



Chevron

Partnerships for Life: A Foundation for 21st Century Africa

Remarks by

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It is a great honor to be with all of you today, as a participant in the fourth African - African American Summit. I think we all recognize that this is a remarkable gathering of people in a magnificent part of the world at a critical point in time. And I believe we all share the conviction that generating more investment and development will enhance not only the economies of Africa but also the well-being of its people.

I spent much of this morning visiting with national and business leaders. We talked at length about our mutual hopes and our mutual interests. Most of all, we talked of a vision in which the forces of investment and economic development are part of a fundamental and decisive transformation bringing improvements in health, education, technology and infrastructure, while building a stronger and broader base of African enterprise.

We also shared another vision — of a time in the early 21st century when African nations are even more vital and indispensable players — as producers and consumers — in the increasingly integrated global economy.

To make this a reality, of course, we must all work together, including African heads of state, civil servants, business people, educators, and civic and religious leaders. While we must eventually bring more of the world to Africa, those here today are the vanguard of that effort.

Though we come from different places and represent diverse interests, we must strive to reach our vision through unity.

They include representatives from the United States and other governments. There are my colleagues from Chevron as well as delegates from other multinational corporations. And I'd like to especially acknowledge African American civic and business leaders.

We are all at the forefront of a movement. And though we come from different places and represent diverse interests, we must strive to reach our vision through unity. Because only by working together will we have the

strength needed to meet the many challenges we face. An old African proverb describes this quite well. "Sticks in a bundle," it says, "are unbreakable."

Before I talk about some of those challenges and why I believe they can be overcome, I'd like to take a moment to speak of the man who is most responsible for bringing all of us "sticks," if you will, together at this summit. A man who is the moral twine binding us into an unbreakable bundle. And a man whom I have admired — and have been honored to call a friend — for many years. The Reverend Doctor Leon Sullivan.

There's not much I can add to all the tributes already paid to Dr. Sullivan over the past few days. But I will say that his ideals — an improvement in quality of life through better education, training, quality health care and technology transfers, made possible by economic development and investment — are a mirror image of Chevron's business objectives.

No matter where Chevron operates, our interests are best served when that nation has a healthy, well-educated and self-reliant population who are part of a stable society.

What I also admire about Dr. Sullivan is his focus upon results — on practical programs that turn rhetoric into reality.

For decades, Chevron has been closely involved with one such Sullivan program called Opportunities Industrialization Centers. With chapters around the United States and here in Africa, the OICs, as they're known, help bright and energetic individuals not only to develop work skills, but to learn life skills that will help them get jobs and keep jobs.

Chevron played a major role in re-establishing an OIC affiliate in Los Angeles and is currently working with the Nigerian OIC, which trains youngsters in communities near our operations. Our employees work as OIC volunteers in both locations. In Los Angeles, Chevron employs OIC graduates, and we hope this also will be the case in Nigeria.

These partnerships are not meant just to benefit our lives today or to achieve immediate goals of our companies.

The OICs have a phenomenal success rate. One of the main reasons is that staff members keep in touch with students, even years after graduation.

The Los Angeles chapter has adopted a slogan that reflects this philosophy. The chapter calls its program "A Partnership for Life." I find strong appeal in the meaning of that slogan, because it's similar to the proverbial "unbreakable bundle of sticks."

The core theme of this summit is economic development, investment and the social benefits that flow from such activity. But let me suggest that the idea of partnerships is a central element of that theme, and it's a thought we should use as a guide during our discussions.

These partnerships include obligations, especially on the part of major corporations and other investors. However, governments also have responsibilities to take actions

that enable enterprises to flourish and pay dividends to societies.

What's most important to keep in mind is that these partnerships are not meant just to benefit our lives today or to achieve the immediate goals of our companies or countries. No. It's far more important to unify our interests and make and fulfill commitments that will benefit our children, grandchildren and generations to come.

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Let me take a moment to tell you a little bit about Chevron and its commitments and partnerships in African nations and through subsidiaries, affiliates and other arrangements in more than 90 countries around the world.

Although Chevron's headquarters is in San Francisco, we've been in the international arena for quite some time. We began exploring for oil in the Middle East, South America and Indonesia during the 1920s and 1930s and were the first to discover the vast reserves of crude in Saudi Arabia. More recently, we've formed partnerships in nations as diverse and distant as Papua New Guinea, Kazakhstan and Venezuela.

