in the Wall St Journal, May 2, 2001. Verified by DaimlerChrysler press officer Marianne Muerau to Greenpeace International. A further phone and email exchange took place with a final email Friday 6 July, 2001.

## The Greenpeace FORTUNE 100 Campaign

Greenpeace wrote to the top 100 US companies in the **Fortune 500** on April 5, just after President Bush publicly rejected the Kyoto Protocol, asking the corporations to state their exact position on Kyoto treaty. In reply to Greenpeace's letter, **Exxon** claimed that the vast majority of US businesses support the Exxon and Bush position opposing the treaty. **Exxon** pointed to a large US trade organization (US Council for International Business – **USCIB**) which includes **BP, Shell Oil, Ford, General Motors, Coca Cola** and is the US affiliate of the International Chamber of Commerce (ICC). The USCIB wrote a public letter to President Bush on April 11<sup>th</sup>, supporting his rejection of the Kyoto Protocol's 'unrealistic targets and timetables' (see appendix).

Opposing the 1997 Kyoto 'targets and timetables' constitutes an opposition to the treaty itself. These minimal 'first base' targets are at its core. Arguing that developing countries should also have emissions reduction targets is a well known 'deal breaker' for reaching international agreement. Industrialised countries already agree, as part of the 1992 Framework Convention on Climate Change, signed by George W. Bush's father and ratified by the US Senate in 1992, that they have the responsibility to act first, then developing countries will follow.

A USCIB senior representative explained to Greenpeace that the role of the organisation was to represent and lobby on behalf of companies that otherwise could not take a position<sup>12</sup>. Yet the trade association has failed to answer a letter and calls from Greenpeace asking exactly how many companies it consulted and represents on the matter.

Greenpeace around the world is targeting the US oil and gas companies – **ExxonMobil, Chevron, Texaco, Conoco and Phillips Petroleum** – for their clear positions backing Bush's decision to reject the global agreement. In the UK and for example **Exxon** (or Esso as it is known locally) is the target of campaigns or consumer boycotts supported by Greenpeace, the Bodyshop and others. In the United States **Ford Motor Company** is the focus of Greenpeace efforts after the company bought full page advertisements in key US and international papers claiming it takes global warming seriously; while at the same time opposing the Kyoto treaty and refusing to distance itself from the US trade organisation (USCIB) which publicly supports the Bush position<sup>13</sup>.

## Corporate America's ugly history on climate

The fossil fuel industry's close association with, and funding of high profile climate sceptic scientists, is now well documented.<sup>14</sup> This includes the role of industry organisations like the now-notorious Global Climate Coalition (GCC). However the full force of industry's assault on the international treaty process became clear in a huge US publicity effort culminating in a **\$13 million advertising campaign** in the months leading to the December 1997 talks in Kyoto. Organised through the Global Climate Information Project, which included the GCC and others, the campaign targeted the fact that developing countries were 'exempt' from the treaty and that emissions reductions would wreck the US economy. These are precisely the arguments used now by President Bush. The single aim of industry was to prevent agreement on legally-binding targets to cut emissions: this, they knew, would force governments to act.

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<sup>12</sup> Stephen Canner, Vice President for Investment Policy and Financial Services answering a question from Greenpeace at a National Policy Association seminar, Washington DC, 11 June, 2001. USCIB have failed to respond to a letter from Greenpeace asking precisely how many companies it actually represents in its letter to Bush on Kyoto.

<sup>13</sup> Ford CEO wrote to Greenpeace stating that the company has 'significant concerns' with the Kyoto Protocol.

<sup>14</sup> For example The Heat is On by prize winning journalist Ross Gelbspan, Perseus Books, 1998, see [www.theheatisonline.org](http://www.theheatisonline.org).

Industry was also widely seen as the architects of the **1997, 'Byrd-Hagel' US Senate Resolution** on climate change which was featured in the industry's advertisements and is still cited by Kyoto naysayers. This resolution was adopted 95-0 in the Senate and called for developing country commitments before US ratification of the treaty – a deal breaker for the international talks, and a rejection of principles to which the US is bound by Treaty.

Post Kyoto a leaked memo from the **American Petroleum Institute (API)** revealed the organisation was planning a two year **\$6 million communications plan** to undermine climate science. Victory would be signalled by the 'defeat' of the Kyoto Protocol. At the helm of this initiative were Exxon, Chevron and Southern Company, according to the New York Times<sup>15</sup>.

## The Revolving Door: Corporate donations to the US political system

The oil and gas industry sector was a major contributor to the Republican party and its candidates in the 1999-2000 election campaign.

- The **Oil and Gas sector** gave \$32 million in political donations, 78 percent of which went to Republicans.
- the **Energy/Natural Resource sector** as a whole (includes electric utilities), gave over \$64 million in donations, 75 percent went to the Republicans.

The top three contributors from the Oil and Gas sector (1999-2000 elections) were:

<b>Enron</b>	\$2,387,848	72 percent went to the Republicans
<b>Exxon</b>	\$1,372,280	89 percent went to the Republicans
<b>BP<sup>16</sup></b>	\$1,298,124	70 percent went to the Republicans.

In the Auto sector

<b>Ford</b>	\$776,490	71 percent to Republicans
<b>DaimlerChrysler</b>	\$ 729,938	66 percent to Republicans
<b>General Motors</b>	\$ 667,178	70 percent to Republicans

Bush received more money from the oil and gas sector during the presidential election than any other federal candidate over the last decade<sup>17</sup>.

