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The Governance of the Global Oil and Gas Industry: A Foundation for Developing a Comprehensive Framework

Master Thesis

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ABSTRACT: This master's thesis addresses the global governance of the Global Production Network of the oil and gas industry. Keeping in mind the unique character and importance of this industry, economically and politically, the utter lack of thorough international regulation is highly conspicuous. The basic motivation for writing this thesis is to address how it can be that such regulation is absent. In order to do this we must look at the setup of the global governance of this industry, including different kinds of actors, and the different arenas in which they struggle for power of influence vis-à-vis the industry. This thesis, in effect, develops a comprehensive framework capable of addressing these dynamics.

Introduction 7

Framework 10

Scope of analysis 10

Global Production Networks 11

Characterization of the GPN Theory 11

The Rationale Behind the Application of the GPN 13

Dimension One 14

Economic and Political Position of Oil and Gas 14

CSR Practices and Social Movements 15

Link to GPN Theory 16

CSR Elaborated 17

Social Movement Theory and Its Link to CSR 18

Dimension Two 19

Specific Aspects Considered 20

Localization Theory and Our Approach 20

Link to GPN Theory 21

Dimension Three 22

Link to GPN Theory 22

Dimension Four 23

Link to GPN Theory 24

The Framework as a Table 25

Methodology 28

Multilevel Governance and GPN 28

Establishing the Dimensions 29

Measurability of the Dimensions 30

Types of Sources Used 30

The Use of Data 31

Industry Position in the National Setting 32

CSR Practices 32

Localization 32

Country's Position Internationally 33

Oil and Gas at the Supranational Level 33

Case studies 34

The Three Countries Chosen 35

The Runners Up 35

The Number of Case Studies 36

Introduction to the Analysis 37

Industry's Position in the International Community 39

A Sample of Central Organizations at the Supranational Level 40

Overarching Differences and Similarities of Saudi Arabia, Russia, and Nigeria **42**
Saudi Arabia 43
Russia 43
Nigeria 44

Nigeria ***45***

Industry's Position in the National Community **45**
Dominance and Growth of the Oil and Gas Industry in Nigeria 45
Actors Present in the National Oil and Gas Industry 46
The NOC-IOC Relationship 47
The Resource curse 47

CSR Practices in Nigeria **48**
Direct Connections to Human Rights Violations 49
Lack of State Intervention of CSR Enforcement 49
Formalization of Social Movement Theory in Nigeria 49
IO and NGO Intervention in Nigeria 50

Localization – Nigeria's International Benchmarking **50**
UN Millennium Development Goals 51
The Corruption Perceptions Index 51
The World Bank "Doing Business" Report 51
Freedom House 52
Nigeria's Economy Ranking - World Bank Classification 52
Rule of Law 52
Governance System 53
WTO Special Provisions 53

Country's position in, and approach to, the international community **53**
Nigeria's Role in the Region 53
Nigeria's Global Role 54
International Role in and with International Organizations 56

Industry Position in the International Community **57**

Saudi Arabia ***59***

Industry Position in the National Community **59**
Actors Present in the Oil and Gas Industry 60
The NOC-IOC Relationship 60
The Resource Curse 61

CSR Practices in Saudi Arabia **62**
Proximity Criterion for Human Rights Violations 62
The Saudi Government Promotion of CSR and Human Rights Guidelines 63
The Development of Social Movements in Saudi Arabia 64
IOs/NGOs Intervention into Saudi Arabia Human Rights Violations 64

Localization – Saudi Arabia's International Benchmarking **65**
Millennium Goals 65

Corruption Perceptions Index 65
The World Bank "Doing Business Report" 65
Freedom House 65
Saudi Arabia's Economy Ranking - World Bank Classification 66
The Islamic Rule of Saudi Arabia 66
Governance System 66
WTO Special Provisions 67

Country Position in the International Community 67
Regional Role 67
Global Role 68
Relationship with OPEC 69
International Role in IOs 69
UN Initiatives 70

Industry Position in the International Community 70

Russia 72

Industry Position in the National Community 72
Dominance and Strength of the Oil and Gas Industry in Russia 72
Actors Present in the Oil and Gas Industry 73
The NOC-IOC Relationship 73
Resource Curse 74

CSR Practices in Russia 74
Proximity Criterion for Human Rights Violations 75
The State's Role in CSR 76
IOs/NGOs Interventions 76
Social Movements in Russia 77

Localization – Saudi Arabia's International Benchmarking 78
Millennium Development Goals 78
Corruption Perceptions Index 78
The World Bank's "Doing Business" Report 78
Freedom House 79
World Bank Classification 79
Rule of Law 79
Governance System 80
WTO Special Provisions 80

Country Position in the International Community 81
Regional Role 81
Global Role 82
Russia and OPEC 82
Role in IOs 83
WTO 83
UN 83
World Bank 84

Industry Position in the International Community – Russia 84

Conclusion of Analysis 86
Industry's Role at the National Level 87
CSR Practices 88
Location-Specific Conditions 89
The International Arena 90
Supranational Setup 92
Discussion 93
'Battlefields' 94
The Supranational Level 94
The International Level 95
The National Level 96
The Local Level 96
The Players 97
Corporations 97
States 97
Organizations 98
Social Movements 99
The General Governance Structure 100
Limitations to Findings 104
Conclusion 105
The Nation State as a Key Actor 105
The IOC/NOC Role 105
NOCs 106
The Hybrids 106
MNCs 106
Connection Between Industry being Under-Regulated and Lack of Governance 107
Contributions 107
Limitations 108
Further Research 108
Concluding Remarks - The Broad Picture 109
REFERENCES 110
APPENDIX A 126
APPENDIX B 130
APPENDIX C 134

Introduction

The oil and gas industry has a unique position in the international community, both politically and economically. Some of the world's largest economies are actually oil and gas multinational corporations (Helman, 2012), and some of these firms have larger GDPs than countries in which they operate, such as Royal Dutch Shell (285, 129 million US$) operating in Nigeria (173, 428 million US$). (Ibid) The extraordinary wealth of these firms would lead one to believe they are the principal actors in the oil and gas industry. However, global governance of this sector is highly complex, and incorporates many actors at many different levels. Corporations, states, IOs, NGOs, and social movements all struggle for influence over this industry, to varying results. Additionally, different countries show different characteristics in the setup, operations, strategy, etc. of the industry. Interest in the industry is global, and many different actors have vested commitments. For instance, some actors (predominantly states) are concerned about energy security, while numerous NGOs fear the consequences of severe climate change. Thus, the numerous actors and levels relevant for the governance of the oil and gas industry represent a myriad of interests, which contribute to the complexity at play.

The oil and gas industry itself is a unique one. Oil and gas collectively account for over 50% of the world's fuels consumptions (IEA, 2012), with the OECD countries accounting for over 42% of consumption, yet producing countries are largely outside these areas (ibid). Thus, globally, the industry is represented by both consumers and producers. Often times interests throughout the industry conflict due to their representation of these clashing sides. Producing and consuming countries differ in many regards, including their level of development, environmental issues, and human rights, to name a few. This is neatly exemplified by a series of incidences in Russia, which have caused widespread criticism from abroad; the cuts of the gas supply to Ukraine, the 2008 invasion in Georgia, and most recently, laws restricting lesbian and gay rights. Despite these issues, Russia continues to be the second largest net exporter of oil (Ibid). This example illustrates that the industry can be unresponsive to criticisms from the international community, and thus, points to another unique characteristic of the industry, namely that is seems to be quite above the international community when it comes to some forms of governance.

Another important aspect of the industry is the numerous actors that are at play. The industry cannot be discussed without addressing the aforementioned MNCS. However, these international oil companies (IOCs) are not the only significant actors at play in the industry. Many countries have state owned and/ or run national oil companies (NOCS), which can control the entire state industry, or work in joint ventures with MNCs. Often, the state also plays a huge role in the industry, not just in conjunction with the NOCs, but as regulator of various industry-affecting subjects, such as corporate social responsibility (CSR), or foreign direct investment (FDI). On top of these actors, there are actors at the international level, both international organizations (IOs) and NGOs. Some of these organizations, such as the World Trade Organization (WTO) or the Organization of the Petroleum Exporting Countries (OPEC) would be assumed to play quite large roles in the industry due to their roles in world trade and setting output production quotas, respectively. Lastly, social movements as actors would also be anticipated to impact the oil and gas industry due to the heightened global concern over environmental issues and the direct link that has often been made to oil production and consumption.

Keeping in mind the unique character and importance of this industry, for instance in terms of its role in the issue of climate change, the utter lack of thorough international regulation is highly conspicuous. The basic motivation for writing this thesis is to address how it can be that such regulation is absent. In order to do this we must look at the setup of the global governance of this industry, including the kinds of actors presented above, and the different arenas in which they struggle for power of influence vis-à-vis the industry. The first of such 'battlefields' is the local level, where particular projects are located, and where interaction mainly takes place between a specific corporation and local authorities. The issues at this level are of a quite practical nature, and are often resolved by the fact that the local community depends heavily on the presence of the corporation, especially for employment of the population. Another topic at this level is the fact that, in some countries, legal setups may differ across the nation.

At the national level, the battlefield is widened in the sense that more actors come to play a role. Oil and gas corporations obviously remain central actors, but here they are joined by especially the government (i.e. the state), but also by organizations and movements that lobby at this level. The issues of interaction are still quite practical, but due to the inclusion of central authorities, they are of a more general nature. The international and supranational levels both go beyond the national setup and are concerned with governance interaction taking place outside of the specific location of particular projects. Accordingly, the issues are of an even more general nature than is the case at the national level; this is where thorough and meaningful global regulation would have originated, had there been any. These two levels are closely related, but inherently represent different aspects of the governance structure of the oil and gas industry. The international level predominantly consists of inter-state interactions, and is essentially where the conditions, or opportunities, of supranational governance are established; if states did not relinquish sovereignty, global governance would not occur anywhere. Thus, the international level represents a transition from the national to the supranational level, which is characterized by a myriad of actors and agendas struggling, simultaneously, for influence in the governance of the industry. The issues on this battlefield are many and varied, and hence often impact the industry in an even more general fashion than is the case at the other levels. A central feature of the governance of this sector is that actors cross the various levels and structures, and while some inhabit very specific places in the global sphere, others cross back and forth.

In analyzing the dynamics briefly introduced above, we will address the following research question: *How do the levels of governance impact the conduction of business of the oil and gas industry?* This research question leads to additional questions that are integral to answering the main question - *Who are the key actors? What is the configuration/distribution throughout this network? What impact does this have on the industry?*

In order to investigate these, while also accounting for the need for a multilevel, this project will use the Global Production Network theory (GPN) to develop a framework consisting of four dimensions. This framework will be applied to three case study countries in order to understand the different levels and actors, and to systematize the analysis of the global governance of the oil and gas industry. Section 1 of this thesis will develop the framework and methodology that will be used throughout the project. Section 2 will consist of the analysis of the case studies. Section 3 will contain the discussion, while the concluding section uses the experiences of the case studies, combined with the discussion, to respond to the research questions and summarize the key points and challenges that have arisen throughout the research.

Framework

This chapter develops the analytical framework and accounts for the structure of our paper. Since we are addressing a link which has not previously been analyzed extensively – that between the global oil and gas industry and the international community – we formulate and employ four different dimensions, each of which contribute individually (and in combination) to the analysis of this relationship. The four dimensions deal with different, yet overlapping, aspects: *the industry's position in the national community; localization; the host country's position in and approach to the international community and; the industry's position in the international community.* The chronological order of these dimensions is not random or unimportant; the former two are more concerned with the national setup – the industry's role in the local community, and conditions that depend on the specific location – whereas the latter two direct more attention to the supranational and international levels. The third dimension on the country's role in the international community becomes a transition of sorts, between the national and supranational levels, while the fourth dimension, with its focus on the industry's position in the international community, mainly addresses the supranational conditions.

Each dimension – combined with relevant theories – will yield assumptions and expectations (variables) which essentially will be tested in the analysis, where three different case studies (countries) are considered, precisely according to how they "score" in terms of these variables. Although the dimensions are essentially generic (so as better to account for the diversity and extremeness of the case studies), they are framed in such a manner as to allow us to compare the results. However, this comparison is not conducted in an action-oriented fashion, i.e. its purpose is not to rank the different case study countries according to how easy it is for the industry to operate, and then suggest how the industry ought to react to our findings. Rather, we are framing the main points of the dimensions, so that they may be responded to, in a relatively pragmatic fashion (the degree of this pragmatism will vary across the dimensions), in order to enable ourselves to discuss how the actors and forces, which the industry interacts with, may be similar and diverse, universally. The whole point of this thesis is to start at a relatively generic point of departure, narrow the topic down to the practical ways of the four case studies, and then re-broaden the topic towards the end of the discussion and in the conclusion, with the objective of making universal suggestions, based upon the countries considered.

