National Oil Companies: Performance and Strategy

Brief comment on “Transparency and Accountability”

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Outline

- Market dynamics
- Challenges and complications
- Possible solutions
Demand for energy is increasing

- The distribution between the different energy carriers is not expected to change radically over the next three decades
- Increase overall - means large possibilities also beyond oil & gas

Source: IEA
NOCs – from regional to global players

Source: PFC Energy, INTSOK, Oct 17, 2005

* Home country is defined by country of origin/location of corporate headquarters. For Repsol YPF, its Argentina and Spain production is considered 'home country' for the analysis. For BP, Shell and TOTAL, the 'home country' includes the companies' North Sea operations.
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Transparency practices are varying

- A hypothesis:
  1. A sustainable future without economic progress is impossible
  2. Economic progress without transparent practices is impossible

- An observation:
  1. The Extractive Industries Transparency Initiative (EITI) supported by more than 30 governments and 25 oil, gas and mining companies is a good step towards a level playing field.
  2. However, not all countries have signed up
  3. ….and signatory countries and companies are yet to demonstrate compliance (through a validation process)
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International standards

- International standards introduce a global synchronization of practices
- They stimulate global trade by removing trade barriers
- They are important means of transferring technological and business know-how to developing countries
- Build trust and confidence between civil society, business and governments
International market mechanisms

- Idealism is valued, but market mechanisms are the most powerful tools to ensure sustainable value creation
- They contribute to an effective allocation of capital
- They stimulate global synchronization of practices
- They typically create a win-win situation