

# **THIRD IEF NOC-IOC FORUM** **CHALLENGES, INVESTMENT** **AND COOPERATION**

HOSTED BY



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# *Matching competencies and needs*

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**THIRD IEF NOC-IOC FORUM**

## *Outline*

- **Different producers needs**
- **Different investor competencies**
- **The case of Persian Gulf points to natural complementarity with Asian NOCs**

# *More serious partners to choose from*

- **IOCs (Supermajors, majors)**
- **Independents**
- **International NOCs**
- **Service companies**

## *Key emerging producer needs*

- **National development**
- **Managing geological risk & technology solutions for frontier reserves**

## *Which partners are suitable?*

- **For national development: “A new paradigm for cooperation”?**
  - **Ancillary industries**
  - **Refineries**
  - **Infrastructure**
  - **Cheap loans**
- **This business is largely for international NOCs**

## *Which partners are suitable?*

- **For new geological challenges:**
  - **Depends on level of national capacity**
    - New NOC with low operating skills will need foreign oil company to handle operations and will hope to attract the largest oil companies (African hotspots).
    - A mature NOC (especially one with own R&D programme) will be able to rely on service companies and acquisitions to access technology solutions.



## *Looking at the Gulf*

- **Mature NOCs with geological challenges that require FOC investment**
- **Economic strain**
- **Political challenges**
- **Growing trade interdependence with Asia**



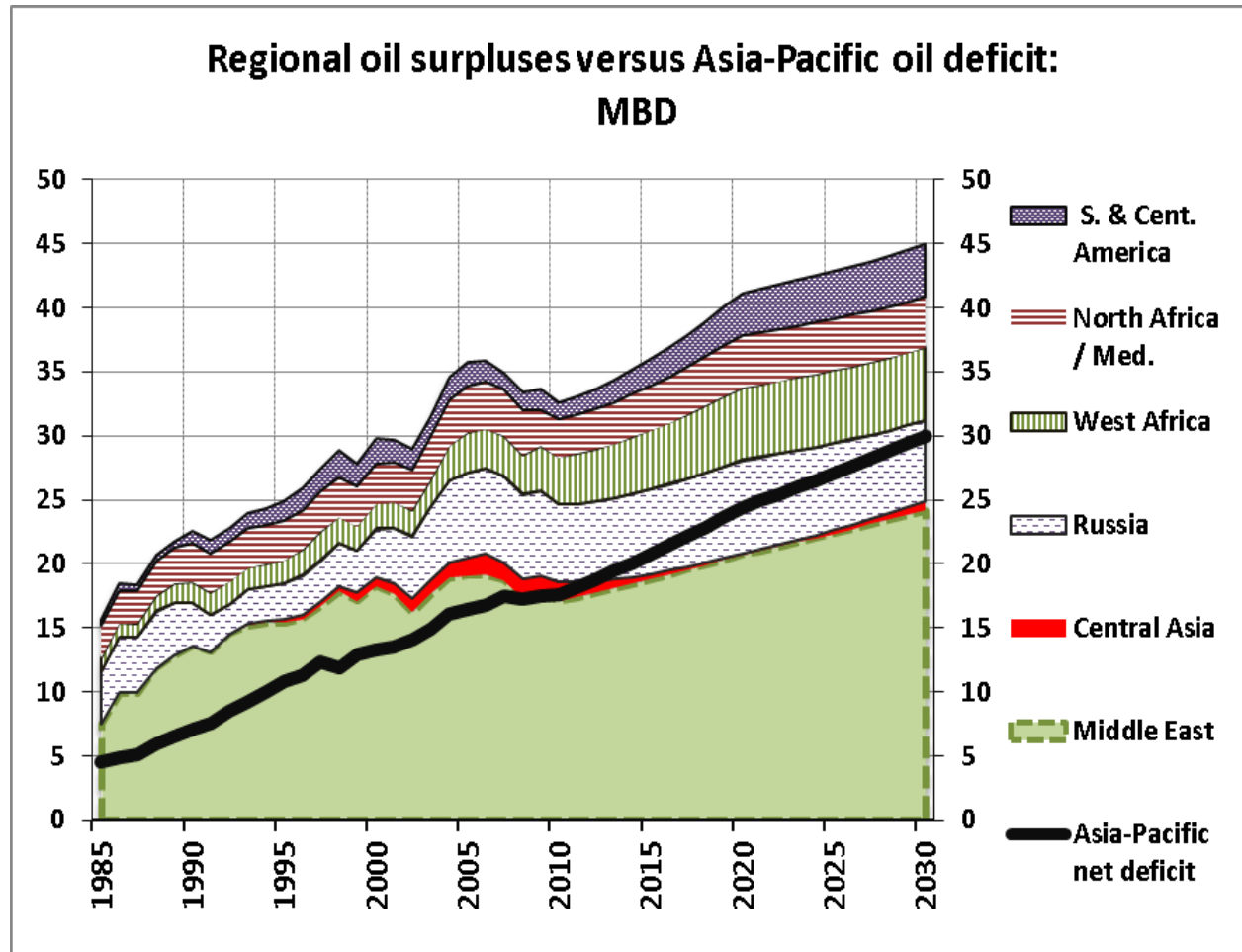
## *National development needs*

- **Ancillary industries (Saudi Arabia)**
- **Technology & Research hub (Abu Dhabi, Saudi Arabia)**
- **Infrastructure (Iraq)**
- **Cheap loans, Capital (Iran, Iraq)**

## *Terms of engagement*

- **Iraq:**
  - **Service contracts have disappointed private majors**
  - **Chinese NOCs set to dominate**
- **Abu Dhabi:**
  - **Hope and uncertainty regarding the concession renewal in 2014**
  - **Strategic relationships with Japan and Korea**

# *Increasing energy trade between Asia and the Gulf*



Source: John V. Mitchell, What Next for the Oil and Gas Industry, Chatham House, Oct 2012

## *What shape will Gulf-Asian partnerships take?*

- **Increased conditionalities imposed on Asian NOC investments in upstream?  
(access to downstream in Asia)**
- **Bundled Asian NOC investment deals**
- **Joint NOC-NOC research**
- **More strategic/diplomatic approach to deals → NOCs will struggle for control over terms/delivery of deals**