Expansion and Integration of non-Western National Oil Companies

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Outline Presentation

• Introduction
• What’s new in the New Geopolitics of Energy
• Approach to the study of NOCs and IOCs
• Empirical findings on expansion NOCs 1997-2007
• Conclusion
Introduction

• Revival of the energy security debate and geopolitics of energy

• **Growth Rival Centers of Accumulation** (East Asia, BRICs)
  growth demand; declining reserves major consuming countries; high oil price;

• **Resurgence Resource Nationalism**
  - re-nationalisation of energy sector in e.g. Russia, Venezuela, Kazakhstan
  - ‘new protectionism’ within the West / OECD: e.g. EU ‘Gazprom’ clause, US blocking CNOOC investment Unocal, US National Security Foreign Investment Act

• **Growing influence and changing strategies of (partially) state-owned National Oil Companies**
  e.g. globally expansionist strategies of non-Western NOCs, exponential increase mergers & acquisitions
What’s New?

• Energy always geopolitical
• First wave of resource nationalism 50’s, ‘birth’ of the NOCs vs. ‘7 Sisters’, OPEC 1960, oil crises 70s, Carter doctrine, NOCs owners 80-90% of reserves for decades (Wolf 2008)

• 21st Cent: Power shift towards East Asia -> declining power US -> towards a multi-polar world order
• Rebound of the state this time takes place in context of transnationalization (-> neoliberal globalisation):
  e.g. financialisation, increase private authority; internationalisation of the state, interdependency across borders

• New geopolitics of energy has both a (national) statist territorial and a transnational dimension
A Relational Approach

• Common approach ‘IOCs vs. NOCs’.

• Focus on relations between companies instead of comparing individual properties.

1) Different view on power, incorporates shared properties of actors and interdependencies
2) Conjunctural forces (price fluctuations, geopolitical tensions, changes supply and demand) mediated by underlying relations of main actors in the global energy sector

• Proposition: Significant shift taken place in these underlying relations

• Not only expansion but also integration of the NOCs with the core of global energy market
Method

- **Focus**: Corporate relations biggest non-Western NOCs: Saudi Aramco, National Iranian Oil Company, CNPC, PDVSA, Gazprom (top 10 Petroleum Intelligence Weekly)

- **Mapping period 1997-207**:  
  - Kind of relations (joint ventures, consortia)  
  - Kind of activities along value chain  
  - Geographical distribution of relations/activities  
  - Ownership structures

- **Method**: Social Network Analysis (SNA)  
  -> instead of focusing on the units of the system and comparing their attributes it focuses on the (social) relations among those units  
  -> agency embedded in and constructing social structure
Total Corporate Relations for five top NOCs
1997-2007

- Saudi Aramco (1) NOC - Saudi Arabia
- NIOC (2) NOC - Iran
- PDVSA (4) NOC - Venezuela
- CNPC (5) NOC - China
- Gazprom (13) Hybrid Companies - Russia

The chart shows the total number of corporate relations for each NOC over the period 1997-2007.
Kind of Activities five top NOCs 1997-2007

The diagram illustrates the total number of investments in various kinds of activities for the five top NOCs from 1997 to 2007. The categories include Upstream, Midstream, Downstream, Vertically Integrated, Services Up/Downstream, Financial & other services, and Other (Banking, Media). The investments are compared between 1997 and 2007.
Type of Ownership-Relations of five top NOCs 1997-2007

![Graph showing ownership relations for five top NOCs from 1997 to 2007. The x-axis represents the years 1997 and 2007, and the y-axis represents the total affiliations. The graph displays different types of affiliations: NOC-NOC, NOC-IOC, Hybrid-NOC, Hybrid-IOC, and Hybrid-Hybrid.]
Conclusions

- From 1997 to 2007 a remarkable expansion top five non-Western NOCs

- But not simple ‘NOC growth’: increasingly joined forces with other keyplayers of the global energy market: IOCs, ‘Hybrids’

- Expansion and Integration

- Alongside ‘resource nationalism’ and increased influence state-owned oil companies a transnationalisation trend

- Instead of ‘NOCs vs. IOCs’, ‘OPEC vs. West’, power increasingly diffused, increased interdependence, more hybrid forms of cooperation and coalitions of interest
End

Thank you!