

**Asian National Oil Companies
(NOC) and Africa-
Investment Strategies and Implications
on U.S. Interests.**

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The Fletcher School MALD '06



Chinese NOCs



Chinese NOC Africa Strategy

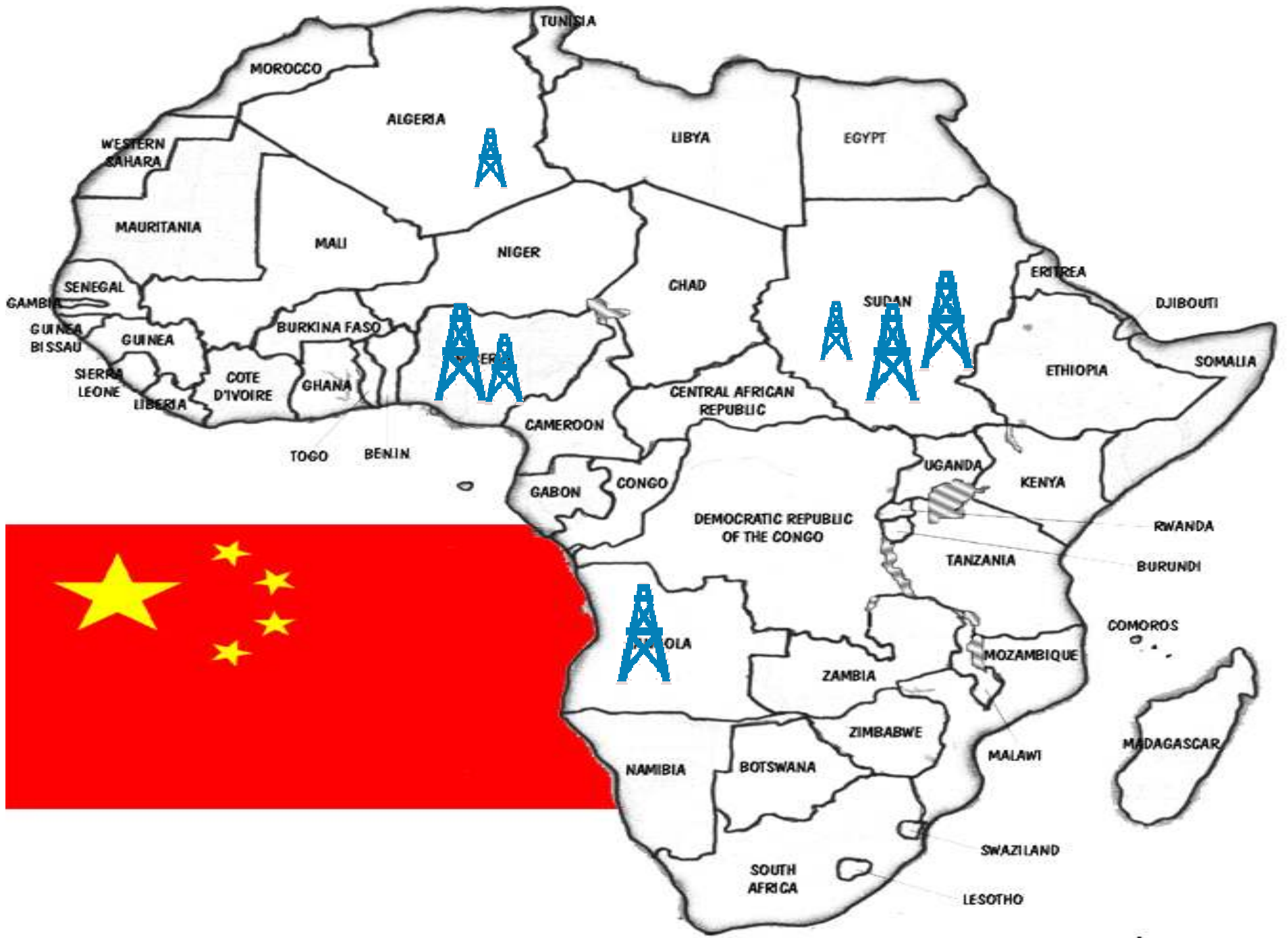


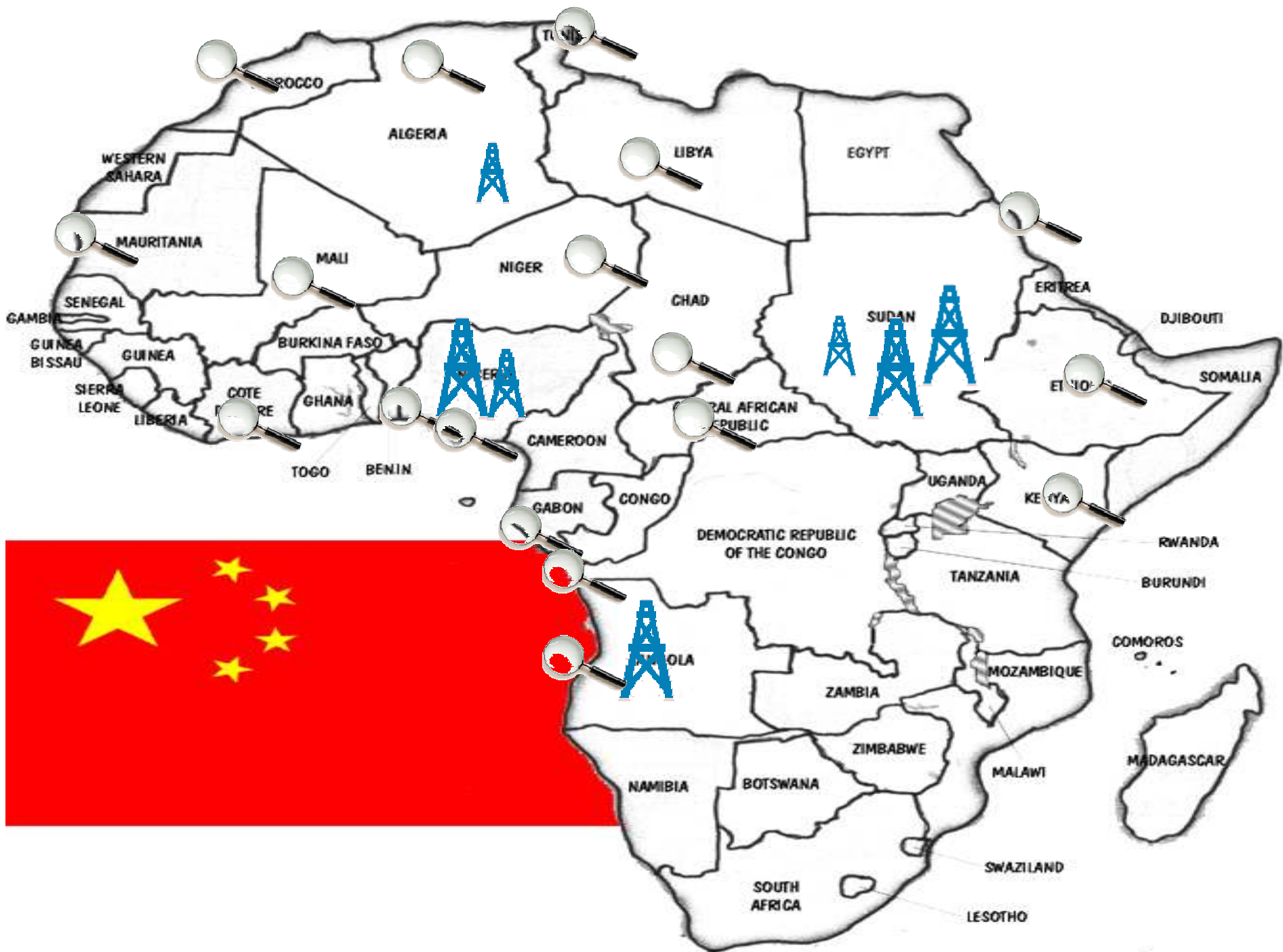
Objectives of Strategy

- Secure Energy Resources to feed growing demand
- Diversify Oil Sources
- Diversify Transportation Routes (Naval Capacity)
- Increase political equity on continent

Implementing Strategy:

- Acquiring exploration stakes in high potential exploration blocks.
- Carrot of Infrastructure Investments
- High Military Investment
- High amounts of diplomacy and national attention