Scope of analysis

This approach to analyzing the oil and gas industry's relationships with global as well as local actors, of course, is of a quite broadly scoped nature. Therefore, we will inevitably not be able to go into depth with everything that may be relevant for each of the dimensions and case studies. We realize that the scope of this project is very broad and general, and that each dimension or case study will be analyzed on a general level. However, the objective of this paper is not to test clearly articulated and demarcated hypotheses, and subsequently draw incontrovertible conclusions. Such an aim would undoubtedly merit a topic of a considerably narrower nature. Rather, the purpose of this paper is to address four important, but generic, dimensions in three countries, in order for us to discuss and compare, in a universal fashion, how the global oil and gas industry conducts business and interacts with other actors, internationally and domestically. In other words, this paper should be thought of as a compromise between a quantitative and a qualitative study. This will be elaborated upon towards the end of the methodology chapter.

It is important for us also to emphasize that this paper does not represent an attempt to make suggestions pertaining to the business rationale behind specific approaches or strategic initiatives of particular actors of the global oil and gas industry. In other words, this is not a constructivist venture into *why* the global oil and gas industry operates the ways in which it does. Undoubtedly, this is a related and highly important field of study, but it is beyond the scope of this paper. Rather, we will be looking into what transpires vis-à-vis the industry and its interactions with other actors. For instance, the relative importance and influence of different actors (both regarding this industry and the case study countries) will be addressed. As such, this paper's main focus is the nature of governance of the international political economy.

Global Production Networks

The notion of Global Production Networks (GPNs) plays a central part in this paper. All of the four dimensions that we are using to structure the analysis represent aspects of relevance in the GPN framework. It thus assumes an all-encompassing position in the paper, by 'tying' together the dimensions considered and, in effect, offers valuable insights throughout. Due to its importance for the paper, this section will account for what GPNs are, different academic contributions to the field, and elaborate upon why we use it. Furthermore, the next section on the four dimensions will explain how GPN theory informs and contributes to each of the dimensions.

Characterization of the GPN Theory

GPNs are a conceptual framework with the purpose of looking at global production and how it works in the globalized world, in a non-linear way (Henderson et al, 2002). They are viewed as a challenge to the relevance of global value chains, and global commodity chains. GPN theory incorporates all types of networks configurations, and attempts to take into account all relevant sets of actors and relationships. The

GPN most referred to is that conceptualized by Henderson et al (2002). The framework they developed is capable of grasping the global, regional and local economic and social dimensions of the processes involved in many forms of economic globalization (Henderson et al, 2002). The potential of the GPN is significant because it succeeds in being all-inclusive of the actors within the networks, as opposed to the traditional focus on the firms and producers, which have conventionally been seen as the significant players. Instead, it accounts for governance, spatiality, and territorial embeddedness (Dickens, 2003). GPNs are thus characterized by contestation as well as collaboration among multiple actors, including firms, state and international agencies, non-governmental organizations (NGOs), and industry associations, each with their own interests and agendas. GPNs are therefore not simply arenas for market competition or chains of value-adding activities, but rather comprise complex political-economic systems, in which markets, and their associated distribution of resources and authority, are constructed within, as well as actively shape, their socio-political context (Henderson et al, 2002).

They differ from Gereffi's Global Commodity Chains (GCC), which later were substituted by the global value chain (GVC). There are two crucial differences between GCCs/GVCs and GPNs. First, GCCs/GVCs are essentially linear structures, whereas GPNs strive to go beyond such linearity to incorporate all kinds of network configuration. Second, GCCs/GVCs focus narrowly on the governance of inter-firm transactions while GPNs attempt to encompass all relevant sets of actors and relationships. (Coe et al, 2008b, 272).

While Henderson et al were the first to propose the GPN, at the same time a similar idea was identified by Dieter Ernst (2002). The global production network Ernst proposed is capable of grasping the global, regional and local economic and social dimensions of the processes involved in many (though by no means all) forms of economic globalization. (Henderson et al, 2002, 445) This idea is not to be confused with the one identified in this thesis, and is seen as applicable to a very limited range of industries, including the electronics and information technology. (Henderson et al, 2002). The GPN identified in this paper is the more populous framework brought forward by Henderson et al. Their framework indicates that the GPN explicitly recognizes that "firms, governments, and other economic actors from different societies have different priorities vis-à-vis profitability, growth and economic development", and thus, the implications for firm and economic development in each spatial setting cannot be "read-off from the logic of the network's organization" and power distribution within (ibid, pg. 446). Second, it recognizes the input-output structures, and their importance and consequences. (Ibid) Third, it places an understanding of the territoriality of production networks, and how they are arranged by the economic, social and political arrangements in their locations (ibid). Fourth, a distinction between producer-driven and buyer-driven networks, and room for the combinations of both in the same product areas and sectors (ibid) and Fifth, that some sectors form alliances and agreements which are forms of inter-firm associations that may have "significant developmental implications".

Different authors have added to the GPN, incorporating more actors and levels. Coe et al further the idea of multiple actor incorporation by adding that their embeddedness in the multi scalar regulatory system, incorporating international regulatory bodies such as the WTO, which are significant in influencing the geography of the GPN, which can make network operations more feasible, or more problematic. (2008b) Levy attempts to re-conceptualize international production by using GPNs in collaboration with GVCs, institutional entrepreneurship and a neo-Gramscian approach. He takes the basis of the GPN, the integration of the economic, political and discursive systems, while highlighting the potential for actors to engage politically in collaborations over governance, and distribution of benefits. His framework offers an approach to understanding power relations, ideology and value in a multidimensional and multi level way. The value seen from this approach is for examining networks with political and social issues, while recognizing geography as a source of stability and tension in these networks (Levy, 2007). The framework provides insight into hegemony and power in GPNs, incorporating stability dynamics through various strategies by numerous actors. Many of Levy's critiques have been accepted by main supporters of the GPN, and have been incorporated into the article *Global production networks: realizing the potential"* (Coe et al, 2008b). The authors use this article to address some of Levy's concerns, indicating that "looking at these underdeveloped areas will help us to scrutinize and further develop the conceptual categories of the GPN framework, in particular the notions of power and value and the related understanding of GPNs as economic–political systems." (ibid, pg. 274)

The Rationale Behind the Application of the GPN

The GPN is a holistic way of viewing the interactions between the international business world, and the international political economy. It takes a multi-scalar approach to viewing interactions within the network, while also incorporating traditional firm and state actors as well as various non-firm actors in play globally. It looks at economic, political, cultural and various other actors (Coe et al, 2008b, 279), while also directing attention to the importance of localization effects, thus attempting to clearly take into account the complex relationships that exist between firms and territories. (Coe et al, 2008b). It is clear, then, that the GPN approach is of a relatively broadly scoped nature, whose central argument is that we must consider a wide range of aspects, dimensions and relationships, if we want to adequately analyze the global conduction of business for any multinational. This paper shares that notion, and thus, the GNP – due to its ability of bridging two different and vast fields (the interactions among a wide range of actors within the networks and the firm-territory relationship) – is used as an overarching, 'umbrella-like' tool that helps us consider and review the global oil and gas industry. More specifically, it allows us to look into the way in which the industry manoeuvres globally, and with whom it interacts. As mentioned, the dimensions used for the analysis, are all, to varying extents, incorporated by the theory of GPNs. Furthermore, each dimension ends with a set of assumptions and expectations, which will structure the analysis.

While the dimensions all do fit into the GPN framework, it is critical for us to emphasize that the dimensions accounted for below are not variables that are explicitly or implicitly suggested by GPN theory for analyses like the present one. As such, these dimensions should not be perceived as a product of GPN theory. Rather, they have been developed through our own research, discussions and choices. In other words, they are a result of our considerations pertaining to the absolute and relative importance of various multi-level challenges, which the oil and gas industry is faced with in different spatial contexts. In the same fashion, the theories included to complement GPN theory in the dimensions are linked to different aspects of the GNP framework, but do not constitute a standardized approach to substantiate some aspects of the framework; their inclusion and the way they are used to complement GNP theory are of our own design. In what follows, elaborative accounts of each of the four dimensions analyzed in this paper will be provided.

Dimension One

The first dimension – *industry's position in the national community* – will, in each case study, function as a transition from the country's background into the actual analysis. It consists of two interlinked sub-dimensions; the unique role of the industry in the country, and its approach to CSR. Both are concerned with the nature of the oil and gas industry's role in the countries under scrutiny.

Economic and Political Position of Oil and Gas

The first sub-dimension pertains to how the oil and gas industry is different from other industries, in the national context, and accounts for the fact that the industry under scrutiny in this thesis has assumed a uniquely dominant position in producer-countries (to be sure, this is also the case in consumer-countries, but the focus of this paper is on producers). Accordingly, it is highly exposed to politics, because the nature of its operations is of paramount importance at the national level, politically as well as economically. The application of this sub-dimension must necessarily be generic since the industry's exposure to politics has translated into very different issues and debates. For instance, depending on national setups, such issues can revolve around energy security and the relationship between IOCs (international oil companies) and NOCs (national oil companies).

Another example is provided by the '*resource curse'* debate, which suggests that an abundance of natural resources may have detrimental effects on the social and economic development of the country in question. One aspect of the resource curse is the so-called *'Dutch Disease'* which refers to the situation where large inflows of foreign revenue results in an overvaluation of the country's currency, due to rising natural resource prices. This causes a decline in the country's manufacturing industries. In other words, the natural resource industries come to erode all other industries. Another major aspect of the resource curse is its negative impact on institutions and governance. Most often, democracy is the key variable under scrutiny here. (Okpanachi & Andrews, 2012)

In the attempt to demonstrate that the resource curse exists, scholars mostly employ a statistical method and conclude that there indeed is relationship between e.g. an abundance of oil, and a democratic deficit. However, some scholars criticize such statistical methodologies by arguing that they are too narrow, and hence, fail to adequately account for the myriad of complex variables at play behind e.g. armed conflicts in Africa, where the problem of the resource curse, traditionally, is thought to be largest. (Obi, 2010) In other words, they omit variables that are important even if they do not prove statistically significant. Therefore, an abundance of oil may be a curse or a blessing, depending on a range of other variables.

To account for the dynamics of this sub-dimension, we have derived four variables through which we will compare this specific dimension. These variables are as follow: *What is the industry's position in the Country*? Is the industry experiencing growth, decline, stagnation, etc.*?**;** What MNCs are present in the industry*? Which IOCs are present in the country?**;** *What relationship exists between NOC and MNCS?* Is the NOC or the MNCs more powerful?

CSR Practices and Social Movements

The second sub-dimension is concerned with the industry's role in the national in terms of CSR and socially responsible operations. It thus represents a link between the above sub-dimension and dimension two, accounted for below, which, among other aspects, considers issues pertaining to human rights, democracy, corruption etc.

A growing body of work argues that social movements are key motors of institutional change. The social contract between business and society is in the process of being renegotiated and demands from civil society groups, from consumers, from some governments, and from IOs, have raised the expectations about the role of companies (George and Pegg, 2003). There is an active and broad-based social movement that is demanding greater social and environmental responsibility on the part of TNCs (ibid). These movements have been asking that corporations acknowledge their social responsibilities to protect the environment and preserve endangered species and ecosystems, to protect and promote human rights, to contribute to sustainable development and social equity and contribute to the maintenance of peace (ibid). In the CSR arena, corporations, civil society organizations, and state agencies compete, collaborate, or complement each others' efforts to frame structures for the governance of market actors. A multiplicity of these actors are involved: state actors, corporations, non-profit organizations, professional associations, and IOs. The vast network of these actors and the variety of issues that are encompassed in CSR along with regional differences and the mass of social movements calling for change make this area quite vast and complex. (Ibid)

Corporate social responsibility is still considered by many to be an emerging movement, as the impacts of globalization and internationalization, and the constant changing demands of social movements, on a global scale, all compete to influence the CSR arena. Thus, the industry's role at the national (and international) level can be influenced by many different factors, and show different outcomes depending on the region. Accordingly, the presence of CSR in the different case studies may be vastly different, and in cases of a lack of CSR initiatives, may have a focus on human rights more so than actual CSR strategies. Further to this, our view is that the CSR initiatives and policies are directly related to the various social movements that are present in the different locations, and may be impacted by local, regional, national or international laws, groups, etc. This dimension will focus on both CSR and Social Movements as both theories represent the various pushes and movements for responsible business operations.

Link to GPN Theory

The GPN framework provides space to understand and explain the existence of various CSR and social movement issues because it can integrate seemingly separate sets of processes. (Coe et al, 2008b). Also, it accounts for other global standards that need to be discussed when viewing regulatory systems and the oil and gas industry. As Coe et al states "The world of standards has a considerable impact on governance structures in production networks" (2008b). Thus, the theory gives lots of space for incorporating CSR initiatives and their influences on the network. Furthermore, it allows for the distinctness of the various actors at the different levels of the framework, allowing that many of the private and public actors from firms, to NGOs and consumer groups are unique at the local, regional, national and international levels. The

GPN framework further allows for inclusion of CSR and social movements in that it specifically accounts for the fact that, in certain industries (notably agro-food industries, natural resources, energy, clothing and textiles), social movements are extremely prominent and have a significant influence on corporate behaviour, and that advocatory movements of global civil society are the originators, advocates and judges of global values and norms (Coe et al, 2008b). Thus, GPN theory gives clear room for the impact and influence of these social movements. However, while the GPN does allow for the influence it is not open to why or how these movements come to be attached to a certain industry, country, or firm, and thus social movement theory will be applied to this dimension to further develop the framework.