But no matter where we go, Chevron's people recognize that by producing a host country's natural resources, we are generating vital revenue for those governments. We bring capital investments and new technology to these nations.

In the communities near our operations, we also believe that it's our unquestionable responsibility to use our resources to train — and thereby empower — national workers, contribute to improvements in education and the health of citizens, and respect local culture.

Meanwhile, by using local contractors, suppliers and service providers whenever possible, our business helps develop diversity in those economies.

The same expertise that's built by working with Chevron can be applied to working with other investors in a variety of enterprises.

We also employ world-class environmental practices wherever we operate. Chevron has a policy called Protecting People and the Environment. Each operating company and department in the company — whether it's in California, Australia or Angola — is accountable for upholding the same high safety and environmental standards. These actions are just part of our obligation to our host countries. And we've been at this for quite a while.

Through our Cabinda Gulf Oil subsidiary, Chevron has been a part of Angola since the 1950s and is the nation's largest oil producer. We look forward to maintaining that relationship well into the next century.

Oil is a cornerstone of the Angolan economy, fueling economic growth rates that some forecasters suggest might approach double digits in 1998. The Cabinda Association intends to spend \$4.3 billion in capital expenditures over the next five years. We hope that kind of investment keeps both our business and the country's growth rate on the rise.

As part of a responsible and faithful partnership, Chevron has invested billions of dollars in this continent.

In Nigeria, we have a 34-year history of successful partnership, not only as an environmentally sensitive petroleum producer and economic contributor, but also as an organization that helps improve health care, schools and the infrastructure surrounding our operating areas.

We recently completed a \$569 million project along the Escravos River to gather and process natural gas that previously had been flared. In partnership with the Nigerian National Petroleum Corp., the Escravos Gas Plant is a tremendous example of a project that has environmental benefits, conserves a resource and is financially productive.

We are also working to develop the 500-mile West Africa Gas Pipeline, to supply Nigerian natural gas to electricity-generating plants in Benin, Togo and Ghana — a major infrastructure project with obvious quality-of-life benefits for the entire region.

We are a part of this great continent, and we intend to stay.

Since the late 1950s, we've had a similar partnership with the Democratic Republic of Congo, and we've stuck by that nation and its people through good and terribly difficult times.

On the north side of the river, Chevron is, by far, the largest U.S. investor in the Republic of Congo. I was there last year for the dedication of a big new offshore field called Nkossa. And it's just one of several exciting projects that over the next few years will add significantly to Congo's oil production.

Chevron's African oil-producing operations directly employ approximately 4,000 people, about 85 percent of whom are nationals. And that's a percentage that keeps rising.

Our Caltex refining and marketing affiliate operates in 39 African nations. It, too, employs many thousands, directly and indirectly, as contractors and service providers.

Caltex is one of the largest U.S. investors in South Africa. Some 50 of its Johannesburg area service stations are managed by a black-owned company known as Afric Oil — the first black oil company in South Africa's history.

As part of a responsible and faithful partnership, Chevron has invested billions of dollars in this continent, through good times and bad, over the past six decades.

In fact, between 1992 and 1995, Chevron and its partners spent more than \$7 billion on African oil exploration and production ventures.

Do we believe in Africa's future? Over the next five years, we plan to invest nearly \$10.5 billion!

Africa, of course, has been good to Chevron. We are a part of this great continent, and we intend to stay. And I

believe that with our African partners, we've built a bridge with sturdy foundations, and it's one that many others can cross in both directions.

Although oil is a critical source of revenue to several African nations, it's in all of our interests to find ways to make those economies more diverse and, consequently, stronger.

It's our hope to see national oil revenues leveraged into other enduring and self-sustaining enterprises. And in the process of developing African businesses, we can together build trading partnerships around the world.



Africa already has a core of good friends. At the summit's Trading Exposition and in other forums, we've heard success stories about African American businesses forming relationships with African interests. But finding ways to bring still other investors to Africa is the essential challenge for all of us. And that's because Africa is at something of a defining moment.

