



# CHRISTOPHE DE MARGERIE

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Ladies and gentlemen, dear friends, Your Excellency, dear Thierry, a few words. I don't know how much time I have, but I'll have to go over my time a little. If you want to stop, we'll stop. I want to thank you, first because it's always an opportunity to be able to speak. It's not necessarily a desire, but a duty. And so each time we have an opportunity to express ourselves during somewhat difficult periods like now, it's a gift. So I'm thanking you for this gift. Secondly, thank you because you may not know this, but it was here in this hotel, which was pretty close to my family a few years ago - but not that long ago... I found quite a number of friends and above all, in the refrigerator, a bottle of Taittinger champagne. It was in the refrigerator, but it wasn't a gift. It must have been put in the wrong room. There was also a bottle of Ruinart champagne. That was a good thing because it proved that there could be competition even among the French. That's the only way to operate in an acceptable global system. In other words, we're French, but just being French doesn't mean everything's acceptable. Good luck to Taittinger and Ruinart. Taittinger will obviously win because it's the best. That's what counts.

The third reason is both a little simpler and more complicated: we're going through a somewhat difficult period, especially in France. I would like to steer the conversation about France back to something simpler because since I have travelled a lot, and still travelling, we're now the laughingstock of the rest of the world... When people talk about French people, they say we don't understand that we need to accept contributing longer to our pension funds since the population is living longer. I'm trying to focus now on very material considerations. That is in fact the situation in France. And I can tell you, as someone who travels a lot, that it's different in other countries. That's why I'm thanking you anyway, Thierry. It feels good to get a bit of fresh air. Thanks to you, I'll return to battle Monday much stronger.

This conference is about governance – global governance. I adore the word "global" because Jean-Pierre Elkabbach, who's sitting in front of me, said at that time, "it's global". "Global" doesn't mean anything. It simply means that we're all together. I'm always very surprised that we talk about globalisation as if it were a new phenomenon. But it's a real subject. Globalisation does, in fact, exist. Because globalisation is the Internet. Because globalisation means that everyone knows what's going on everywhere. And I don't understand those who want to equate globalisation with capital and thus turn it into ultra-capitalism. Because in many countries where there was no globalisation, where there was no democracy, there wasn't access to anything whatsoever. And when you explain to them today that globalisation is capitalism, I can tell you that they don't understand. Now everyone can do it. All you have to do is tell the story. To me, globalisation is very complicated. At the same time, though, it's an opportunity. It's an opportunity to talk to each other. It's an opportunity to share ideas. I don't know any method other than globalisation and certainly not by claiming that globalisation means big capital. And possibly, not to mention my company because I hate promoting our company, Exxon, Shell and BP mean globalisation. So that's a bad sign.

Let's try to move beyond that. Let's try to understand that we do not, in any case, have other options and that the real difficulty lies in making globalisation a success and certainly not a mistake. That's not easy and I'm going to come back to it later. But starting by saying that globalisation equals supercapitalism and non-acceptability – try explaining that to someone who lives in a remote corner of Myanmar, Sudan or Iran who by chance has access to the Internet – who, thanks to that, knows what's happening. Try explaining that we don't like globalisation, that we have to go back to a closed system and that what is much better in the final analysis is defending our own interests. I'm sorry, but I won't be part of that – on condition, of course, that we provide an explanation because again, as with everything, what counts is not words but the way in which we use them.



But at the international level, we're obliged to speak – to talk about governance.

Because the topic of these two days is governance. As for us – and this may surprise you – we're asking for governance. In the end, we're uncomfortable without governance. We might be told: "don't do this or that". So my message is: since there is governance, and we accept it, tell us what it is and take responsibility. But don't tell us simply that because we're big or almost rich, that's covered by another seminar; we're not talking about corporate governance. It's not true. And unfortunately it's not clear either. On the contrary, I would say that, for us, governance means visibility, predictability and security. For those who think we're against governance, you should know that even though I'm an ultra-capitalist, governance will allow us to survive.