CSR Elaborated

CSR is the largely 'voluntary process' whereby companies "integrate social and environmental concerns in their business and the way they interact with stakeholders" (Akpan, 2006). It is a voluntary code of conduct, or corporate self-regulation, which is integrated into the business model. CSR can incorporate various aspects of social responsibility, including sustainable development, environmental issues, human rights, financial performance, etc. The International standard providing guidelines for social responsibility is the ISO 26000 (ISO, 2013). For firms, the UN Global Compact is the voluntary initiative, to which hundreds of firms have signed on (ibid). While much debate exists as to whether corporate behaviour should be influenced by a human rights framework or CSR (see George & Pegg, 2003), this dimension will simply look at whether firms are being influenced, and if they neglect the debate regarding whether it should be integrated or not.

Many proponents of CSR theories look to the idea of the triple bottom line, which basically argues that companies should simultaneously be held responsible for their social, environmental and financial performances (George and Pegg, 2003). In this regard, Margret Jungk has argued that there are four essential factors for MNCs to consider in addressing human rights issues and whether they are responsible for violations: degree of human rights violations, nature of the human rights violations, type of human rights violations, proximity criterion (company has no connection, indirect connection, direction connection) (George and Pegg, 2003, pg. 12). While her first three factors are not essential in determining whether a firm should be held accountable, the proximity criterion is considered to be the most important for corporations to address. It can help corporations determine whether they are actively participating in creating, maintaining or exacerbating human rights violations. (George and Pegg, 2003) This focus on proximity can eliminate the danger of expanding corporate involvement into human rights issues and violations. Various regimes and IOs are involved in the voluntary, or mandatory conduct of MNC CSR and/or human rights violations, and some organizations that look closely into this include Amnesty International, Human Rights Watch, Transparency International, and the UN. While the successful implementation of a code depends on the willingness and ability of a national government to implement and enforce it, in many developing countries the legal institution capacity to monitor and enforce the code is absent. (Ibid, 59)

Social Movement Theory and Its Link to CSR

Social movement theory attempts to explain why social mobilization occurs, why it manifests, and the consequences of the movements. Social movements are continuous collective efforts to bring about change. The movements by these groups are seen as ongoing strategic interactions between institutions, organizations, groups, individuals within a society, and state authority. (Cohen & Rai, 2004) They exist at the national level, as well as at transnational and international levels. Within the broad spectrum of social movement theory there are various frameworks used to explain social movements, including collective action, political process theory, resource mobilization and new social movements (ibid). Social movements have become prominent actors, commonly assumed to have the power to influence firms' behaviour and potentially reconfigure the governance of industries (ibid).

Social movements have been credited for many global standards that have developed in recent years and can be inextricably linked to the growing demand for CSR. Especially the increase of CSR responses to apparel and footwear industries (ibid)), and also specific responses amongst pharmaceuticals and oil and gas companies are examples worth noting [1].

There are four accepted stages of social movements. They include (with variances in terms but general acceptability of definition) emergence, coalescence, bureaucratization, and decline. These stages emerged from the original ideas first identified by Herbert Blumer (Christensen, 2009). The initial stage, emergence, is described as the "social ferment" stage (Christensen, 2009). The movements are very preliminary, have no organization, and represent the general discontent. Stage two, coalescence, is known as the popular stage, in which there is a more clearly defined sense of discontent and there is more organization with the unease, and who and what it is directed at (Christensen). The third stage, bureaucratization, is the "formalization" stage. It is characterized by higher levels of organization and strategies. Awareness has

[1] In 1997 the international community united in full force to support South Africa's use of compulsory licensing for HIV treatment. The United States was essentially forced to stand down on it's litigation and push for the protection of its property rights after the international community and many social movements were outraged. Shell experienced a similar situation in Nigeria, which will be discussed further in the Nigeria case study CSR section.

been raised, and strategy is necessary across the movements (ibid). The last stage, decline, is the "institutionalization" stage. While the decline can occur in various ways, generally, they are known to be repression, co-option, success, and failure. Even within the four stages there are varying ideas about what the stages are, especially within the decline stage itself (Maciois, 2001). The application of these stages can help explain why certain movements stall, or why others are successful, when applied with other location specific characteristics. Thus, when small civil groups begin to form surrounding an issue or grievance is when the social movement process has begun (Christiansen, 2009). Successful groups become internationalized, and IOS and NGOs attempt to bridge the gap if states fail to act on these social movements. Media highlights of situation generally kick-start the internationalization of the social movement, and calls for CSR to follow (Cohen & Rai, 2004).

Various CSR norms and agreements exist internationally. The multiple CSR standards available, such as the OECD Guidelines, The UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, ISO 26000, and others, seek to promote the voluntary engagement in CSR by corporations. However, voluntary engagement is not law, and thus, the adherence to them can be sporadic at best (Johnston, 2011). Thus, whether these standards and norms are being followed needs to be addressed.

The variables for this sub-dimension are as follows: *How developed are the IOC/NOC CSR strategies? What are the Proximity Criterion for Human Rights Violations*, based on Junk's research. *How do states encourage CSR guidelines? Have IOs/NGOs attempted to intervene? What stage of the SMT are social movements in?*

Dimension Two

The second dimension – *localization* – is concerned with location-specific conditions of the case study countries. As such, these are not conditions, which are necessarily specific to the oil and gas industry. Rather, they are relevant for any industry that operates in the country in question. There are several aspects that may merit mentioning here; norms, values, legal frameworks, political setups, micro-economical performance, to name but a few. Therefore, it is not merely *actors* that are important to consider for this dimension; *forces* are just as relevant. One of the main points of including this dimension is that these forces may differ vastly from country to country, and hence influence the industries operating in them, in a highly diverse manner. In addition, the relative importance of these elements may vary massively; e.g. national norms may have a much larger say than the legal framework in one country, whereas the opposite may be true in another country. Therefore, merely acknowledging that norms and legal setups differ among locations need not constitute sufficient information for an industry.

Specific Aspects Considered

In addition to the above forces, a significant sub-group of location-specific conditions will be addressed. This group consists of concepts which are somewhat related to the second sub-dimension accounted for above; namely human rights, democracy, rule of law, freedom, transparency, corruption etc. How a country "scores" in term of such parameters will, to some degree, impact both which actors the industry interacts with in the national context, and the nature of such interactions; these aspects may, namely, determine the relative power of influence among different actors, as well as the kinds of actors that fight for influence at the particular location. This is the case no matter if the country in question performs well or badly in terms of these kinds of aspects.

Localization Theory and Our Approach

This dimension differs slightly from the others in terms of employing theories. As elaborated upon below, GPN theory will be applied, but no additional theories will be utilized. However, this is not due to a lack of available theories in the discipline. One of the most renowned localization frameworks is the Varieties of Capitalism (Hall & Soskice 2001). The authors argue that national political economies may be compared by analyzing how firms resolve problems of coordination, encountered in five different spheres. In this framework, two general types of countries emerge: liberal market economies and coordinated market economies. The authors' basic contention is *"…that differences in the institutional framework of the political economy generate systematic differences in corporate strategy across LMEs and CMEs."*(Ibid pg. 16) The argument is not that one system ensures a better overall economic performance than the other. Rather, the point is that dealing with problems of coordination requires different tools and approaches, depending on the national context.

Another prominent approach to emphasizing the continued significance of national diversity is known as National Business Systems (Whitley 2001). Whitley's fundamental argument is that *"…the national specificity and distinctiveness of business systems depends on the extent to which characteristics of states and related institutions are complementary in their implications for firms and markets, as well as the active structuring and coordination of interest groups and their interrelationships with state agencies."*(ibid) Whitley suggests that states may be categorized according to their approaches to regulating and managing capital and labour markets, as well as to institutionalizing varied political cultures and legal systems. He is basically arguing that globalization has not rendered the topic of location-specific difference moot – significant differences remain. (Ibid)

When applied to business these theories – to varying degrees – become action-oriented in terms of appropriate places for a given industry or corporation to place different parts of its value creation. This application does not fit well with the oil and gas industry; the focus on the obvious need for raw materials makes the selection of locations limited and location-specific conditions are inevitably tied to accessing the resources. Our application, then, of this localization dimension, will be an analysis at a broader level. In practice, this means selecting localization aspects that are important in each of the three case study countries, in contrast to analyzing localization values and their impact in all case countries. This latter approach may be of a more qualitative nature, but as outlined above, this paper strives to strike a balance between quantity and quality (i.e. between in-depth insights and overall impressions), with the aim of operates within. More specifically, we will look into the state of democracy and the rule of law in the three case studies, while also accounting for possible international commitments that the country (and by extension actors in those countries) is subject to.

Link to GPN Theory

GPN theory corresponds well with this approach; while it recognizes the genuine importance of location-specific conditions, it does not suggest particular parameters that ought to be addressed. Instead, it accounts for the localization effect in its multi-scalar approach to viewing the network. While the GPN is a global framework, it neatly encompasses the local aspect of operations. As Coe et al (2008b) indicate, "First, it is important to recognize the multiple scales at which global standards are negotiated. Many of the private and public actors—firms, NGOs, consumer groups, trade unions etc.—are distinct at the local, regional, national and international level" (pg. 279). Because of these local variances, it is expected that variances in norms, values, legal frameworks, political setups, and microeconomic performance, will vary amongst different localities within the network. Thus, the perspective provides a focus for the locality of the networks, and the impacts they have. Furthermore, the GPN perspective accords a degree of relative autonomy to domestic firms, governments and other economic actors (e.g. trade unions, where relevant), whose actions potentially have significant implications for the economic and social outcomes of the networks in the locations they incorporate. (Henderson et al, 2002, 446) Adding to this, Henderson et al suggest that the perspective has an explicit understanding of the 'territoriality' of production networks - namely, how they constitute and are re-constituted by the economic, social and political arrangements of the places they inhabit, and how it is central to an analysis of the prospects for development at the local level. (Ibid, pg. 446) This stresses the impact these actors have on firms, and how these interactions, and the norms, laws and regulations that exist can impact the network. However, the GPN perspective does not explicitly delve into the relationships between all these actors, and why they occur and the impact they have.

The variables developed for this dimension include: *How are countries classified in World Bank Income Group; What rule of law does the country follow;* Does *the country have democratic elections; How does the country place in the Doing Business Report; Does the WTO grant the country special advantages?*

Dimension Three

The third dimension is concerned with the *country's position in and approach to the international community.* This dimension will analyze the relationship between a country (and its government) and the international community, while also acknowledging that contrasting approaches to interacting with actors at the supranational level can lead to different foci and orders of priorities. No matter the approach of the state in question, the global oil and gas industry must not neglect to take it into consideration; there will be significant opportunities and challenges associated with it.

This dimension is also about the country's role in the international community, for example pertaining to powerful tools and connections that the country under scrutiny may possess. Significant oil and gas resources, naturally, constitute a potentially powerful tool, but the degree to which producer-countries are capable of exploiting it, varies considerably. The role that others assign to a country and the role it assigns to itself need not be identical. Hence, corporations may have to manoeuvre, not only within different countries and sets of relationships, but also between different realities, to be successful. This is due to the fact that the oil and gas industry operates, simultaneously, at different levels, like GPN theory suggests. A significant part of this dimension is the country's role in its region, which may differ substantially from its role in the international community; a country may be very influential regionally, but peripheral globally.

Link to GPN Theory

GPN is highly relevant for this dimension due to its ability to account for geographical and territorial aspects. Because GPNs see the role of geography as a source of stability and tension in these networks (Levy, 2008), it is easy to incorporate this to the framework as it accounts for how the country and its territoriality exert influence on the network. As Coe et al indicate, "Every element in a GPN—every firm, every function—is, quite literally, grounded in specific locations. Such grounding is both material (the fixed assets of production), and also less tangible (localized social relationships and distinctive institutions and cultural practices)" (2008b, pg. 279). Hence, the precise nature and articulation of GPNs are deeply influenced by the concrete socio-political, institutional and cultural 'places' within which they are embedded, produced and reproduced. The relationships between firms and territories are exceedingly complex (ibid) because the framework accounts for territorial boundaries, and also still highlights the importance of the state, and including it in the dimensions will allow us to account for various state interactions in the international community, especially if the state has a significant attachment to its oil and gas industry. Economic forums such as the IMF and WB, and state-to-state interactions, taking into account the WTO and OPEC, would all be examples of relationships within this dimension that GPNs would account for. These perspectives are especially relevant in terms of countries' approaches to the international community. One simple, yet paramount, difference is that corporations are not assigned much importance in terms of power and influence in the former, but quite a lot in the latter. The oil and gas industry, then, assumes different roles according to the dominating perception of a specific location. This determines how it interacts with, not just the state, but also IOs and NGOs, in the course of conducting business.

The basic argument of this dimension is that a country's position in and approach to dealing with the international community has important ramifications for the oil and gas industry's relations to other actors, disregarding its own perception, because the composition of influential actors (domestic and international) in a country varies depending on how it behaves at the international level; its approach will attract some actors (whether out of spite or actual opportunism) and discourage others (if not outright deny them access). The result is that the industry must manoeuvre in possibly very diverse setups, created by the relative power of particular actors.

The variables that are important for this dimension are: *Role in the region; Role in OPEC; Country's Global role; Role in IOs.*

Dimension Four

The fourth dimension – *Industry position in the international community* – represents the end of a journey from the national level, over the international level, to the supranational level; it directs attention to how the oil and gas industry interacts with other actors at the international level. As such, it is that of the four dimensions, which is most readily applicable to other industries, since it does not depend on a specific location; the actors and forces dealt with here, inherently, follow the oil and gas industry wherever it may be located.

