

WORLDWIDE PHASE-OUT OF LEAD IN GASOLINE -- A MANDATE FOR ACTION

**THE WORLD BANK REGIONAL CONFERENCE ON
THE
PHASE-OUT OF LEADED GASOLINE
IN SUB-SAHARAN AFRICA**

by

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HONORABLE MINISTERS, DELEGATES, LADIES AND GENTLEMEN,

I AM VERY PLEASED TO BE SHARING THIS OPENING SESSION WITH MINISTER SAKHO FROM THE HOST COUNTRY OF SENEGAL, AND MRS. LETITIA OBENG FROM THE WORLD BANK, THE CONFERENCE SPONSOR.

I COME BEFORE YOU TODAY REPRESENTING THE INTERNATIONAL PETROLEUM INDUSTRY ENVIRONMENTAL CONSERVATION ASSOCIATION, OR IPIECA, AND MY MESSAGE IS QUITE SIMPLE -- WE WANT TO SEE LEADED GASOLINE PHASED OUT IN EVERY COUNTRY WORLDWIDE, AND WE STAND READY TO DO OUR PART TO MAKE THAT HAPPEN.

TO REINFORCE THAT MESSAGE, I FIRST WANT TO DESCRIBE THE ORGANIZATIONS I REPRESENT TO GIVE YOU A BETTER IDEA OF THE BREADTH AND DEPTH OF THE RESOURCES AND SUPPORT WE BRING TO THE TABLE. THEN I WOULD LIKE TO EXPLAIN WHY THIS ISSUE IS IMPORTANT TO OUR INDUSTRY. AND FINALLY, I WANT TO DISCUSS THE SPECIFIC ROLE THE OIL INDUSTRY CAN PLAY TO HELP FACILITATE THE PHASE-OUT OF LEADED GASOLINE IN YOUR RESPECTIVE COUNTRIES.

FIRST, WHO IS IPIECA? IPIECA IS COMPRISED OF MANY PRIVATE AND STATE OWNED OIL COMPANIES, AS WELL AS VARIOUS NATIONAL, REGIONAL AND INTERNATIONAL TRADE ASSOCIATIONS FROM AROUND THE WORLD. IPIECA HOLDS FORMAL UNITED NATIONS CONSULTATIVE STATUS AS A NON-GOVERNMENTAL ORGANIZATION. ITS PRIME AIM IS TO HELP OUR MEMBERS ADDRESS LONG-TERM GLOBAL ENVIRONMENTAL CHALLENGES BY FACILITATING DISCUSSION AND INFORMATION EXCHANGE. THE OTHER OIL INDUSTRY SPEAKERS WE WILL BE HEARING FROM TODAY ARE ALSO FROM IPIECA MEMBER COMPANIES.

I AM ALSO HERE TODAY REPRESENTING MY COMPANY, EXXONMOBIL, WHICH IS BETTER KNOWN IN MOST OF YOUR COUNTRIES AS EITHER ESSO OR MOBIL. WE HAVE A SUBSTANTIAL PRESENCE IN AFRICA, BOTH IN BUSINESS AND HUMAN TERMS. THEREFORE, WE SHARE THE DESIRE OF YOUR GOVERNMENTS TO SEE YOUR ECONOMIES GROW AND YOUR PEOPLE PROSPER -- YOUR CITIZENS ARE OUR CUSTOMERS, EMPLOYEES AND NEIGHBORS. WE MARKET FUELS AND LUBES IN ABOUT 45 AFRICAN COUNTRIES AND ARE PARTNERS IN REFINERIES IN 4 COUNTRIES IN SUB-SAHARAN AFRICA. *[MEMO: GABON 11.7%; SENEGAL 11.8%; CAMEROON 8% AND COTE D'IVOIRE 8%]*. WE ALSO HAVE RAPIDLY GROWING OIL AND GAS PRODUCTION ACTIVITIES IN AFRICA -- SPANNING A DOZEN COUNTRIES.

YOU MAY BE WONDERING WHY A U.S.-BASED OIL COMPANY IS HERE TO PROMOTE LEAD PHASE-OUT IN SUB-SAHARAN AFRICA. LET ME EXPLAIN WITH A STORY -- A TRUE STORY -- ABOUT TWO OIL COMPANIES NAMED EXXON AND MOBIL WHO DECIDED TO MERGE A FEW YEARS AGO TO FORM EXXONMOBIL, MY COMPANY. EACH OF THOSE COMPANIES HAD BEEN PURSUING LEAD PHASE-OUT FOR YEARS IN VARIOUS PARTS OF THE WORLD -- FIRST IN THE U.S., THEN IN JAPAN, EUROPE AND ELSEWHERE.