Without governance, on the other hand, we're let loose in a system that's difficult to regulate. And if there were a final message to explain why, for those who don't want to admit that we can do it for moral reasons, I will simply say that, on the contrary, we believe that governance is a way of protecting ourselves from those who do not respect it and who, behind our backs do things that are absolutely unacceptable under the pretext that they are smaller or that they come from other countries. And under the pretext that they are small and not from an OECD country, so they can do it.

We will no longer accept that, not in terms of ego. I'm always very careful about what I say because sometimes my comments are taken the wrong way... When I said one day that I will no longer accept not being allowed to speak, my comments were transformed into: "Christophe de Margerie, the head of Total, will not let people disagree with him". That's not my message at all. Instead, I'm asking that people listen to us, very simply because we also have the right to speak. Just because we're big and rather wealthy doesn't mean we don't have the right to speak our mind. You can't ask us to be responsible and quiet at the same time. If so, I no longer understand. And at that point, I'm going to change my language. But even if I change it, I think the problem will remain the same.

You have at least five more years of conferences considering what I'm in the process of doing.

So now, because it's really important, we need precisely what we're being told we have to do, especially at this time with the G8, G20, WTO, United Nations and Governor of the Central European Bank. It's very kind to always pass the buck to others, but we're also part of a system. And curiously enough, we have the hardest time doing it. It's also a pity that our Secretary-General of the United Nations isn't here tonight. But I'll talk to him about it tomorrow. He certainly has a very important role to play. You can't be content with always sending out instructions. You need to be aware that they'll then be carried out by others and that what is said won't necessarily be carried out. So this isn't at all a message of mistrust - quite the contrary. It's a message saying that when you say something you shouldn't think it's enough. You have to follow up. You have to set things in motion, to know that there are hundreds of millions of people who are waiting to know what a certain message means and not simply to say that it's good or bad.

Three issues: what do we need to get things going and remove barriers? We need to be consistent. We need to be realistic and to know who wants to move ahead and with what. First, concerning the need for consistency, I would like to say that it's usually relatively simple. It's a matter of knowing that when something is said, you need to know what it means. You need to know that it means patience, modesty and imagination. These are very simple and very beautiful words, but they aren't easy to apply. So the real message, based on words, is to say that when a message is sent out, when something is sent out, it's best to know who is going to implement it and who is able to implement things in a practical manner. But don't just leave us with phrases, and I'm not talking about Total, but we non-politicians, the ones who aren't in charge. Don't just tell us to "fend for ourselves" because we don't know how to do it. It's honestly not possible. Just be aware that the messages you send us in the short term can have enormous repercussions and that we especially, who must carry them out, don't always know what we're supposed to do.

Because it's simpler and because we're often accused of not explaining what we mean, I'm going to give you two examples that aren't the easiest or the easiest to accept. But it's probably the best way to do it. I'm going to start with Iran, a major country in the Middle East. Iran has not followed all the rules. Iran is frightening and certainly for good reasons. I know they're listening to me and I accept the risks. But I'm going to go ahead anyway. Yes, they worry the IAEA. I really hope the IAEA doesn't simply become the tool of certain people but they remain what they have always



been – free and deterministic. Yes, we're worried. But at the same time, we can't forget what Iran is. We can't forget that it's a country of 65 million people, that it's one of the most highly cultured countries in the world. At this time, we're actually "succeeding" because the embargo is working. They [the regime] are, in fact, not doing very well. But at the same time, who is going to take their place? Who's capable of saying what's going to happen afterwards?

This is the first time that I'm getting into this issue and I want to thank Thierry for giving me this opportunity. Maybe in Marrakech, you can feel free between two strikes. This is the right time to do so because it's very nice to say that the embargo is marching along. Yes, it's working. But it's working for whom? I would really like to know. And I would like to know who knows and to know if it's going to get better or worse, in any case for the Iranians, while waiting to know if it's better for the rest of the world. And frankly, no one knows right now what could take its place. What do we do without knowing what might happen, knowing that there are 65 million people and that they also have a right to health care and security and to be respected, just like anyone else, even if we do need to discuss the comments made by some of their decision-makers ?