This dimension is concerned with how the oil and gas industry manoeuvres at the international level. It acknowledges that there are aspects confronting the global oil and gas industry (and any other international industries for that matter) which do not originate in a particular national setting. Rather, they emerge in the international community, challenging the industry everywhere simultaneously. While there may be nationally embedded differences, this dimension addresses those aspects that may be of a somewhat universal nature.

In practice, this means that the analyses of the different case studies will be very similar. Indeed, that is the very point this dimension is trying to make. As such, it is not entirely consistent with the case study methodology, and hence, the employment of this part of the analysis will be carried out in a somewhat different manner. Since it does not make sense to repeat an almost identical analysis three times, we are going to include the *industry's position in the international community* in the introductory section of the analysis. Here we are going to account for the relationship the oil and gas industry has with the international community (i.e. relevant states, IOs, NGOs, other industries etc.), and for how it interacts at this supranational level. This dimension will still be briefly addressed in each of the case studies, where the dimension will revolve around an assessment of whether these relationships are amplified and/or dampened in the three specific national contexts. The specific country setups considered in this paper will be used to analyze how and whether effects of a global origin are dampened and/or amplified at the local level. The expectation is that there are a range of actors and issues that put pressure on the global oil and gas industry, no matter the location, but that such pressures may vary in strength across countries.

Link to GPN Theory

GPN theory, of course, is consistent with the approach of more levels of analysis, and thus also with this supranational-level dimension. Indeed, the existence of such a level is one of the basic arguments of the GPN framework. Furthermore, the GPN approach can be applied in the fashion that, due to its multi-scalar structures, it takes into account the various spatial scales necessary to look at the oil and gas industry (national, international, and supranational). It shows how the firms, states, economic, cultural, and political actors all operate within the network. It views the network as an integrated economic, political and discursive system, and thus, can explain the various actors that are impacting the industry within the international community. It can account for various governance structures that form the economic relationships which exist in the network, as well as various social movements and the organizations that represent or take up their causes. An example, as Coe et al indicate, is that all GPNs are embedded within multi-scalar regulatory systems. International regulatory bodies, such as the WTO—part of the 'confusion' of institutions that makes up the incoherent architecture of global governance—are expected to be immensely significant in influencing the geography of a GPN. In some cases, these make the operation of global networks more feasible through their introduction of codifiable standards. In other cases, they create problems of conformity to an international standard in specific places. (281) (Coe et al)

The Framework as a Table

These four dimensions have been combined into a table with their various variables. Each case study will be analyzed based on this table, which will be completed at the end of each analysis with the various variables filled in with a +, - or +/-. These symbols represent answers to the variables, with a + indicating a yes, positive presence, relationship, or other affirmative responses. A – indicates a no, negative presence or relationship or other negative responses, while a +/- equates the presence of both, or an either/or situation. The purpose of this table is to be able to compare the case studies, which will be predominantly done in the conclusion to the analysis.

Table 1: Oil and Gas Industry Network Dimensions and Variables

Dimension 1: Industry's position in the national community				
	Growth	*Decline*	*Stagnant*	
What type of growth is the industry experiencing?				
	Royal Dutch Shell	*BP*	*Chevron*	*ExxonMobil*
What IOCs are present in the industry				
	Joint Venture	*State owned*	*Independent MNCs*	
What relationship exists between NOC and MNCS				
	Yes	*No*	*Insufficient Evidence*	
Is there evidence of the presence of a natural resource dependency?				

Dimension 1b: Corporate Social Responsibility and Human Rights				
	Developed	*Undeveloped*	*Underdeveloped*	
How developed are the IOCs/NOCs CSR strategies				
	No connection	*Indirect connection*	*Direct Connection*	
What is the Proximity Criterion for Human Rights Violations				
	Actively Promote	*Lightly Push*	*No encouragement*	
How do states encourage CSR guidelines?				
	Emergence	*Coalescence*	*Formalization*	*Decline*
What stage of the SMT are social movements in?				
	Yes	*No*	*Ongoing*	
Have IOs/NGOs attempted to intervene?				

Dimension 2: localization				
	MDGs	*Corruptions Perception Index*	*Doing Business Report*	*Freedom in the World*
How do states score on international commitments and trends?				
	Low Income	*Lower Middle Income*	*Upper Middle*	*High income*
What is the level of economic development (WB classification)?				
	Common law	*Civil Law*	*Sharia Law*	
What rule of law does Country follow?				
	Yes	*No*	*Contested*	
Does country have democratic elections?				
	Yes	*No*	*N/A*	

Does WTO grant country special advantages?				
Dimension 3: Country's position in and approach to the international community				
	Cooperating Role	*Leadership Role*	*Insignificant role*	
Role in the region				
	Influential	*Periphery*		
Global role				
	Dominant	*Periphery*	*Non-member*	
Role in OPEC				
	UN	*WTO*	*World Bank/IMF*	
International Role in IOs				
Dimension 4: Industry Position in the International Community				
	Yes	*No*		
Membership of the OGP and the IPIECA				
	High	*Low*	*Varying*	
Exposure to supranational-level conditions				
	Amplified	*Dampened*		
Impact of supranational lack of global governance				

Methodology

The framework chapter above provides an in-depth account of the variables that we are going to employ in responding to the research question. In addition to justifying the case selection and use of theory, this methodology chapter will effectively be the operationalization of these variables, which we have termed dimensions. Since the dimensions are of our own making, their measurability is not necessarily straightforward, and hence, it is a necessity for our thesis that we account for it here. First, however, we will explain how we arrived at the four main dimensions.

Multilevel Governance and GPN

Our point of departure was a desire to analyze how the global oil and gas industry interacts with various actors in the governance of that sector. A central aspect in this endeavour is first to acknowledge the multilevel nature of this governance. In other words, the global governance of the oil and gas industry takes place at different arenas. In this thesis, we are especially focusing on the supranational level, the international level, and the national level. The point is that the various actors that participate in this governance interact and struggle for power of influence, across these different levels. States and large IOs indisputably play key roles in this regard. However, there are many other influential actors as well, including smaller IOs (where membership is determined in terms of geographic relevance or economic/political status), NGOs, multinational corporations, social groups, public opinion etc. These are all significant (to varying degrees). We have not been able to identify an extensive range of research on this multilevel governance structure, and thus we found the starting point for our research. There is no doubt that the oil and gas industry is necessarily surrounded by a large range of political and economic conditions, largely due to its importance in these fields. Furthermore, there is reason to believe that this industry displays some very distinct characteristics when compared to other industries. The nature of its political and economic importance, as well as of its differences from other industries will be accounted for, first in the analysis introduction and then throughout the rest of the project.

One of our first conscious methodological choices was to decide that our analytical point of departure should be the theory of 'Global Production Networks' (GPNs). As presented in the framework chapter above, GPN theory accounts for this multilevel nature of governance, and is thus congruent with the topic under scrutiny. Here, we will not account for the theory again, but instead restrict ourselves to explaining why we chose it and which consequences that has for the analysis. All along we have acknowledged that the topic of our thesis is highly complicated, and thus also recognized that the task we have set ourselves is a quite ambitious one. The decision to use GPN theory as an 'umbrella theory' of sorts stems from the perception that, at least for the global oil and gas industry, its multifaceted and multi-level approach to addressing value creation in a company or industry, is more appropriate than the classic value chain. There may be aspects of value creation within the oil and gas sector which are more appropriately analyzed by employing value chain theory, but the fact that we are essentially looking at the industry's interactions with various actors at different levels simultaneously, GPN theory is preferable to the value chain, since it is more open to the notion that a vast range of issues or aspects are of importance. In other words, GPN enables us to juggle the different levels and actors at play.

Establishing the Dimensions

Accordingly, we essentially see the use of GPN theory as a prerequisite of addressing the international business of the global oil and gas industry, in that it accounts of business, not as an isolated topic of analysis, but as one which is highly interdependent with a wide range of actors and conditions (Henderson et al, 2002, and Dicken, 2003). The practical consequence, in our paper, of starting at the level of GPNs is that it prompts the inclusion of many interlinked dimensions in the analysis of a particular relationship. Thus, in terms of chronology, we first identified GPN theory to be the more appropriate way of addressing our topic, and then subsequently found that we had to establish some general dimensions to account for the myriad of forces and actors at play. This we needed to do because, as mentioned, there is not extensive research on exactly our topic. In practice, it was done by identifying a relatively large range of aspects that are relevant for the topic at hand, and subsequently, grouping these aspects into the four dimensions we ended up with. Therefore, each dimension contains more issues of importance, which is why they are inherently broadly scoped. As outlined above, these dimensions came to be: *Industry position in the national community; Localization; Country position in the international community* and; *Industry position in the international community.* These dimensions, as well as the case studies accounted for further on in this chapter, represent our method or approach to analyzing the research questions presented in the introduction to this thesis.

In the process of establishing these four dimensions, we came to the realization that, in order to adequately assess the relationship between the oil and gas industry and the other actors mentioned, which participate in this complex governance structure, more levels had to be considered. This realization was not prompted by a particular theory or article. Rather, it was a result of our identification of a common thread throughout almost all our research, ranging from books on various topics pertaining to the global oil and gas industry, GPN theories accounted for in the framework chapter (e.g. Henderson et al 2002; Dickens

2003; and Levy 2007), news articles etc.; the vast majority of the different sources referred to throughout this thesis inherently move across and among these different levels: the national, the international, the supranational, and the sub-nation. It is a rare occurrence that anybody addressing the governance of the oil and gas industry stays at just one of these levels, because doing that would be to miss the point, namely that the governance structure analyzed in this paper inherently is embedded at more levels. The dimensions listed above, individually (to varying degrees) exhibit this complexity in that they move about these levels. Furthermore, the dimensions, when combined, also represent an overarching move from the national level (dimensions one and two), over the international level (dimension three), to the supranational level (dimension four).

Measurability of the Dimensions

Since the dimensions are of our own creation, and due to the fact that we are setting out to make a partly comparative analysis, we must necessarily account for how they are measured. At an overall level, the reader should think of this paper as one that exhibits critical realism, not as such due to deliberate choice, but as an almost inevitable result of the broad range of aspects considered. In order to account for such a variety, we cannot solely rely on either irrefutable facts (in many cases sufficient 'facts' may not even be available) or on sensual perception. Instead, we use both kinds of data for our analysis, ranging from economy-specific figures and country ranking to perceptions expressed in academic papers and news articles.

Types of Sources Used

Because of the use of different case studies, we attempt to keep the data used consistent. Numerous reports were used to maintain a level of consistency. For human rights related discussions, reports that were used in the analysis include The Amnesty International Report on Human Rights Violations from 2013, and the Corruption Perceptions Index (2012) published by Transparency International. The online database from Freedom House was also used in this analysis. Business Monitor International and EIA Reports (U.S. Energy Information Administration) were used to gain information on the industry, including IOCs, NOCs, growth predictions, and areas of risk. For the Millennium Development Goals, both country-produced and UN-produced reports were used for comparative purposes. While databases such as the World Bank, including their Doing Business Report, as well as the CIA, and the UN were used for country profiles. Online databases from the UN and the WTO as well as the IMF and the World Bank were also used in various dimensions to identify relationships between IOs and the case study countries, and also to evaluate state-to-state relationships, as well as human rights violations. Various EU institutional databases were also used, generally in terms of state-to-state relationship analyses.

Besides reports and databases, this project also looked to various academic scholars, papers, books, and opinions to add to scope of the framework as well as the analysis of the case studies. While databases and reports formed the primary data for the analysis, many scholars and opinions were read on the various dimensions and case studies in order to get an overview of the discourse and many views on the topics.

News outlets, including the Economist, Reuters, Foreign Policy, and the Financial Times were used, principally regarding recent developments, which are especially important in Russia, but also experienced in the other case studies. While there are limitations to using new sources as opposed to academic papers and projects, the need to gain insights on these developments was deemed more important than the bias that often exists in media. However, the use of these news sources only occurred when it was evident that no academic paper could be found.

The Use of Data

These various sources of data are used to test out the variables that have been derived from each of our dimensions. The variables correspond directly to the dimensions, and are used to identify various characteristics that may or may not be present in each case study. For example, to analyze the localization dimension one variable used looks at specific international reports published by various IOs and NGOs, including the Doing Business Report, Corruptions Perception Index, Freedom in the World Report and the Millennium Goals Development progress. These variables help develop an idea of the local environment within each case study. The variables developed rely on both facts and/or sensual perception. This is a consequence of the realization that our dimensions differ substantially regarding their topic and how they are tested: in all of them both kinds of information is employed, but the composition varies markedly. In other words, neither Naturalism (also termed Positivism) nor Constructivism constitutes a sufficient method of obtaining and using data for our particular purpose: both would simply miss insights from the other.

This leads to an important aspect of critical realism (Moses and Knutsen, 2007) which is that it allows students and scholars to choose their method according to the problem at hand, as opposed to tailoring their problems to the methods they have learned (ibid). This validates our selection of both types of variables (those leaning more towards positivism, and those with a closer relation to constructivism), as data stemming from both contribute throughout the dimensions.