Right now there are many thousands of international investors looking for new opportunities to put capital where it can earn the highest risk-adjusted return. With between 600 million and 700 million people, sub-Saharan Africa is one of the world's great untapped markets.

This places Africa at a critical convergence of time and opportunity, because the world is finally beginning to pay attention — and the right kind of attention — to the continent's economic prospects.

Last month, President Clinton announced a five-part initiative to lower trade barriers, provide debt relief and

improve infrastructure in sub-Saharan nations. By opening the U.S. market to duty-free African products and setting up a fund to leverage private capital for investment in Africa, that bridge of which I spoke can become a two-way street. We are talking more like partners and not as donors and recipients.

Building on strong bipartisan support in the United States for free trade initiatives, President Clinton carried this message to the Summit of Eight meeting in Denver just a few weeks ago. There he won support from the world's other industrial powers to develop similar policies toward African nations.

Now, we're all aware of the current events in some African countries. And I share your frustration over the fact that world press coverage of African affairs has focused almost exclusively upon conflict. I agree that it's an injustice for the world to look only at these situations and make generalizations about an entire continent.

Those of us here today know that Africa has many faces. There are nations at peace, with great resources and people eager to build economies that can stand among those of the developed world. There are nations and people with incredible potential, ready to come to the fore.

It is part of our task — our duty — to take that message to the world.

With our African partners, we've built a bridge with sturdy foundations, and it's one that many others can cross.

It's my belief that if we embrace the ideals of Dr. Sullivan and form partnerships between businesses and governments, African nations can someday match the economic might of the so-called Asian Tigers.

This is an exciting and dramatic goal. It will take some time, but perhaps less than many might think if only because much can happen within a generation.

A recent report by the president of the United States to the U.S. Congress,

on trade and development policies for Africa, noted that pessimistic forecasts about prospects for African development would sound similar to a 1960 report on Indonesia, South Korea and Taiwan. Not one of those nations looked as if it would be more than a minor U.S. trading partner.

If the Asian Tigers can emerge in just one generation, so, too, can the Lions of Africa.

Today, those three are among the world's strongest economic players. What's more, each has a diverse economy. And they got there thanks to an emphasis on education, stable conditions for investors, and policies that supported relatively free trade and open markets.

Indonesia, in particular, provides us with a great example of what can be accomplished. The first time I visited there, over 15 years ago, about 80 percent of Indonesia's export earnings and gross domestic product came from oil. Today, oil accounts for only 14 percent of its revenues. Indonesia leveraged its resource wealth into new and self-sustaining ventures.

Some observers might say that Asia's past success has little to do with Africa's future. What I say is that if the Asian Tigers can emerge in just one generation, so, too, can the Lions of Africa.

We're already seeing signs of that emergence. For example, here in Zimbabwe, the stock market recorded a 70 percent gain in 1996, from 5,000 to 8,500, while the gross domestic product is expected to grow by 5.5 percent.

Over the past seven years, Uganda's economy has grown by an average of 3.5 percent annually and hit 10 percent in 1994. I might remind you that around the world, the average growth rate is somewhere between 2 and 3 percent.

At the end of last year, Ghana's equity exchange had risen by some 40 percent. Its gross domestic product is likely to expand by about 5 percent this year. Since 1986, Tanzania's economy and its export rate have also been grow-

ing by an average of 4 percent annually.

What's more, the increase in regional cooperation should prove to be another case of strength that comes only from unity. The work of the Southern Africa Development Community is a real engine for growth. And I applaud the Organization of African Unity, which in June, during a three-day summit here in Harare, launched the African Economic Community (AEC). The AEC is an important step toward developing a true African common market.

So what must we do to nurture those gains and an investment climate that will stimulate even more development and international commerce?

Business has its obligations: training workers, supporting local contractors, helping develop local businesses, stimulating local economies, and contributing to improvements in education and health services. But what can national governments do to help business fulfill its role?

The very first step, of course, is peace. Nothing deters investment more than uncertainty and conflict.

Chevron, of course, is merely a business, and we have no place in the political affairs of our host countries. But that does not mean that we do not have principles or concerns about the damage that comes from conflict. There are, in fact, no real winners in such struggles.

Peace is just one element of the certainty that will attract investment. Another element — and I think it's a common denominator in the success of Zimbabwe, Uganda, Tanzania and others — is government policies that are conducive to investment and growth.