Another example, because I believe that examples are more forceful than words: Myanmar. Anyone who's gone there knows what a superb country it is. It's probably the nicest country in the region. I'm going to make friends with the others [surrounding countries], but it doesn't matter because what counts is knowing what you want to say and what you want to do. But at the same time, it's a country that's caught in a terrible vise with a regime that's not accepted, which is probably not at all acceptable but which, at the same time, is doing what it can in an environment that it does not itself control. This is where globalisation comes in again because it exists. Stop thinking that Myanmar is operating all alone. Only ignorant people believe that. Today, the countries with the most power over Myanmar are China and Thailand. So say what you will, but facts are facts.

Also, which two countries are investing in Myanmar right now (and I'm not doing this for Total)? South Korea and India. What happened this summer? India's prime minister received Than Shwe, head of Myanmar, two days after meeting with British Prime Minister Cameron, with exactly the same photograph on exactly the same steps. Curiously enough, for reasons I don't understand, one is standing on the right and the other on the left. So one must have been left-handed and the other right-handed. But in every other respect, the photos are the same. And that's globalisation. So when we're asked what Total's doing or not doing in Myanmar, I don't care. I'm not interested. Someone should explain to me why it's acceptable for the head of Myanmar to go to India but it's not acceptable for someone else. That's true globalisation.

These aren't just words; they're facts. And Total's chief is very proud of what he's doing in Myanmar. He's very proud of what his teams are doing in Myanmar. And I would really like everyone to do the same thing because, to be honest, I would feel a lot more comfortable knowing that we're going to let both China and Thailand take control of a fabulous country like they did hundreds of years ago and at the same time let so-called Democratic countries like South Korea and India gain a position of strength without anybody saying anything. It doesn't matter because they're democracies. Now that's the end of globalisation. These aren't just words. It's not a question of being ultra-capitalist or not. It is: do we accept it or not? There is great demand from all these countries and from companies like ours and from CEOs like us... But I would still like to convey the message that new CEOs want things to work out whether they are French, Greek, Turkish or whatever... This notion of saying that because we lead a company, we're blind and we're part of a system called globalisation that's not at all acceptable – I'm sorry because that's just not reality.

Realism simply consists in saying that we would really like hard-and-fast governance. It would be nice to say that governance means the world is beautiful and everyone is nice. But that unfortunately is not the case. Sad to say, and this is normal, there are still actual forces, countries and powers. We could simply continue to say that's the way it is. I'm going to quickly touch on a topic that deserves much more discussion in my opinion. Under the pretext that a country says something, we can't be content saying that's just how it is. And if we don't accept our differences or refuse to say things because it's a country and it's acceptable, I think we have a problem. I have simple examples, and the first one is Copenhagen.

We all went to Copenhagen with a flower in a gun. I'm going to talk very briefly about Copenhagen. Europe took the initiative and I'm very proud of that. We're proud of it even if we made some small mistakes along the way. Europe



was then outflanked by two great powers because we got them upset. That's the true lesson of Copenhagen – rather than knowing whether we succeeded in reducing or increasing CO<sub>2</sub> emissions even though that was the topic at hand. The result is that Europe believed it could regain a form of control by using the environment. But it fell before the great powers, which didn't agree for a variety of reasons.

China was saying: if you want to bring us back to the ordinary law only through environmental issues, we won't agree. The problem is simply that we have a population of 1.4 billion and 1.4 billion people isn't only a matter of CO<sub>2</sub>. As I don't have much time, I'll let you decide what we should or shouldn't say. I still maintain that as a French and European company, we're very proud, despite everything, that we defended an ideal that is perhaps a bit outdated. Unfortunately, we now know that it's outdated. We're taking care of things. But it doesn't matter. Was Copenhagen a failure? No, Copenhagen was not a failure. Copenhagen was a way of showing that we can't settle problems with specific formulas when you're dealing with superpowers.