Industry Position in the National Setting

While the use of critical realism means that it is hard to definitively state whether the measurement of our specific dimensions is more or less subjective, it is safe to say that the first sub-dimension of dimension one– *Industry position in the national community* –comes close to objectivity. In this dimension, we are comparing variables and various data pertaining to the oil and gas industry's relative size and importance in the country under scrutiny. Furthermore, this dimension accounts for actors present to help determine the nature of the industry in the respective countries; level of openness and competition to name a couple of aspects. It also addresses the role played by the state in the industry, and the extent to which the latter represents a resource curse in the national setup. Whereas this latter point relies partially on individual perception, the others are quite objective. They combine to measure how dominant the industry is in the country, politically as well as economically.

CSR Practices

In the second sub-dimension of dimension one, which is concerned with CSR in the industry, the variables selected analyze a range of aspects that are linked to CSR practices in the country. Generally speaking, the CSR practices were included for two reasons: to emphasize that national as well as international expectations in this field represent significant business challenges and opportunities for global business – not least for the oil and gas industry. This is also the rationale behind placing it in this first dimension which is concerned with the industry's position in the national community; a corporation's CSR strategy in a specific country says a lot about the role it plays in that country. For instance, does the corporation have to live up to certain expectations pertaining to CSR in order to obtain legitimacy, or is it so powerful that it can behave as it pleases? In practice, the CSR aspect is measured by assessing how developed the approaches of the dominant actor(s) are: of the industry, of the states, of IOs/NGOs vis-à-vis CSR, in the specific national setups. For this, Social Movement Theory is utilized as a way to address whether various stages pertaining to human rights, the environment etc. (i.e. CSR) have been reached.

Localization

Dimension two – *localization* – and its variables address the aforementioned range of rankings and classifications assigned to the country especially by international organizations such as the World Bank. Furthermore, it briefly accounts for variables that include the rule of law and corruption/transparency. Our basic rationale for including it stems from the realization that not only the international and supranational levels matter; the national level, which this localization dimension, naturally, is concerned with, matters too. Our notion and argument about including this dimension was that the location-specific setup – in broad terms – influences the way any industry, that is to say also the one analyzed in this paper, conducts business in a particular country. Secondly, it also emphasizes another important role of especially IOs; they are the ones that rank different countries, which may, when combined, constitute the perception that many foreigners have about certain aspects of different countries. Although in an indirect fashion, this is an important way for IOs to exert influence both regarding the country, but also regarding global industries. This dimension is measured by accounting for some of these rankings – the same for each case study. These include the aforementioned Millennium Goals, Transparency International, and the World Bank's Economic Ranking and Doing Business Report. Together, these constitute a sample of some of the institutional aspects relevant for any actor (corporations and others) operating in a given country.

Country's Position Internationally

Dimension three, which is concerned with the country's position in the international community, is included to highlight that the way a specific country interacts with other actors, beyond the national boundaries, also impacts the way business located in that country interacts with such actors, especially so the oil and gas industry, which often is more tightly linked with state authorities than other industries are. For instance, in a country which is completely open to IOs and NGOs, such actors may much more readily influence corporations (domestic as well as international) and the ways they do business in the country (e.g. pertaining to CSR and human rights as considered in the preceding dimensions), than is the case in a country which heavily restricts such international actors' scope of manoeuvre, and thus the industry's exposure to their interference. This third dimension is measured through variables that assess the countries' regional as well as global roles, their roles in OPEC and their relationship to various IOs and NGOs. Through these points we basically assess what the countries' clout internationally means for the oil and gas industry's operations in them.

Oil and Gas at the Supranational Level

Dimension four is, as mentioned, somewhat different from the others in that the bulk of the analysis of it is not conducted in the case studies, but in the introduction to the analysis, simply because the very point of it is to account for global tendencies regarding the interactions between the oil and gas industry and the international community. As such, there will not be an in-depth analysis of this dimension in the introduction. Rather, the analytical aspect will be located in a relatively short section in each case study, where the extent to which global trends are amplified and/or dampened in the three national setups, will be assessed. This way, the measurement of dimension four will, roughly speaking, consist of the difference between the global trends and the national divergences.

Case studies

We have made a range of choices pertaining to the number of case studies, and to the particular ones we are employing in the paper. The first decision pertaining to the specific countries to be scrutinized was to analyze states that produce and export significant volumes of oil and/or gas, as opposed to countries which mainly consume and import, or countries which produce a lot while consuming most of it themselves. Importers, naturally, also interact with the international community, but that is most often quite restricted to issues of international trade, whereas we wanted to address a wider range of aspects. Hence, we quickly narrowed in on the type of case studies relevant to out paper – the producers. We further excluded countries such as Norway and Canada, because they are integrated parts of the so-called developed world, i.e. of Western liberal democracies and relatively free and independent markets. 'Relatively' because there are a range of significant oil and gas producing countries that are not as developed economically, politically and socially as for instance Norway and Canada. Due to the many issues pertaining to the interaction with the international community, which such countries encounter, we decided that this was where our case studies were to be found.

The need to generalize is an important factor in the selection and number of case study countries. As Flyvbjerg indicates, the ability to generalize from case studies can be increased through the strategic selection of case studies (2006). He argues against random sampling or representative samples when the goal is to gather and analyze the greatest amount of information, stating, *"the typical or average case is often not the richest in information. Atypical or extreme cases often reveal more information because they activate more actors and more basic mechanisms in the situation studied"* (ibid, pg. 229). In his strategies for the selection of case studies he defines extreme/deviant cases as those with a purpose to *"obtain information on unusual cases, which can be especially problematic or especially good in a more closely defined sense"*. (Ibid, pg. 230). Due to the different perspectives and levels of governance, various actors and players and environments, it is near impossible to generalize from one case study. There is a vast need for different perspectives in this paper, and thus, more than one case study is needed.

Due to our focus on emerging economies, as well as this need for extreme cases, we choose to apply our framework to the three cases of Nigeria, Saudi Arabia, and Russia. Whereas these countries do exhibit some similarities pertaining to issues that are fairly general to developing countries, for instance (and probably most specifically) human rights, they deal with such issues quite differently, as the analysis will show. In other words, they may be perceived as substantially different entities, or even extremes, within the group of emerging countries.

The Three Countries Chosen

Nigeria is a new, emerging oil producing and exporting country. It differs markedly from the two others in that it does not enjoy the experience that the other two have in terms of international energy trade and of diplomacy. Furthermore, the Nigerian state must be characterized as a failed state, due to its utter inability of governing the forces at play within its borders. Among other implications, this means that foreign elements of all sorts (organizations, multinationals etc.) play a much larger role here than is the case in either of the two other countries. Saudi Arabia is an old, highly influential oil power, which has been at the center of international business and politics for decades, due to its vast oil reserves and control of OPEC. As opposed to the case of Nigeria, the Saudi state is extremely strong and domestically powerful (so far at least), and has curiously not been hit by the wave of protests for democratic reform, known as the Arab Spring, which has spread to most of the Middle East in recent years. Russia is a former superpower, whose influence has declined since the fall of the Soviet Union. However, it still retains some of its former power, especially in terms of it permanent membership of the United Nations Security Council, where it repeatedly blocks initiatives pertaining to e.g. UN-led intervention; most recently in the case of Syria. Additionally, Russia's vast energy resources also provide it with a quite powerful tool vis-à-vis the EU, and Eastern Europe and the rest of the CIS area in particular. The nature and position of the Russian government, domestically, is definitely closer to that of Saudi Arabia than that of Nigeria, but it is often difficult to ascertain its exact role. It could be a result of its history that affairs seem to be more covert in Russia than in many other places.

The Runners Up

There are naturally a range of producer countries which would live up to the requirement of being an emerging country, but which were nonetheless discarded. Many of these are located in the regions which the selected case studies represent; for instance Iran, Kuwait, Algeria, Azerbaijan and Kazakhstan to name a few. Most of them were not selected because we chose to focus on countries that assume dominant positions in their respective regions, not least due to their larger volumes of reserves. The one country that might as well have been included as well was Venezuela, which now holds one of the largest volumes of proven oil and gas reserves. While it does differ from the cases of Russia and Saudi Arabia, we found that it did not provide us with as substantially different a case. Venezuela is a quite strong state and officially a democracy (although hardly a liberal one), and even though it is only recently that we have learned just how vast its natural resources are, it cannot be characterized as a new energy exporter, being a founding member of OPEC. Therefore, we found that Nigeria was more fitting in terms of the need for extreme, atypical cases.

The Number of Case Studies

With regards to the appropriate number of case studies to be employed by researchers, academic opinion varies. While there are no precise guidelines (Perry, 1998), some indicate that there are no rules (Patton, 1990), while others suggest an appropriate range, with two to four representing the generally stated minimum and ten, 12, or 15 as the maximum. (Perry, 1998). Keeping this in mind, selecting three case studies represents a strategic compromise for the selection of extreme cases, which allows us to simultaneously account for the vast differences that exist between producer countries of the developing world, while also enabling ourselves to make comparisons with some depth. As mentioned in the framework chapter, this thesis should be thought of as a compromise between a quantitative and a qualitative study; a qualitative analysis would either result in focusing on one country and addressing a series of dimensions important to the industry in that country, or in analyzing one dimension in a series of countries. Both of these approaches may yield more concrete conclusions, but they would be unable to account for the industry's highly dynamic role in the international political economy. As is evident throughout the framework chapter (as well as in the beginning of this methodology), such an approach would be at odds with the Global Production Networks literature, which assumes an overarching role in our paper. Accordingly, the qualitative approach would also be at odds with the very purpose of selecting the present topic. As such, this is more of a quantitative analysis; the quantity just needs to be limited in order for us to attain and articulate valuable insights, i.e. to enable us to state something that is relevant and coherent. The unique importance of this industry, politically and economically, means that it assumes a different role in each country; this is what we attempt to analyze and discuss in this paper. Therefore, selecting three case studies represents a compromise, which allows us to simultaneously account for the vast differences that exist between countries, and do more than merely scratching the surface.

Introduction to the Analysis

As mentioned in the introduction to this thesis, the global oil and gas industry plays a key role in the world economy, with many different players and regions adding to the complex make up. With variances in importers, exporters, consumption and production as can be seen from table 2, it's not surprising that the industry differs substantially from most (if not all) other industries in several aspects. All companies and industries naturally interact with different political entities (national governments, international organizations etc.), e.g. regarding standards, patents, and regulation, but they are rarely as important politically and economically for a country as its oil and gas sector is. The pharmaceutical industry, for instance, is extremely political and is often impacted by various international norms, movements, or calls to action (such as the South Africa-USA battle over compulsory licensing throughout the late 1990s). In response to this, the Pharmaceutical Industry has been exacting numerous changes to its public image as well as its relationship to various international organizations, and NGOS. However, it does not seem as though the oil and gas industry is facing the same amount of strategy-changing pressures. This apparent political position of the oil and gas industry was one of the main reasons for choosing to focus on it. It is curious that even though the oil and gas and pharmaceutical industries are both heavily exposed to politics (domestic as well as international), the substantial and many-faceted critique by influential actors of the international community has led to behavioural changes, on the part of the companies, to a far lesser degree in oil and gas, compared to pharmaceuticals.

Table 2: <u>World Oil and Gas Facts and Figures</u>

Worlds Top Crude Oil Producers (% of world total) *	Worlds Top Net Exporters (metric tonnes)*	Net Importers (Metric Tonnes)*	Total World Consumption*	World Consumption by Region*	World's Largest Oil Companies (by production, million barrels/day)**	World's Largest Economies by GDP (million US$, world ranking)***
Saudi Arabia-12.9	Saudi Arabia-333	US -513	Oil 41.2%	OECD 42.5%	Saudi Aramco 12.5	Russia, 1,229,227 (12)
Russia 12.7	Russia - 246	China-235	Electricity 17.7%	China, 17.5%	Gazprom, 9.7	Saudi Arabia 369, 671 (27)
USA 8.6	Nigeria-129	Japan - 181	Gas 15.2%	Asia, 12.3%	National Iranian Oil 6.4	Royal Dutch 285, 129 (34)

Iran 5.4	Iran -105	India -164	Biofuels 12.7%	Non OECD Europe/Eurasia 8.2%	Exxon 5.3	Exxon Mobil 284, 650 (35)
China 5.1	UAE 105	Korea-119	Coal 9.8%	Africa 5.8%	Petro China 4.4	Nigeria 173, 428 (54)

*(IEA, 2012)
**(Helman, 2012)
***(Keys & Malnight, 2012)

A related aspect is that, in contrast to e.g. pharmaceuticals, oil and gas production is necessarily location-bound. The implication is that oil and gas corporations cannot simply move to a different location if local norms, laws etc. represent insurmountable challenges for their operations – at least, the possible locations they can move to are quite limited. Thus, the oil and gas industry enjoys markedly smaller political clout vis-à-vis local governments than especially manufacturing industries which can move to other locations, should conditions deteriorate drastically where it is operating already. Another important feature is that the largest oil and gas reserves often are to be found in countries which do not have many other well-developed industries. It can be argued that the very fact that a country sits on huge amounts of natural resources is a central cause for that country's extensive economical, and thus political, dependence on oil and gas, i.e. other sectors become relatively underdeveloped by deliberate design. Although the order of causality may be debatable, a large oil and gas sector often does coincide with a relative underdevelopment of the country's other industries. This way, oil and gas becomes paramount to the country's economic structure and future, which inevitably makes it even more heavily exposed to politics.