A KEY STEP IN THE MERGER PLANNING PROCESS WAS TO DEFINE THE VALUES AND STANDARDS WE WOULD SHARE AS A COMBINED COMPANY. WE ADOPTED A SET OF STANDARDS OF BUSINESS CONDUCT GOVERNING ALL ASPECTS OF OUR OPERATIONS -- THESE STANDARDS TOOK EFFECT ON DAY ONE OF THE MERGER IN EVERY COMPANY LOCATION THROUGHOUT THE WORLD. WHEN WE LOOKED HARD AT OUR COMBINED OPERATIONS IN RELATION TO THESE STANDARDS, WE SIMPLY CONCLUDED THAT SELLING LEADED GASOLINE WAS NOT CONSISTENT WITH THOSE VALUES.

WHY DON'T WE WANT TO SELL LEADED GASOLINE? TWO REASONS.

FIRST, USING LEADED GASOLINE PERPETUATES AIR POLLUTION FROM MOTOR VEHICLES BECAUSE IT HARMS CATALYTIC CONVERTERS AND PREVENTS THEIR BROADER USE. MODERN VEHICLES IN THE U.S. AND EUROPE ARE 98% LESS POLLUTING THAN THEY WERE 35 YEARS AGO DUE IN LARGE PART TO CATALYTIC CONVERTERS. THESE BENEFITS COULD BE AVAILABLE TO AFRICA OVER TIME BY BRINGING BOTH NEW AND PREVIOUSLY OWNED CATALYST EQUIPPED VEHICLES INTO THE VEHICLE FLEET -- BUT NOT UNTIL LEAD IS REMOVED FROM GASOLINE.

SECOND, NUMEROUS SCIENTIFIC STUDIES SHOW THAT EXPOSURE TO LEAD PRESENTS HEALTH CONCERNS, PARTICULARLY IN CHILDREN. WE ARE **NOT** TRYING TO PUT LEAD EXPOSURE IN PRIORITY ORDER TO OTHER HEALTH CONCERNS. MALARIA, HIV/AIDS, SOCIAL UNREST AND OTHER FACTORS LIKELY PLAY A MUCH LARGER ROLE THAN LEAD IN GASOLINE IN IMPACTING PUBLIC HEALTH IN MANY PLACES IN AFRICA. NONETHELESS, GASOLINE IS **OUR** PRODUCT, AND GETTING LEAD OUT IS CLEARLY BENEFICIAL TO THE PUBLIC. AND IMPORTANTLY, THIS IS AN ISSUE WHERE THE SOLUTION IS KNOWN, AND WITH PROPER COOPERATION, CAN READILY BE PUT INTO PLACE.

THEREFORE, WE ARE FOCUSING OUR ENERGIES ON ENCOURAGING EACH COUNTRY THAT IS STILL USING LEADED GASOLINE TO PHASE IT OUT QUICKLY BY A SET DATE. WE HAVE REDOUBLED OUR EFFORTS THROUGH IPIECA AND JOINED IN PARTNERSHIP WITH THE WORLD BANK, WHICH HAS HAD A RELATED EFFORT UNDERWAY.

OTHER IPIECA MEMBERS PROBABLY FOLLOWED DIFFERENT PATHS TO ESTABLISH THEIR RESPECTIVE POSITIONS ON LEADED GASOLINE, BUT WE ALL CAME TO THE SAME POINT OF VIEW WITH THE ADOPTION OF THE FOLLOWING INDUSTRY POSITION, WHICH I WILL QUOTE:

"THE REMOVAL OF LEAD IS IMPORTANT TO PUBLIC WELFARE BECAUSE IT WILL ALLOW THE INTRODUCTION OF WIDELY AVAILABLE VEHICLE CATALYTIC EXHAUST TECHNOLOGY TO IMPROVE AIR QUALITY."