All of these countries have taken steps to reduce the size and cost of their public sectors. That also has meant shrinking bureaucracies and streamlining processes that impose barriers to business efficiency; both are measures that increase the confidence of investors. Several nations have closed or privatized public enterprises that had consumed a disproportionate share of resources and crowded out private entrepreneurs.

In some nations, the civil service was absorbing more than half the government's revenues, which left little funding for education, training and

infrastructure development. But with a redirection of priorities, these nations have opened new opportunities in the private sector. In turn, these steps help create an environment in which entrepreneurs can learn the ways of business.

Indeed, the president's report to the U.S. Congress noted that one barrier to African development is the relatively small size of its managerial class. Here is where I see great potential for partnerships between African and African American business interests, where the transfer of managerial skills is as important as the transfer of technology.

I have seen this happen in Chevron's operations. At our Cabinda Gulf Oil subsidiary, an ever-growing number of Angolans are moving up in our managerial ranks. And at Chevron's subsidiary in Nigeria, our outside directors are Nigerian, and nearly 75 percent of management is composed of Nigerian nationals.

I see great potential for partnerships between African and African American business interests.

What this represents is the fruit of a long-term investment partnership. It starts with contributions to education, from primary schools through university scholarship programs. And it continues when these national employees receive additional training at Chevron facilities around the world.

From a short-term and selfish standpoint, I hope these skilled and seasoned managers will continue to work for Chevron. If they choose another direction, perhaps it will be banking, management of contracting companies that do business with our subsidiaries, or teaching in nearby communities.

But if those talented individuals take the skills they have developed in the oil industry and go into a totally unrelated business, that's also fine by me. In the long run, the health of any African operation is only enhanced by a growing variety of industries and local businesses — the backbone of a strong and

diversified market economy managed by skilled people. And it is in this area where investors can be a tremendously positive force.

I'm pleased that Chevron contributes to the growth of Angola's economy. I would be just as gratified to see double-digit expansion driven by not only resource development, but also manufacturing, trade and consumer spending.

In fact, resource companies cannot do it all. We and our host nations need help in building economic bridges to other parts of the world and in forming trading partnerships in which goods flow freely in all directions.

I'm certain that investors willing to take risks in Africa today will be the biggest winners of tomorrow. I'm also convinced that the rewards in a variety of economic sectors will be harvested much sooner than some might imagine.

What this also means is that those of you in this audience — whether you're African, African American or anyone with an affinity for this complex and captivating continent — have a chance to get in on the ground floor of what might be the world's next great economic revolution.

This vision is focused through a lens of optimism. And yet, faith and un-

shakable optimism — traits embodied by our friend Dr. Sullivan — are powerful forces.

Allow me to reiterate that Africa is at a momentous juncture. Because the global economy moves so swiftly, the time for action is now. World attention is now focused on Africa's business prospects. And we know the steps that must be taken.

***Investors willing to take risks
in Africa today will be the
biggest winners of tomorrow.***

Without peace, the ambitions of any nation will remain little more than a vision. Without policies that encourage private investment and enterprise, we will not fully capitalize upon the gains of recent years.

We know that a diversified business sector and free enterprise produce much greater and longer lasting contributions to a society than do huge public projects and large government bureaucracies. True prosperity comes from investment and trade, and not just aid. And improvements in technology and managerial skills can speed the arrival of

that prosperity. Taken together, this means that a wondrous transformation is not only possible, but is possible within our lifetimes.

I'll leave you today with one of my deepest and most sincere personal hopes. I imagine myself in the not too distant future. I'll be sipping my morning coffee and opening my *New York Times* or *Wall Street Journal*. I'll come across an article that reminds me of this day and of this summit. And it's going to make me smile.

It will be an in-depth report about how the Asian Tigers have been joined in the global economic feast by the roaring Lions of Africa. □

A crystal lion was presented to Dr. Sullivan, also known as the "Lion of Zion." The slate base on which the lion stands was inscribed:

"In recognition of Reverend Doctor Leon Sullivan, for his truly outstanding contributions to the economic and human development of Africa and the United States.

"The people of Chevron offer our sincerest congratulations on the success of the fourth African African American Summit and the lifelong bridges built in Harare, July 1997."