Indian NOCs



Indian NOC Africa Strategy

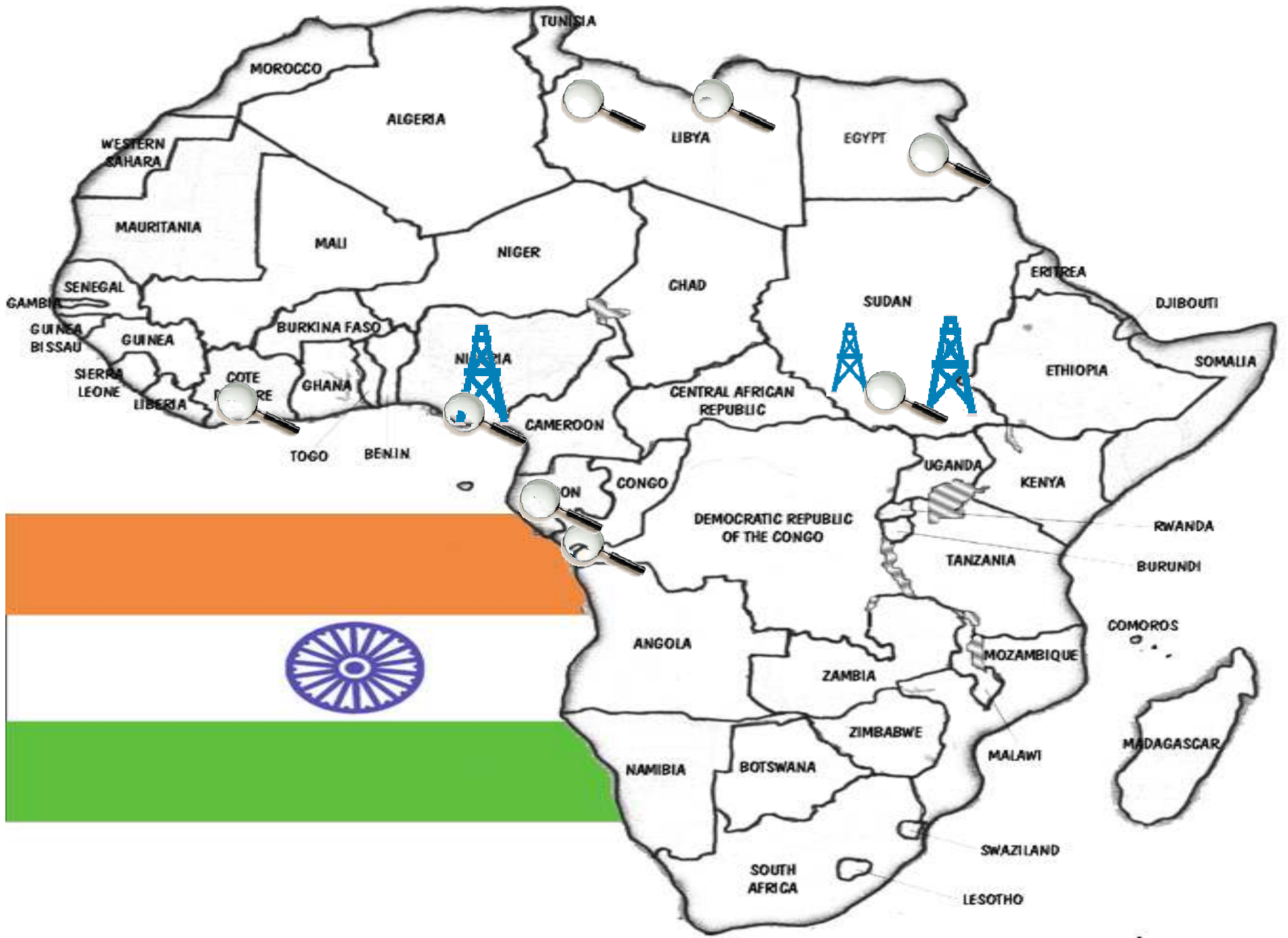


Objectives of Strategy

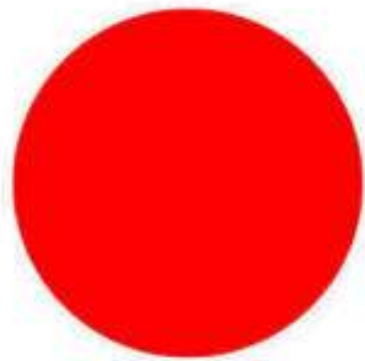
- Diversify Oil Sources
- Increase political equity on continent
- Increase competitiveness against Chinese efforts

Implementing Strategy:

- Invest where major international oil companies are present or where China is not.
- Increase efficiency of bidding process
- Buy into more costly but less risky projects (including some cases partnering with Chinese)



Japan NOC



JAPEX

Japan Petroleum Exploration Co., Ltd.