"IPIECA MEMBERS ENCOURAGE GOVERNMENTS IN COUNTRIES STILL USING LEADED GASOLINE TO DEVELOP LEAD PHASE-OUT ACTION PLANS AND FINALLY MANDATE THE ELIMINATION OF LEAD AS AN ADDITIVE. WE RECOGNIZE THAT AFFORDABLE ENERGY SUPPLIES ARE JUST ONE OF MANY OTHER ISSUES CRITICAL TO THE HEALTH AND PUBLIC WELFARE OF PEOPLE, PARTICULARLY IN COUNTRIES OF THE DEVELOPING WORLD. WE UNDERSTAND THAT EACH COUNTRY MUST SET THEIR OWN PRIORITIES AND TIMETABLES ON THESE ISSUES. THEREFORE, WE INTEND TO APPROACH LEAD PHASE-OUT CONSTRUCTIVELY BY WORKING WITH GOVERNMENTS, CAR MANUFACTURERS AND OTHERS TO ADDRESS THE ECONOMIC, POLITICAL, AND SUPPLY BARRIERS TO QUICK ACTION."

WE ARE PLEASED TO SEE MOMENTUM BUILDING AROUND THE WORLD TO PHASE-OUT LEADED GASOLINE, PARTICULARLY IN NON-OECD COUNTRIES. JUST THIS YEAR, SEVERAL COUNTRIES -- SAUDI ARABIA, KUWAIT, AND OMAN -- HAVE DECIDED TO PHASE-OUT LEADED GASOLINE IN THEIR DOMESTIC MARKETS. VIETNAM JUST MADE THE SAME DECISION LAST MONTH. AND I KNOW THAT THERE IS PROGRESS BEING MADE HERE IN AFRICA THAT WE WILL HEAR MORE ABOUT AS THIS CONFERENCE PROGRESSES. WE ARE EXCITED TO SEE THIS MOMENTUM BUILDING AND WE WANT TO HELP IT ALONG.

WHICH BRINGS ME TO THE ROLE THE OIL INDUSTRY CAN PLAY TO HELP FACILITATE LEAD PHASE-OUT IN YOUR RESPECTIVE COUNTRIES. I BELIEVE THIS PROCESS CAN PROCEED MOST EFFECTIVELY IF THERE IS A PARTNERSHIP

BETWEEN GOVERNMENT, INDUSTRY, AND THE DEVELOPMENT BANKS. ONE COMPANY CANNOT DO THIS ALONE, AND EVEN ALL THE IPIECA MEMBERS WORKING TOGETHER CANNOT DO IT. THERE ARE MANY OTHER LOCAL AND STATE-OWNED COMPANIES INVOLVED IN THE REFINING, IMPORTING, AND MARKETING OF LEADED GASOLINE IN AFRICA THAT MUST ALSO BE PART OF THE SOLUTION.

MORE IMPORTANTLY, AS I AM SURE WE ALL RECOGNIZE, IT IS UP TO EACH RESPECTIVE GOVERNMENT TO SET THE RULES ON THE LEAD CONTENT OF THEIR COUNTRY'S GASOLINE THAT EVERYONE IN THAT COUNTRY SHOULD LIVE BY, AND THEN TO ENFORCE THOSE RULES. GOVERNMENT OFFICIALS IN EACH COUNTRY KNOW AND UNDERSTAND THE MANY CHALLENGES THAT ARE FACING THEIR COUNTRY BETTER THAN ANYONE ELSE. THEY ARE RESPONSIBLE TO ALLOCATE NEEDED RESOURCES, AND TO SET TIME FRAMES FOR IMPLEMENTING SOLUTIONS. WE ENCOURAGE THEM TO PUT LEAD REMOVAL HIGH ON THEIR PRIORITY LISTS.

IPIECA AND ITS MEMBER COMPANIES ARE PREPARED TO WORK WITH GOVERNMENTS IN SEVERAL WAYS. WE CAN OFFER ADVICE ON **HOW** BEST TO ACHIEVE THE PHASE-OUT GOALS SET BY GOVERNMENTS. WE CAN LAY OUT A RANGE OF REFINING AND SUPPLY OPTIONS, PROVIDE COST DATA, SHOW THE IMPACT OF USING VARIOUS FUELS ON THE VEHICLE POPULATION, AND ESTIMATE THE IMPACT OF FUEL CHANGES ON LOCAL AIR QUALITY. FOR EXAMPLE, IPIECA HAS WORKED WITH THE WORLD BANK TO DELIVER WORKSHOPS AROUND THE WORLD ON AIR QUALITY MANAGEMENT. A TOOLKIT HAS BEEN DEVELOPED THAT WITH ONLY A FEW WEEKS' EFFORT CAN HELP LOCAL GOVERNMENTS PRIORITIZE THEIR AIR QUALITY MANAGEMENT OPTIONS. SUCH ADVICE FROM OUR INDUSTRY CAN HELP STREAMLINE THE PHASE-OUT PROCESS, AVOID SUPPLY DISRUPTIONS TO THE MARKETPLACE, MINIMIZE COSTS TO YOUR CITIZENS, AND IMPROVE AIR QUALITY.