The oil and gas industry roughly consists of two different kinds of corporations: NOCs (national oil corporations) and IOCs (international oil corporations). The former ones are often best described as national champions, which are closely related with the government. These are more likely to be found in countries that depend heavily on their oil and gas reserves, and largely function as a means to maintain control of the sector. The latter are multinational corporations with operations in a wide range of locations, ever seeking to expand further. Often, these originate in developed countries and include Royal Dutch Shell, French Total, Norwegian Statoil, American Chevron and ExxonMobil, and British Petroleum. These represent the global capitalistic face of oil and gas production; when operating abroad, the scale of such operations depends heavily on the specific government's position regarding free markets versus the extent of state control.

As outlined above, the main aim of this paper is to address the nature of the governance of the oil and gas industry. In congruence with the use of GPN theory, one of our fundamental claims is that, in order to appropriately address this topic, one must look at different levels (especially supranational, international, and national). Throughout the case study analyses below, we will be moving at, and in-between, these levels. In the discussion, we will bring them all together.

Case studies are an important part of our analysis, and as is shown below, the first three dimensions are analyzed by looking at the cases of Nigeria, Saudi Arabia and Russia. The last dimension, however, revolves around general trends in the global oil and gas industry's interactions with different actors. As such, this does not necessarily have anything to do with the case studies, since it essentially goes beyond them. Therefore, we are going to account for these general trends (i.e. the fourth dimension) in a somewhat different manner than is the case for the other dimensions. Instead of thoroughly accounting for the fourth dimension in each of the three case study analyses, we are going to present the general trends in this introduction. The fourth dimension in the case studies, then, will be a relatively short section which addresses the extent to which the points made in the following section are amplified and/or dampened in the countries under scrutiny. This introduction will also provide the reader with a brief account of the case studies and the main points analyzed within them.

Industry's Position in the International Community

The global oil and gas industry's role in the international community is dominated by the fact that many different forces and actors seek to impact it, with several agendas. In other words, a large range of topics relevant at the supranational level overlap with issues of the global oil and gas industry. The most obvious example, naturally, is provided by the climate change discourse which has been gaining momentum for quite a few years now. Needless to say, oil and gas production, as well as consumption, represents substantial emissions of greenhouse gases. Therefore, this global discourse represents a marked threat to oil and gas producing corporations, because it may influence production, and especially consumption patterns. The EU is indisputably one of the fiercest supports of reducing the reliance on fossil fuels, and since its member states account for a substantial share of the world's aggregate consumption of such fuels, a European change of behaviour would have the potential to significantly impact the global industry as a whole.

Since oil and gas is located in both developed and developing countries, thorough international agreement is virtually impossible; there simply are too many, and too differentiated, interests vested in the industry for the states to relinquish control. This difficulty of securing wide support for and subscription to common standpoints does not only pertain to issues related to climate change; as Wawryk (2002) writes, *"…Oil and gas exploration and production has the potential to cause severe environmental degradation, not only to the physical environment, but also to the health, culture, and economic and social structure of local and indigenous communities.*" (ibid, pg. 1) This potential thrives much better in developing countries than in the Western world, because environmental laws in the former often lack substance and adequate enforcement (ibid). That may be due both to the absence of powerful national authorities and to the lower priority assigned to such issues in developing countries. Whatever the cause, the result is that domestic legislation pertaining to these issues is not sufficient, from the point of view of especially human rights and environment activists. Accordingly, there have been calls from among others such activists for transnational oil companies to improve their operations in developing countries on a voluntary basis (ibid).

A Sample of Central Organizations at the Supranational Level

There are a range of organizations involved in determining such standards or 'best practices', but generally they cannot purport to do anything besides creating guidelines. Wawryk (2002) highlights the OGP (the International Association of Oil and Gas Producers) as an organization she finds particularly influential in this regard. This organization's members are oil and gas companies all over the world, including most of the prominent ones such as BP, Chevron, ExxonMobil, Statoil, Total and Saudi Aramco. OGP's official vision is *"To work on behalf of the world's oil & gas exploration and production (E&P) companies to promote safe, responsible, and sustainable operations."* (OGP, 2013) In effect, the OGP prepares guidelines targeted at making corporation of the oil and gas industry sustainable and more socially responsible, but based on the information and rhetoric on its website it does not have the power to actually sanction its members.

The immediate result of this unwillingness to relinquish control over the oil and gas industry is that there is no entity with can legitimately determine best practices, make them legally-binding, and subsequently, enforce them. A case in point is the UNEP (the UN Environmental Program), which Wawryk (2002) mentions as one of the IOs, whose guidelines, too, are influential. The UNEP is engaged with a wide range of political areas, such as agriculture, environment and climate change, community development, humanitarian affairs, and of course energy. Although the members of the UNEP are countries, the organization's purpose or mission is no less vague than that of the OGP: it *"…provides leadership and encourages partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of live without compromising that of future generations."* (UNEP, 2013) It is indisputable that it makes a large effort to change the behaviour of a wide range of actors, including those in the oil and gas industry, but it is equally evident that it does not enjoy sufficient power to actually force companies to change.

The IPIECA (the Global Oil and Gas Industry Association for Environmental and Social Issues), roughly speaking, has the same members as the OGP, and also lists the OGP among its association members. It is governed by a General Committee consisting of senior representatives from all member companies, which is supported by an Executive Committee which prioritizes activities according to the policies and guidelines laid down by the General Committee (IPIECA, 2013). Its official vision is to have an oil and gas industry which improves its operations and products to meet society's expectations concerning environmental and social performance. Members commit to among other things *"contribute to sustainable development by providing safe and reliable energy in an environmentally and socially responsible manner"* (ibid) and to *"seek to improve their performance in addressing environmental and social issues"* (ibid). In other words, they commit to *improve* operations, but not to meet specific targets.

In terms of international trade, the general WTO rules (WTO and GATT agreements) do cover trade in the energy industry. However, Yulia Selivanova (2010) of the Energy Charter Secretariat emphasizes that they are mainly concerned with market access and do not sufficiently address issues that are more crucial to oil and gas trade, such as investment protection. Furthermore, she notes that *"…issues related to restrictive practices of the energy exporting countries and energy enterprises that occupy monopoly position and often are granted exclusive rights and privileges are not addressed to a substantial degree by the existing multilateral trade rules."* (ibid) The aforementioned fact that consuming and producing countries, generally, differ significantly in terms of political and economic setups, and consequently in terms of interests, make negotiations regarding international, binding rules covering energy very difficult. There obviously is a high degree of interdependence among consumers and producers, but finding common ground is extremely complicated nonetheless (ibid). Selivanova highlights that *"In the current* [2010] *WTO negotiations, a number of countries made it clear that the access to, and use of, natural resources as well as the right to regulate, should remain outside the scope of negotiations."* (ibid)

The organizations considered above are some of the most prominent actors concerned with the global oil and gas industry, but it is merely a sample; there are many more. The general take-away is that international obligations in terms of environmental sustainability and social responsibility are determined, not by formal laws, but by voluntary agreements, best practices, and guidelines. There is not a widespread desire (neither among states, not corporations) to relinquish enough control of this strategically vital sector to be subjected to a supranational organ. In other words, the national level continues to be decisive regarding the extent of the supranational level's impact.

This also means that if a country or a specific company does not feel obliged to improve conditions, they simply will not. Producer countries generally differ substantially in terms of openness and thus exposure to the international community, which will be evident throughout the case studies. The implication is that the organizations prompting actors of the oil and gas industry (states as well as companies) to act more responsibly, occupy quite varied positions in different producer-states.

OPEC is naturally also a very influential organization at the international level, as will be further accounted for in the case studies. Its main purpose, though, is to keep global oil prices stable, which is done through coordination of production among the member states. This of course benefits the entire industry, but it has also led to accusations of cartelization. Especially during the oil crises of the 1970s, it enjoyed a very powerful position. There are actors working to keep a balance, however. The IEA (International Energy Agency) is an independent organization which was founded as a response to the first of these crises in 1973/74, with the purpose of helping countries coordinate a collective reaction to the major oil supply disruptions (IEA, 2013). Today, it works to ensure reliable, affordable and clean energy for its 28 member countries and beyond, focusing on topics such as energy security, economic development, and environmental awareness (ibid). The existence of such organizations means that the producer-states do not determine everything, even though supranational laws may be absent.

Overarching Differences and Similarities of Saudi Arabia, Russia, and Nigeria

As outlined in the framework section above, the analytical part of this paper will be structured by the bullet points provided by each of the four dimensions. These will be applied to three case study countries, which are quite similar in some respects, and extremes in many others. They thus simultaneously allow us to compare them, and to account for the vast differences present in important oil and gas producing countries. The specific similarities and differences will be addressed below, but here we consider them in broad terms. One of the overall similarities between Nigeria, Saudi Arabia, and Russia, which enable us to make comparisons, is the fact that all three enjoy quite dominant positions in their respective regions. Especially for the two former countries, this is largely due to their substantial oil reserves. As for Russia, other political aspects as well as history also contribute to its position, but energy definitely plays a major part too. Another common feature identifiable in all three countries is that of the existence of issues pertaining to democracy, human rights, transparency, corruption etc. Topics like these will be addressed especially in dimensions one (both a and b) and two. Their implications for the conduction of business in the oil and gas industry will be accounted for in the discussion chapter. Furthermore, the oil and gas industry can safely be said to play a dominant role in the economic, political, and social setup of each of the three countries. This will be elaborated upon in dimension one-A.

Saudi Arabia

Whereas the roles these three countries assume in their regions are similar, their global roles are quite dissimilar. Saudi Arabia was and remains one of the major players in terms of natural resources, although it may not enjoy the same powers in terms of international politics as it did during the heydays of OPEC in the 1970s, where the entire world economy was influenced by the oil shocks largely caused by cartel-like OPEC policies of quota restrictions on production, undertaken in order for oil prices to rise. Saudi Arabia is the largest producer of oil within OPEC and also the largest exporter. This means that, historically, Saudi Arabia has had the greatest spare capacity, and usually keeps more than 1.5 – 2 million barrels a day, so as to manage the market (EIA, 2013c). Traditionally, Saudi Arabia has dominated the organization, which means that, through OPEC, it has enjoyed significant powers of influence internationally. A recurrent theme, which will be identifiable throughout the Saudi case study, is the fact that Saudi Arabia is an 'old' oil producing state, i.e. it has been playing this game for a while, and thus knows how to exploit its vast reserves. Another theme is that Saudi Arabia remains a highly oppressive, undemocratic state, which denies especially women basic human rights.

Russia

Russia, too, utilizes its natural resources to exert influence internationally. Its superpower past is not easily forgotten, and it may be argued that some parts of Russian society, as well as the Kremlin, continues to perceive the other former Soviet Union countries – now the Commonwealth of Independent States (CIS) as part of Russia itself. Whereas the defeat of the communist ideology and the collapse of the Soviet Union resulted in a vast loss of power in international relations, the Kremlin did not lose all of its international leverage; its gas resources, especially, ensure that Russia remains a central player in the international political economy. As will be elaborated below, Russia is the largest energy exporter to the EU, which faces a major issue of procuring sufficient volumes of energy for its populations. Due to this issue of energy security, Russia enjoys quite powerful position vis-à-vis the EU in general, and Eastern Europe in particular. However, it goes both ways; Russia would be in significant economic trouble if the EU found alternative suppliers. Lately, Russia has been the recipient of much negative international attention; it has passed a law which forces NGOs operating in Russia to term themselves 'foreign agents' – a move which has prompted extensive criticism from among other Western politicians. Furthermore, it has rejected to exempt gay people visiting Russia for the forthcoming Winter Olympics from the strict Russian laws on 'homosexual propaganda'. The overarching theme of the Russia case study, however, will be the covert nature of many of it affairs – it is difficult to assess what exactly is going on within the Kremlin and in the mind of President Putin – both in terms of oil and gas, but also much else.

Nigeria

Nigeria is in many respects very different from the two above case studies. First and foremost, it does not enjoy as strong a position in international politics and economics as Saudi Arabia and Russia. Whereas Nigeria's immense oil wealth does contribute to its powerful regional positions, it has not consistently been employed as a political tool internationally. There may be many reasons for this, but a central one is its failed state and severe lack of democracy and political stability; it is simply not capable of controlling what is going on domestically, which only makes action abroad all the more complicated. In contrast to the other case studies, Nigeria could be categorized as an emerging oil country. Therefore, it may be that it will come to exploit its oil like other countries, but as of yet that is not the case. Another reason may be that the central authority does not assume as dominant a role in Nigeria as in the above case studies. This would mean that it simply does not find itself capable of utilizing its oil reserves in similar fashions. Whether the absence of exploiting oil in the pursuit of political and economic objectives internationally stems from inability or lack of will/desire must depend on speculation until such a time when (if that ever happens) the Nigerian government controls the industry to a sufficient extent. As will be shown throughout the case studies, the industry in Nigeria is organized in a very different manner than is the case for Saudi Arabia and Russia. While the nationally-controlled Saudi Aramco and Gazprom, do all the extraction in their respective countries, the Nigerian counterpart – the Nigerian National Petroleum Corporation (NNPC) – shares that role with various foreign multinationals, including Royal Dutch Shell and Chevron. For obvious reasons, this makes it all the more difficult for a central authority to use oil reserves for e.g. political purposes.