## Political Payback to the oil and gas sector

The payback to the fossil fuel industry for this contribution is clear, and includes:

- **Rejection of the Kyoto Protocol**, and specifically the prospect of a mandatory approach to reducing emissions, consistent with Global Climate Coalition and American Petroleum Institute demands<sup>18</sup>.
- **Turnaround on power plant pollutant campaign promise** to cut carbon dioxide emissions from power plants, made public in a letter to Sen. Chuck Hagel on 13 March 2001. This was one of the first paybacks, a major victory for the fossil fuel sector.

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<sup>15</sup> "Industrial Group Plans to Battle Climate Treaty", New York Times, front page, April 26, 1998.

<sup>16</sup> Note that BP's level of political donation has quadrupled following its mergers with Amoco and Arco, following the tradition of these companies. BP is now the largest oil and gas producer in the United States according to Fortune 500 business profiles.

<sup>17</sup> All of the original statistics are compiled from publicly disclosed documents by Center for Responsive Politics: [www.opensecrets.org](http://www.opensecrets.org).

<sup>18</sup> For Global Climate Coalition '21<sup>st</sup> Century Climate Action Agenda' see [www.globalclimate.org](http://www.globalclimate.org) or American Petroleum Institute's views at [www.api.org](http://www.api.org)

- **The National Energy Plan.** This is heavily orientated to a 'supply side' fossil fuel and nuclear energy approach: if implemented it could increase CO2 emissions from energy by an estimated 35% over 20 years. It forsees:
  - building 1300 to 1900 new power stations within 20 years,
  - opening large tracts of the Arctic to oil and gas development including part of the Arctic National Wildlife Refuge (ANWR)
  - subsidising and promoting coal use, and so-called 'clean coal' technology including a \$2billion injection of funds over the next decade, *permanent* tax credits for coal research, and 'regulatory certainty' for coal electricity generation.
  - renewed support for the expansion of nuclear energy

The plan gives unprecedented power to Secretary for the Interior, Gale Norton, and Secretary of Energy, Spencer Abraham review and change the path of energy provision and greenhouse gas emissions in the United States.

- **Political appointments,** pro-industry lawyers and lobbyists form a body of nominees for influential positions in the Bush Administration. Examples include<sup>19</sup>:
  - Gale Norton, Secretary of the Interior – former Attorney General in Colorado and previously associated with pro-development litigation, and National Chairman of CREA<sup>20</sup> (Coalition of Republican Environmental Advocates), a group which was backed by Ford and BP according to research by the Centre for Responsive Politics.
  - American Petroleum Institute's Philip Clooney was appointed in July, 2001, as Chief of Staff to the influential White House environmental policy group the Council for Environmental Quality (CEQ). Clooney was registered under the Global Climate Coalition delegation at the November 2000 round of interational climate talks in The Hague (COP6).
  - Harlan Watson rumoured for Assistant Secretary or Deputy Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs. He is formerly Staff Director for the House Science Committee subcommittee on Energy and Environment, Chaired by Republican Congressman Jim Sensenbrenner, a climate naysayer. Watson was involved in drafting a provision that sought to ensure that when the Administration wanted scientific advice on climate change they would have to seek equal views or representation from climate science sceptics, most of whom have been discredited as being funded or closely associated with the fossil fuel industry<sup>21</sup>.
  - Ken Peel, rumoured for State Department Office of Policy Planning – inner sanctum of policy development. Ex- Foreign Relations Counsel to Senator Chuck Hagel when Sen Hagel chaired the Senate Observer Group on the UN Climate Change negotiations.

## The Kyoto Treaty

The Kyoto Protocol is the agreement negotiated in December 1997 in Kyoto, Japan, under the 1992 Framework Convention on Climate Change (UNFCCC). Industrialized nations agreed to reduce emissions of greenhouse gases to 5.2 percent below 1990 levels by 2008-2012. This is widely viewed as a minimal first step towards the far greater reductions required to stabilize atmospheric levels of greenhouse gases. The mechanics of how countries reduce and verify their emissions is still under negotiation, but the use of market mechanisms such as trading emissions between countries, is a core

<sup>19</sup> For a far longer list of pro-development, or industry political appointees see "Bush Picks Industry Insiders to Fill Environmental Posts", New York Times, May 12, 2001. Also [http://www.greenpeace.org/~climate/climatecountdown/documents/cop6bis\\_bush\\_briefing.pdf](http://www.greenpeace.org/~climate/climatecountdown/documents/cop6bis_bush_briefing.pdf)

<sup>20</sup> According to the Christian Science Monitor, CREA's steering committee includes "*registered lobbyists for the petroleum, mining, automaking, firearms and alcoholic beverage industries.*" ("GOP feuds over what it means to be 'green'", Christian Science Monitor, July 31, 1998). Another group - Republicans for Environmental Protection - are quoted as dismissing the environmental credentials of CREA.

<sup>21</sup> For example Ozone Action's 1997 report series 'The Ties that Bind', or Ross Gelbspan's 1998 book *The Heat is On*, reference point 14 above..

part of the treaty. The Bush Administration shocked the world by announcing that the US would no longer agree to the Kyoto treaty, declaring it was fatally flawed.