INPEX

Japanese NOC Africa Strategy

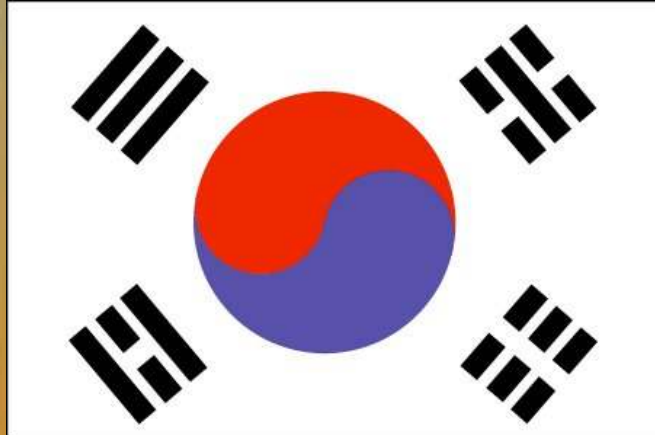
Objectives of Strategy

- Diversify Oil Sources- heavily dependent on M.E.
- Catch up with other nations efforts

Implementing Strategy:

- Including government aid with investment projects
- Aggressive in African nations with little other Asian NOC activity (North Libya)

Korean NOC



KNOC

<http://www.knoc.co.kr>



Korean NOC Africa Strategy

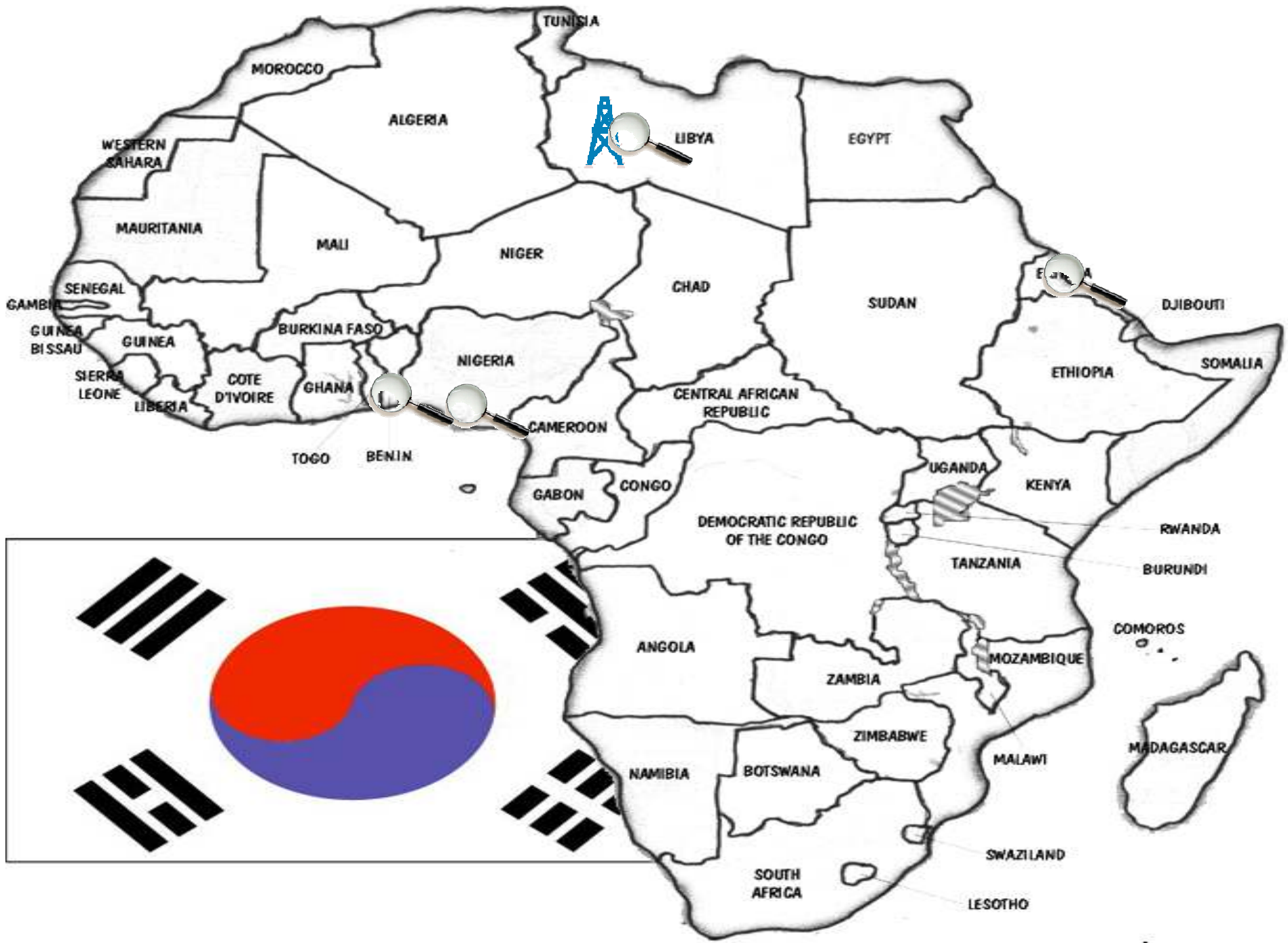
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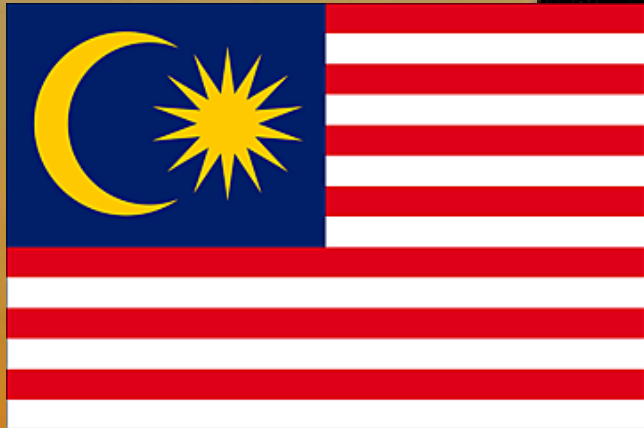
Implementing Strategy:

- Investing in nations other NOCs are not present in. (Eritrea)





Malaysian NOC



Malaysia NOC Africa Strategy

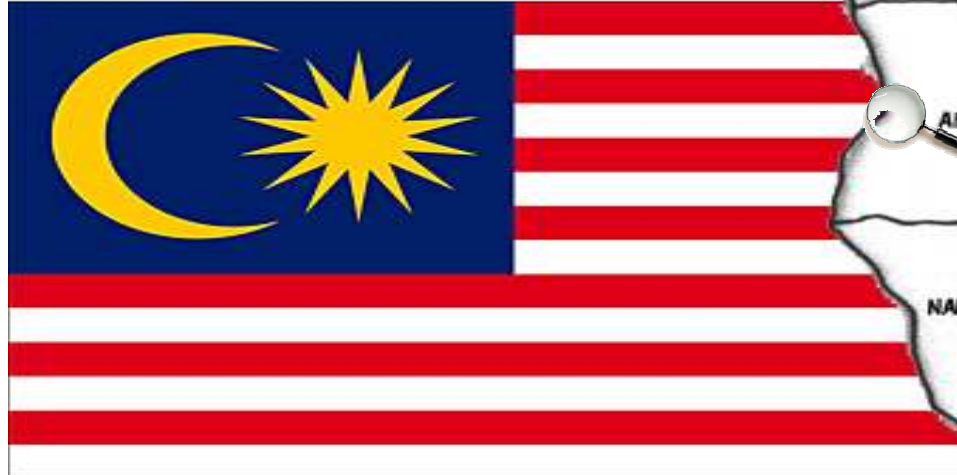
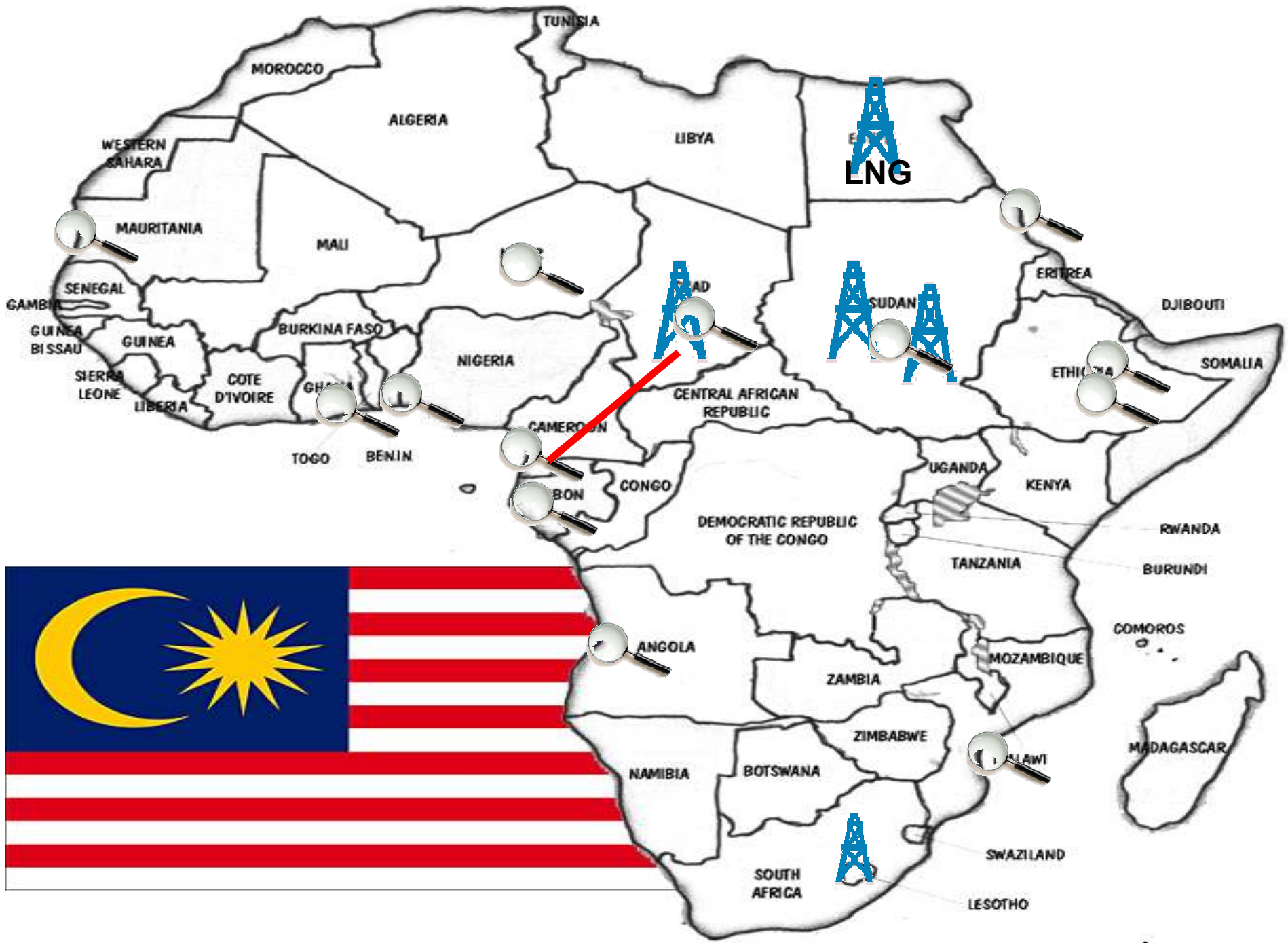


Objectives of Strategy

- Increase competitiveness in the changing international market
- Develop better relations with non-Muslim Africa
- Invest in more upstream operations

Implementing Strategy:

- Partnering with other Asian NOCs on investment projects to minimize risk and gain upstream entry into the market
- Petronas and Malaysian government cooperating to increase political ties with African nations.



Implications for U.S. Strategy?



Geopolitical Issues

The background of the slide features a silhouette of an oil pumpjack against a warm, orange-hued sunset sky. The pumpjack is a large, complex mechanical structure with a long, angled arm and a vertical support. The sky transitions from a deep orange at the bottom to a lighter, pale yellow at the top. The overall mood is industrial and dramatic.

- Asian NOCs activity in Africa is rational
- Domestic policy importance importance to Asia and the U.S.
- Chinese and Indian competition and transport routes
- Increased African expectations for United States investors and Western organizations
- Western-African diplomatic relations experiencing a shift.
- Technology Inequalities (offshore resources)

“The China Effect”

- Chinese activity creating “herd” effect for other Asian countries.
- Actions of Asian countries directly influenced by Chinese strategy.
- Incorporation of Chinese tactics to compete for contracts potentially undermining pressure for reform.
- Increasing African nations eagerness to invite Asian investors as an alternative to Western



The U.S. moving forward

- Expect increased Asian investments, competition and political activity in Africa
- Negative Political activities could be a hindrance for Asian strategies in Africa.
- Asian NOCs are seldom involved in largest currently producing projects.
- Developing large portfolios of smaller, high cost high risk projects
- Addition in oil production from exploration activities will increase Asian stakehold in host African country
- Asian NOC investment great opportunity for African development.
- U.S. utilization of terms for African nations to leverage Asian advances.