The following chapters will analyze the different dimensions established in the framework chapter, and briefly accounted for here. The subsequent sub-conclusion will function as a comparative summary of the findings in each case study, providing the foundation for the discussion which will follow it.

Nigeria

Nigeria is an oil-rich country located in western Africa (BMI, 2013). The oil industry is the main industry in the country, accounting for 40% of GDP and 80% of government earnings. Due mainly to this, Nigeria is one of the fastest growing emerging economies (World Bank, 2013a) with a rate of 7.4% in 2011 (World Bank, 2013b). Many large MNCs are present in Nigeria's oil and gas industry. However, the country is also a troubled one. One major concern is the lack of state governance in Nigeria. Democratic elections have only occurred within the past decade, and even so, the country is not entirely on the right path. The state's ability to assume a governing role is weak, and hence, much international involvement from various IOs, such as the World Bank and the IMF, as well as input from the large multinationals that are present in the oil and gas industry, takes place. While its global clout is weak, due to its governance issues, and the myriad of institutions that are essentially helping run the country, Nigeria still plays a large role regionally, often assuming a leader role in various African organizations such as African Union, the New Partnership for Africa's Development (NEPAD), and in the Economic Community of West African States (ECOWAS). Lastly, there are numerous social conflicts that are both directly and indirectly related to the oil and gas industry, as well as various social movements stemming from the assorted communities impacted by the industry, which began with the MOSOP movement. The "Delta oil complex" has spawned a raft of social movements (Frynas &Pegg, 2003).

Industry's Position in the National Community

Dominance and Growth of the Oil and Gas Industry in Nigeria

Nigeria is Africa's largest petroleum exporter. The Nigerian economy is heavily dependent on its hydrocarbon sector, which accounted for more than 95 percent of export earnings and more than 75 percent of federal government revenue in 2011 (IMF, 2013). Its total petroleum production is 52.7 US billion (BMI, 2013), and proven oil reserves were 37.20 billion barrels in 2012 (OPEC web, 2013). It is the world's 6th largest oil producer, 8th largest exporter, and is a strategic oil source for much of the western world, including Europe and the United States (Oludro, 2012). Outlooks for the oil and gas industry are quite positive, with Business Monitor International predicting oil output to increase significantly in their 2013 forecast (BMI, 2013). This growth is expected to continue until 2021, with production peaking around 40 billion barrels (ibid). However, OPEC quotas, high risks of project delays, and political instability do pose some uncertainty for the predictions (ibid).

Of late, the industry has been experiencing some change under the Presidency of Goodluck Jonathan's, as his government is pushing forward a 'Gas Master Plan'. The plan calls for greater development of gas fields and reduced flaring of associated gas, in order to address chronic power shortages (BMI, 2013). Furthermore, President Goodluck Jonathan signed the Nigerian Oil and Gas Industry Content Development Bill into law on April 22 2010 (ibid). This law requires all oil and gas explorers, producers, transporters and exporters to use a greater share of indigenous Nigerian service companies and personnel in their project development plans (ibid). Additionally, in a move designed to boost local investment funds, every multinational company must domicile a minimum of 10% of its annual profits in a Nigerian bank.

Factors influencing Nigerian export revenues include security effects on oil volumes, OPEC output policy, oil prices and industry investment levels. Large export volumes have been lost thanks to security issues and this has now become the biggest ongoing risk and challenge for the industry within Nigeria. With many companies focusing their strategy on offshore fields and disengaging from the unsettled and increasingly environmentally sensitive onshore Niger Delta, piracy is becoming a particularly worrying trend (BMI, 2013). Pervasive sabotage to petroleum infrastructure continues to weigh heavily on the sector. According to the state-run Nigerian National Petroleum Corporation (NNPC), violence and sabotage in the Niger Delta costs the country 1mn b/d in oil production (ibid).

Actors Present in the National Oil and Gas Industry

There are many different actors at play in the Nigerian oil and gas industry. While the traditional actors, such as the state, and large MNCS, are to be expected, there really is a myriad of institutions and organizations present. First, Nigeria has a state-owned oil company, the NNPC. Statistics indicate that close to 95% of oil production is in joint ventures with MCNS and the NNPC. (Falola and Genova, 2005).

The major MNCs present in the Nigerian economy are from Europe and the US; a total of 18 MNCs are operating in the country. All the foreign MNCs in the oil and gas sector operate in joint venture partnerships and/or production sharing agreements with the NNPC. Typically, MNCs operate in Nigeria through locally incorporated subsidiaries (Amaeshi and Amao, 2007). The main MNCs located in Nigeria include Shell - the company with the largest presence, controlling over 50% of Nigeria's crude oil reserves (Akpan, 2006), ExxonMobil, Chevron, ENI, Total and Afren (BP did have operations but has recently sold all of its Nigeria oil and gas stakes) (BMI, 2013). Furthermore, It must be pointed out that the Nigerian oil industry has been strongly dominated by foreign oil companies and their expatriate workers for decades. Lack of required technology and massive capital involvement in oil exploration have given the foreign oil multinationals an edge over local corporations, a development that has been interpreted by some commentators as a strategic means of denying the people, and Niger Delta states, the dividends of the resource that belongs to them (Ojakorotu, 2006).

The NOC-IOC Relationship

The NNPC is a state-run oil "behemoth" (A desperate need for reform, 2012), which controls every aspect of the industry, from exploration and production to refining, pipelines and petrochemicals. Nigeria permits foreign oil company participation in its upstream segment, but the state company continues to participate in all projects, with international oil companies (IOCs) providing the bulk of the financing (BMI, 2013).

The corporation has been judged one of the world's most closed oil companies. A joint report by Transparency International, a Berlin-based anti-corruption monitor, and the Revenue Watch Institute in New York deemed the NNPC to have the worst record of the 44 national and foreign companies it examined. A recent external audit said it was "accountable to no one". It has been called a "slush fund for the government" (A desperate need for reform, 2012). Furthermore, the NNPC suffers from inadequate funding, high costs and a lack of operational efficiency. It has been criticized for failing to deliver its share of investment funds and for delays to key projects (BMI, 2013). Thus, while the NNPC is involved in almost every aspect of the oil and gas industry, its ability to govern transparently, and operate efficiently, is much undermined by its close ties to the government, and it can be discussed how much power it has in comparison to the various MNCs that are present in the country.

The Resource curse

A common issue when looking into the oil and gas industry in Nigeria are the notions of the Dutch disease, and the resource curse. These would suggest that the oil and gas industry has a significant impact upon the host country's economy, and society at large. Some research indicates that the curse can also have an impact on social conflict - Collier and Hoeffler (2005) have shown that natural resources considerably increase the chances of social conflict in a country. This is especially the case in the Niger Delta region which is rife with social conflict. Democracy and human rights are not as well-developed as elsewhere, corruption is ubiquitous, and other industries are largely ignored due to the possible revenues to be had from oil and gas. More specifically, the existence of the resource curse would lead to clashes between various communities and indigenous people, as well as social unrest with corporations and the government handling the oil and gas industry (ibid).

CSR Practices in Nigeria

As of now, CSR strategies are not state regulated in Nigeria. Accordingly, MNCs operating there have had to write their own ethical codes and social-environmental report cards, due to the lack of intervention by the state (Akpan, 2006), and because of this, companies have varying strategies that they adhere to. However, there are small steps being taken to overcome the lack of governance that exists in this area in Nigeria. Reuters reported in January 2012 that Nigeria's government had ordered a fresh audit of its entire oil and gas sector covering the previous three years, in a move to clean up corruption in Africa's biggest oil industry after anti-government protests (BMI, 2013). To get an overview of the various CSR strategies, a few companies will be discussed.

First there is Chevron, whose employees refer to the company's 'Policy 530' as 'the Bible of our company', although one manager once emphasized that Chevron does not regard CSR as a law (Haastrup, as cited in Akpan, 2006). Chevron's 'Bible' has chapters and verses touching on issues such as community awareness and outreach, compliance assurance, and legislative and regulatory advocacy (Akpan, 2006).

Second there is Shell. In recent years Shell has announced an agreement with Amnesty International on corporate security practices, invested heavily in green advertising and garnered the UN's seal of approval by joining its corporate club, the Public Private Partnership. The company also announced that it had incorporated the Universal Declaration of Human Rights into its operating principles. Shell's community development standards entail catalyzing local economic growth, improving communities' quality of life and partnering with relevant social actors. These activities, the company says, are rooted in its 'core values of honesty, integrity and respect for people' (Akpan, 2006).

However, in Nigeria, many companies have been accused of not following their own CSR policies and/or of abusing the leniency of the Nigerian government. A 2011 UN report rebuked Royal Dutch Shell and a state oil firm over pollution in Ogoniland. (Oil Spills, 2011) Local oil-spill regulators say Shell should pay a record $5 billion for a spill last December in the offshore Bonga field. (Ibid) Regulators also indicate that Chevron should pay $3 billion after a rig explosion in 2011 caused a gas leak and fires that lasted 46 days. However, the weak Nigerian regulators and laws have meant few penalties for oil spills in the past (A desperate need for reform, 2012). Furthermore, Halliburton has recently acknowledged that it paid bribes worth US$2.4 billion to some Nigerian government officials in return for tax breaks related to its operation in the country (Idemudia & Ite, 2006).

Direct Connections to Human Rights Violations

While evidence of human rights violations in Nigeria is extensive, determining whether companies had direct or indirect connections is more complex. However, various pressure groups maintain that Shell and other oil companies were directly or indirectly involved in human rights violations (George & Pegg, 2003) and examples of a direct connection can be found. For example, there is evidence that Chevron transported Nigerian troops on two separate occasions in 1998, and 1999, which subsequently resulted in the deaths of unarmed civilians (George & Pegg, 2003), while Shell was severely rebuked for its assent to the Abacha government's use of its Mobile Police to violently repress Ogoni and Ijaw demonstrators (ibid).

Lack of State Intervention of CSR Enforcement

Generally, the obligations placed on company's vis-à-vis the community, as set out in the various laws, are weak. The Petroleum Act, for example, requires operators to 'adopt all practicable precautions' to prevent land and water pollution. Should such precautions fail, companies are required to 'take prompt steps' to contain the effects of pollution. Operators are to perform these duties in a proper and workmanlike manner in accordance with the regulations and practices accepted as good oilfield practice (Akpan, 2006). The Act contains no threat of serious sanctions against polluters, which probably explains the thinking, in some circles in Nigeria, that oil operators do sometimes preside over the ultimate process of determining the quantum of compensation payable to aggrieved individuals or communities' when forced through militant community protests to deal with the effects of, for instance, an oil spill. Even so, claims processes do not always take into account the immediate, short-term and long-term damage of oil spills. The implication of this is that, in terms of corporate social involvement in the communities, the entire system relies heavily on the companies' initiative (Akpan, 2006). This points back to the reoccurring idea that there are no formal institutions or governance tools in the oil and gas industry, and quite possibly, throughout the whole of Nigeria. To add to this, there is a clear reference to environmental rights in the African Charter on Human and People's Rights, indicating a right to favourable development and compensation and recovery in the case of environmental degradation (George & Pegg, 2003). However, this does not translate well into the actual compensation and recovery in the case of wronged individuals and communities.

Formalization of Social Movement Theory in Nigeria

The internationalization of the Niger Delta crisis began almost a decade ago with the formation of the

Movement for the Survival of the Ogoni People (MOSOP) and the launch of the Ogoni people's struggle against Shell (Fleshman, 2007). The leader of MOSOP, Kenule Saro-Wiwa, realized that an alliance between the Ogoni people, who were challenging the company at the point of production, and Western environmental and human rights organizations campaigning against Shell at the profit point, greatly increased MOSOP's chances for success, and that is what occurred. Key organizations that supported the movement during this period included Greenpeace, the Sierra Club, Amnesty International, Article 19 in London, Human Rights Watch, and the Unrepresented Nations and Peoples Organization (ibid,). The social movement MOSOP appealed for support through lecture tours, documentaries, and eyewitness accounts. It also used the platform of international human rights organizations to put pressure on Shell and the Nigerian state to recognize and respect the rights of the Ogoni (Ojakorotu, 2006). Thus, the SMT movements seem to reflect the institutionalized stage of social movement. While the MOSOP movement is not the only movement that highlights the plight of the issues in Nigeria, it is one of the better known. However, other similar movements have reached similar levels of bureaucratization, such as those outlined in “Untapped: The Scramble for Africa’s Oil” by John Ghazvinian (2008). This example clearly illuminates how movements involving the Niger Delta region have been bureaucratized, as indicated in social movement theory. Many of these movements, such as MOSOP, have great political power and can cause reactions in organizations such as Shell (Christiansen, 2009.). These movements are recognized internationally, with many people calling for action (Ogoni, 2006).