My last point is the need for dialogue because that's the most important thing of all. Nothing will happen without dialogue, as evidenced by Copenhagen and many other things. Companies like ours and many others are ready to play a game – yours – to participate in a certain number of projects that we did not take part in because we didn't feel comfortable and for good reasons. We're now ready to go ahead. But we especially agree that we can't both criticise and do nothing. Because I'm criticising we're ready to become players, including players with governments and the G20. I'm very glad that companies like ours have been invited to the G20 in South Korea. That's something new. I don't know what we'll achieve but at least we'll be there. We won't be able to say that we don't have a seat at the table. I think it was a good initiative by those who invited us. It's like telling us: you want to be invited so now you're here. So we'll decide what to do. And when that happens, we'll talk about it next year.

Two last points about problems that concern us all and that we're not trying to resolve. I'm going to summarise to keep things simple. We're told that we now have rules. You have to do this or that. Fine. But you have to be cleaner, follow more standards, etc. That's impossible without dialogue. We're starting to make progress with the NGOs. It's not easy but we're doing it and they're doing it. A dialogue has begun even though it's not yet perfect. Curiously enough, it's not going very well with governments, especially concerning the simple concept of extraterritoriality. We can't accept the notion that in the governance principle one or three countries tell us how it works and, what's more, refuse to accept facts and even refuse to accept the law. Let me relate a very simple example of a company like Total, which is a French company...

A French company's French operations must follow France's laws. And when one or more countries want to impose non-French laws on us we can apply them to our non-French operations but not as a French company. That's the law, that's the constitution and that's governance. That's democracy and freedom. It's not a criticism of anyone except to say: take care, the limit, are the lessons [to be learned]. The lesson is for people in the field who don't know how to function when someone tells them two contradictory things.

And we can't do that. We can't comply with European laws, comply with French laws, comply with international laws, comply with American laws and comply with Micronesian laws all at the same time. But in any case, it's very clear that a note of caution is in order. You – politicians – put companies in a bind when you come up with these things. We can't be legal and illegal at the same time. And for the first time, I'm going to say something nice about NGOs. In the final analysis, it may be easier to talk to you. So welcome. As for governments, we'll try to find a solution later.

In conclusion, to demonstrate how essential and complicated these governance issues are and that the only solution is good will, here's a subject that's a little more technical. It's an agreement that's called EITI in the jargon of extractive oil companies, in other words, an international agreement that forces us to ask governments we do business with to declare their revenues – revenues from oil or phosphates. Let's not exaggerate, though. We're not only talking about oil. Morocco also has phosphates while waiting to find oil thanks to them and us. That's very clearly not the issue.

The issue is when a new law is imposed on us surreptitiously by the United States which says, "We want you to 'Publish what you pay'". I'm sorry, but I think that true governance makes sure that governments we work with accept their responsibilities with our help and aren't pushed into doing things they can't do or don't want to do because their



laws forbid it. Those of us who are stuck between the two [parties] are told: you're on a [violator's] list in the United States.

So you have to listen. If you don't comply with "Publish what you pay", you'll be punished. For a much longer time, we've been defending an argument that is curiously rather complicated, which contends that "Publish what you pay" is a partner but isn't 100% in control... We think that it's more important to convince countries we work with to change by helping them but certainly not by forcing them. So we're once again talking about a real governance issue – and this will be the end of my explanation. When you want someone to do something, I still and always believe that you do it through understanding. And I'm not spineless, or a supporter of kindness or doing nothing.

But if we use extraterritorial laws to simply and ultimately impose things, rather than trying to understand countries – that as a result they can do better for a system called globalisation, which is, in the end, the only way to provide democracy so that people in every country who have access to the Internet know they're part of the same planet – then I'm sorry. I'll come back next year to explain.