



INSTITUT D'ECONOMIE ET
DE POLITIQUE DE L'ENERGIE

Avenir du pétrole du Moyen-Orient et mondialisation

The future of Middle East oil in a globalized world

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Liberal governance of upstream oil
the exporting countries
Transparents

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CHANGING THE RULES OF THE GAME

<p>OPEC (1960s-1970s) / THIRD WORLD MAJORITY IN UN</p> <p>THE INALIENABLE RIGHT OF ALL COUNTRIES TO EXERCISE <i>PERMANENT SOVEREIGNTY OVER THEIR NATURAL RESOURCES</i> IN THE INTEREST OF NATIONAL DEVELOPMENT</p>	<p>CONSUMING COUNTRIES (1980s®)</p> <p>BILATERAL INVESTMENT TREATIES (DEVELOPED/DEVELOPING COUNTRY)</p> <p>MULTILATERAL INVESTMENT TREATIES (ENERGY CHARTER TREATY)</p> <p>GATT 1994/WTO</p> <p>COMPANIES: UPSTREAM CONTRACTS</p>
<p><i>NATURAL RESOURCE OWNERSHIP</i></p> <p>(1) MAXIMISING GROUND RENT (FISCAL REVENUES)</p> <p>(2) MAXIMISING NATIONAL MULTIPLIER EFFECTS OF INVESTMENT</p>	<p>UPSTREAM CONTRACTS ARE NOTHING BUT <i>INVESTMENT AGREEMENTS</i></p>

THE LIBERAL AGENDA

INVESTMENT

TRADE RELATED INVESTMENT MEASURES

OUTLAWED

PROCUREMENT POLICIES OF NATIONAL OIL COMPANIES

NON-DISCRIMINATORY

COMPETITIVE PRE-INVESTMENT PHASE

PRIVATISATION OF NATIONAL OIL COMPANIES

GRANTING OF CONCESSIONS

**ONLY SOVEREIGN DECISION:
TO GRANT OR NOT TO GRANT A CONCESSION**

FISCAL REGIMES

EXCESS PROFIT TAXATION

**DOWNWARD-ELASTIC REGARDING PRICES
UPWARD-ELASTIC REGARDING COSTS**

**DESIGNED TO MAXIMISE OUTPUT
INVESTORS HAVE THE OPTION TO PLOUGH BACK
EXCESS PROFITS INTO THE RESERVOIR**

**INVESTORS ARE SIMPLE TAXPAYERS
NO LANDLORD-TENANT BUSINESS RELATIONSHIP**

NOCs IN (TROUBLED) EXPORTING COUNTRIES

**NOCs ASSUME THE ROLE OF ‘UMBRELLAS’ OR ‘HOSTAGES’
TO GUARANTEE FISCAL STABILITY AND PROFITABILITY**

**NOCs ARE BEING CONVERTED INTO
LIBERAL LICENSING AND REGULATORY AGENCIES,
DISPLACING THE MINISTRIES,
*THE TRADITIONAL AGENCIES OF THE LANDLORD STATES***

NOCs TO BE PRIVATISED ONLY AT THE END OF THE PROCESS

AGENCY CAPTURING

INTERNATIONAL TREATIES AND ARBITRATION

**REFORMING NATIONAL LAW THROUGH
BILATERAL AND MULTINATIONAL TREATIES
*TO BE APPLIED AND INTERPRETED BY
INTERNATIONAL COURTS***

PRIVATE INVESTOR / STATE ARBITRATION

**‘SUBORDINATED’ SOVEREIGNTY
OF EXPORTING COUNTRIES**

CONCLUSIONS

LIBERAL GOVERNANCE:

SUBORDINATED SOVEREIGNTY

**PREVENTING THE USE OF UPSTREAM OIL CONTRACTS
TO MAXIMISE NATIONAL MULTIPLIERS OF INVESTMENT**

MAXIMISING OUTPUT, SACRIFICING FISCAL REVENUES

DRIVING A WEDGE BETWEEN GOVERNMENTS AND NOCs

**LIBERALISING EXPERIMENTS IN THE 1990s...
...EXAMPLES FOR THE MIDDLE EAST?**