THE WORLD BANK ALSO WILL CERTAINLY CONTINUE TO PLAY A KEY ROLE BY PROVIDING FINANCIAL RESOURCES, INCENTIVES, POLICY ADVICE, AND SUPPORT.

BEFORE I CLOSE, I WANT TO CONVEY MY APOLOGIES THAT I WILL BE UNABLE TO STAY FOR THE ENTIRE THREE DAYS OF THIS CONFERENCE. SEVERAL OF MY EXXONMOBIL COLLEAGUES WILL CONTINUE TO PARTICIPATE INCLUDING HENRY OBIH FROM NIGERIA, WHO WILL SPEAK THIS AFTERNOON ON FUEL DISTRIBUTION AND LOGISTICS, AND KERRY WARK WHO HAS LINE MANAGEMENT RESPONSIBILITY FOR ALL MOBIL AND ESSO REFINING, DISTRIBUTION, AND MARKETING ACTIVITIES IN AFRICA.

MY SCHEDULE NEXT TAKES ME TO CHAD AND CAMEROON TO REVIEW THE PRODUCTION FACILITIES AND PIPELINE WE ARE BUILDING TO BRING CHAD'S CRUDE OIL TO WORLD MARKETS. I THINK IT IS WORTH NOTING THAT THIS 3 1/2 BILLION DOLLAR, FOUR-YEAR PROJECT IS A JOINT EFFORT BETWEEN EXXONMOBIL, PETRONAS, CHEVRON, THE WORLD BANK, AND THE GOVERNMENTS OF CHAD AND CAMEROON. IT HOLDS THE PROMISE TO INCREASE THE GROSS DOMESTIC PRODUCT OF CHAD BY 50% WHEN THE PROJECT BECOMES OPERATIONAL IN 2004.

THE GOVERNMENT OF CHAD HAS ESTABLISHED A UNIQUE REVENUE SHARING MECHANISM TO ENSURE THAT FUTURE PROFITS GENERATED WILL IMPROVE THE QUALITY OF LIFE FOR **ALL** CITIZENS OF CHAD THROUGH IMPROVED HEALTH SERVICES, EDUCATION, AGRICULTURE AND INFRASTRUCTURE. THIS PROJECT SHOWS WHAT CAN BE ACCOMPLISHED WHEN GOVERNMENT, INDUSTRY, AND THE WORLD BANK PULL TOGETHER IN COMMON PURPOSE TO SEIZE AN OPPORTUNITY THAT WILL RESULT IN THE MUTUAL BENEFIT OF ALL PARTIES.

SIMILARLY, THIS CONFERENCE IS AN OPPORTUNITY TO, COOPERATIVELY, TAKE AN IMPORTANT STEP TOWARD IMPROVING THE QUALITY OF LIFE FOR THE CITIZENS OF YOUR COUNTRIES, AND WE MUST NOT WASTE IT. WE MUST TAKE ADVANTAGE OF THIS OPPORTUNITY AND BEGIN LAYING THE GROUNDWORK THAT WILL RESULT IN CLEANER AIR, LOWER HEALTH CARE COSTS, AND MOST IMPORTANT, HEALTHIER AND MORE PRODUCTIVE CITIZENS. THE INTERNATIONAL PETROLEUM INDUSTRY STANDS READY TO HELP MAKE THIS HAPPEN.

IN CLOSING I WOULD LIKE TO COMMEND THE WORLD BANK FOR THEIR LEADERSHIP IN PULLING THIS CONFERENCE TOGETHER. I WANT TO THANK THOSE FROM SENEGAL FOR HOSTING THIS CONFERENCE. AND ON BEHALF OF MY IPIECA COLLEAGUES, I WANT TO SAY THAT WE ARE LOOKING FORWARD TO WORKING WITH ALL OF YOU OVER THE NEXT THREE DAYS AND IN THE MONTHS AHEAD TO MOVE THIS INITIATIVE ALONG.

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