IO and NGO Intervention in Nigeria

Because the social movements stemming from the Niger Delta region have become so internationalized, IOs and NGOs have become involved in affairs in Nigeria. Various organizations are present in this area, and attempt to intervene in both state and firm operations. The interplay between the internal and external factors thus established a strong linkage between non-governmental organizations (NGOs) and social movements and created the setting for the internationalization of the Niger Delta social movements (Ojakorotu, 2006), with many NGOS/IOs taking up the call, including Greenpeace, the Sierra Club, Amnesty International, Article 19 in London, Human Rights Watch, and the Unrepresented Nations and Peoples Organization (Fleschmann, 2007).

Localization – Nigeria’s International Benchmarking

UN Millennium Development Goals

As a UN member state, Nigeria has agreed to achieve the 8 Millennium Development Goals of international development by 2015. The MDGs are the world's time bound and quantified targets for addressing extreme poverty in its many dimensions – income poverty, hunger, disease, inadequate housing – while promoting gender equality, education and environmental sustainability. While significant progress has been made in Nigeria, it is generally understood that the country is not on track for meeting most of these goals by 2015. In its own 2010 report to the UN, only one goal (that on developing a global partnership) has been determined to have a good potential to be met, while at least one goal have been determined to be very unlikely. Interestingly, it is the development goal on environmental sustainability that is most unlikely to be met by 2015 (United Nations, 2012). The remaining 6 goals have poor outlooks, with many lacking the supportive environment needed for reaching the goal (United Nations Development Program Nigeria, 2007).

The Corruption Perceptions Index

This index ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 - 100, with a score of 0 meaning a country is perceived as highly corrupt and 100 that it is perceived as very clean. In the 2012 CPI, Nigeria was ranked 139 out of 176 countries and territories, with a score of 27. This puts Nigeria in the third most corrupt bracket, and far behind other African countries, such as South Africa (score of 43), Botswana (score of 65), Ghana (45), and Namibia (48) (Transparency International, 2012).

The World Bank "Doing Business" Report

In the 2013 report, Nigeria was 131st overall (of 185 countries), which is the same ranking it had the previous year (Doing Business, 2012). There are many of the specific dimensions that the World Bank analyzes in this report, which are not highly relevant to the oil and gas industry. However, figures pertaining to the bureaucracy, and time/money cost of exporting and importing, where Nigeria ranks 154, may be relevant to consider (ibid). Regionally, Nigeria does not have a good ranking, with South Africa having a score of 39, Botswana 59, Ghana 64, Kenya, 121. However, the average for Sub Saharan Africa is 140 (ibid).

Freedom House

In the 2013 "freedom in the world" report, Nigeria had a status of 'partly free', with a freedom rating of 4.5 and a score of 5 for civil liberties and 4 for political rights (Freedom House). It is important to note that Freedom House gave Nigeria a downward trend arrow due to continued rampant corruption, the suppression of civil society during fuel-subsidy protests as well as restrictions on its activity in the north, and limitations on freedom of movement as a result of violence associated with the militant group Boko Haram (ibid). Regionally, there are 50 countries and territories with over 901 million people, 13% of which freedom house indicates are free (ibid)

Nigeria's Economy Ranking - World Bank Classification

Nigeria is a lower middle income ranking in the World Bank classification, with lower with GNI per capita of $1,036 - $4,085 (World Bank, 2013a). This is the second lowest ranking classification given by the World Bank. However, this is actually an improvement for the country, which up until the 2010 classifications were actually a low-income country (World Bank, 2013b), and thus, the upgrade is a sign of improvements in the Nigerian economy. Over the last ten years, Nigeria has been carrying an ambitious reform agenda. The most far-reaching of those was to base the budget on a conservative reference price for oil, with excess saved in a special, Excess Crude Account (ECA). The economy responded with strong growth between 2003 and 2010 – averaging 7.6 percent (World Bank, 2013a). However, unemployment is still a concern for the country, and is generally considered one of the major economical issues, with an estimated 50 million underemployed youth (ibid).

Rule of Law

Nigeria has three distinct systems of law: a common law system, which is derived from the British colonial rule; a customary law, which is derived from indigenous traditional norms and practices; and the Islamic legal system Sharia law, which is present only in the north of Nigeria, which is predominantly Muslim (CIA, 2013). This potentially represents significant uncertainty for the oil and gas industry, as well as for any other actors in Nigeria; which one should be followed, in case of deviations?

Governance System

As previously mentioned, Nigeria is a relatively new democracy. It is a federal republic, modeled after the USA; the president's power is held in check by the Senate and the House of Representatives. However, elections from the past have been deemed to be corrupt (A desperate need for reform, 2012). While Goodluck Jonathan's government is not as heavily criticized as his predecessors', he is still a target of pressures for further reforms to counter mismanagement and corruption. Allegations of political interference still run rife, with cases such as that of Michael Aondoakaa and James Ibori, the former an attorney general until 2010, the latter the governor of the Niger delta until 2007 (ibid). Ibori is currently serving a 13 year sentence in the UK for his corruption crimes (Corruption in Nigeria, Hard graft, 2012). While no charges have been laid against Aoondoakaa, despite many allegations of political interference. (Human Rights Watch, 2011)

WTO Special Provisions

WTO agreements contain special provisions which give developing countries special rights, and Nigeria is one of these countries. These special provisions include: provisions designed to increase developing countries' trading opportunities through greater market access (e.g. in textiles, services, technical barriers to trade); provisions requiring WTO members to safeguard the interests of developing countries when adopting some domestic or international measures (e.g. in anti-dumping, safeguards, technical barriers to trade); provisions for various means of helping developing countries (e.g. to deal with; commitments on animal and plant health standards, technical standards, and in strengthening their domestic telecommunications sectors) (Understanding the WTO, 2011).

Country's position in, and approach to, the international community

Nigeria's Role in the Region

Nigeria often takes a quite dominant position in the West African region. As the most populous nation in the region and with a GDP, which, in 2007, constituted 55% of the region's aggregate GDP (Shoup, 2007), Nigeria has become a natural leader – a role which both democratically elected politicians and military leaders have embraced since the country gained independence from Britain in 1960 (ibid). Another aspect contributing to Nigeria's regional power is its military; with a defense budget of $2.2 billion and total of 80,000 active soldiers, Nigeria's army is the largest, best funded, and most powerful in the region, and plays a large role in ensuring regional stability (e.g. in civil wars in Liberia and Sierra Leone). For this, Nigeria has received much praise from the rest of the region, and beyond (Adusei, 2013).

Furthermore, Nigeria played a major role in the establishment of the Economic Community of West African States (ECOWAS), and is the only country to have set up a trust fund in the African Development Bank, where poorer countries can borrow money. (Shoup, 2007) In other words, Nigeria is influential in the region both due to the volume of their resources and population, and their actions concerning the neighbouring countries. However, its regional supremacy may be in decline; it ranks quite badly in terms of good governance, where only two West African countries score worse (the Ivory Coast and Guinea Bissau) (Adusei, 2013). Accordingly, Nigeria has been missing in action in the civil war of Mali, because it was incapable of mobilizing either its own or other ECOWAS countries' military assets to lead the assault against Tuareg and Al Qaeda in Mali. Instead, the French proved that they still possess much regional power when it interferes in West Africa (ibid). The case of Mali is just one of many directing attention to Nigeria's deteriorating position, however. Other examples include the 2011 post-election violence in the Ivory Coast (where France also stepped in), unmitigated drugs trafficking, piracy off the coast of Nigeria itself, and a general tendency of the region developing into a haven for terrorism and several other kinds of illegal behaviour (ibid). The Nigerian *"…ostrich approach to these problems has been uncharacteristic of a regional power."* (ibid)

Keeping its issues in mind, it is curious that as late as in 2007 the former minister of finance and foreign affairs, Ngozi Okonjo-Iweala said that *"When there are crises, the countries have looked upon Nigeria to be an arbitrator."* (Shoup, 2007) He added that *"It has always been like that. If you are the older brother, the stronger brother or sister, you have to help those who come after you. It is engrained in our cultural approach."* (ibid)

Nigeria's Global Role

Nigeria's external position is heavily influenced by developments in the international oil market, as the country is both a major exporter of crude oil and an importer of petroleum products. Although Nigeria is the world's eighth-largest exporter of crude oil, it imports 90 per cent of domestically consumed petroleum products (Ebula & Zheng, 2011). In recent years, Nigeria has shown attempts to expand its trading partners.

China has only recently started to play an important role in Nigeria. During the first eleven years of its independence, Nigeria and China had no diplomatic relations. (Wagner and Cafiero, 2013). Between 2000 and 2010 annual Nigerian-Chinese trade increased nine-fold, from $2 billion to $18 billion (ibid). Ten major bilateral agreements concerning commerce, agriculture, tourism, and security were signed during that period. Nigeria imported more goods from China in 2012 than it did from the U.S. and India combined (Nigeria's number two and three import partners, respectively) (Ebula & Zheng, 2011). In 2013 Nigerian President Jonathan signed nine memoranda of understanding with the Chinese government. China agreed to provide Nigeria with a soft loan of $1.1 billion loan in exchange for Nigeria agreeing to increase its daily supply of oil to China ten-fold (from 20,000 barrels per day to 200,000) by 2015 (Wagner and Cafiero, 2013).

However, in spite of the skyrocketing growth of Nigerian-Chinese trade over the past decade, the U.S. remains Nigeria's top trading partner. Nigeria is the United States' largest trading partner in sub-Saharan Africa, mainly due to the high level of petroleum imports from Nigeria (CIA, 2013). The United States is the largest foreign investor in Nigeria, with U.S. foreign direct investment concentrated largely in the petroleum/mining and wholesale trade sectors. The United States and Nigeria have signed a bilateral trade and investment framework agreement (US Department of State, 2013). Because of this, the US has a large vested interest in Nigeria. As recent as 2005 Nigerian issues were seen as such a threat to it's stability and thus threat to US relations that the U.S. National Intelligence Council to identify the "outright collapse of Nigeria" as one of the most significant "downside risks" threatening the stability of all Sub-Saharan Africa…" .(Ghazvinian,2008).

The EU also has vested interests in Nigeria. Political, trade and cooperation relations between the EU and Nigeria are built on the 2000 Cotonou Agreement (ACP-EU Partnership Agreement) (European Union External Action. 2013). In 2009, they signed the "Nigeria-EU Joint Way Forward" political framework, which lay down detailed plans for intensifying dialogue and cooperation (ibid). As a result, the EU and Nigeria now have regular political dialogues that cover a wide range of issues including human rights, security and migration. The most recent Nigeria-EU ministerial meeting took place in Abuja in February 2012 (ibid). The EU is also a huge contributor of economic assistance to Nigeria. Overall EU assistance for Nigeria between 2009 and 2013 is expected to be around €700 million (ibid). Of the €700m, more than €200m will go towards helping people in the Niger Delta in the South of the country, and recently, several development programs have diverted funding to dealing with the increasingly problematic security situation in northern Nigeria. (ibid)

International Role in and with International Organizations

The IMF, the World Bank and the WTO all exercise policy surveillance mandates in this area (Oyejide et al, 2005). Both the World Bank and the IMF have an advisory role with respect to trade and other policy matters in Nigeria. It is in this context that both organizations encouraged the liberalization of Nigeria's policy regimes, and obviously play a huge role in the development of Nigeria, as well as its reputation globally. Furthermore, the UN, through UNDP, also has programs underway in Nigeria.

The World Bank has significant operations with and in Nigeria. There are over 40 financed activities in 744 locations throughout the country. For the current year alone the World Bank (through its auspices IBRD/IDA) has approved around $170 million (US) in lending, 5.2 million in projects and operations for the 2013 fiscal year (International Finance Corporation, 2013). Current projects include those in areas of education, (project ID: P122124 The State Education Program Investment Project), Youth Employment (Project ID: P126964 Youth Employment and Social Support Operation), Health Education, (P130865 Polio Eradication Support) and Agriculture (Project ID: P130012 First Agriculture Sector Development Policy) (ibid). Furthermore, Multilateral Investment Guarantee Agency (MIGA) , and the International Finance Corporation (International Finance Corporation, 2013) the foreign direct investment , and finance development tools of the World Bank Group, both have numerous projects in Nigeria assisting with infrastructure development, telecommunications, bonds education , insurance access, etc. (World Bank, 2013b).

With regards to the WTO, Nigeria has an uneasy relationship, often flouting certain policies/rules. For example, Nigeria's use of import prohibitions as a trade policy instrument has been a source of friction with its trading partners; this practice has also been repeatedly condemned for its inconsistency with GATT and WTO rules (Oyejide et al, 2005). Alternatively, the WTO established a new Reference Centre in Abuja, Nigeria, on 9 October 2012 following an official request by Nigeria's Federal Ministry of Trade and Investment (ibid). This development shows an investment in Nigeria by the WTO. However, amongst member countries, questions have been raised about Nigeria's local content measures. The EU, the U.S., and Australia said they had raised questions about Nigeria's local content measures in oil and gas in the TRIMs Committee but had not received any response (Trade Concerns, 2013).

Nigeria has been a member of OPEC since 1971, and is one of a few African members, and the only sub-Saharan representative. Throughout its membership of OPEC it has held the presidency of the organization four times (OPEC, 2013). Nigeria has not played a specific role in OPEC, such as that of a swing state (Saudi

Arabia), and it is also one of the smaller OPEC members in terms of proven crude reserves, ahead of Qatar, Algeria, Angola, and Ecuador. (Ibid)

The United Nations also has significant participation in Nigeria. Most of Nigeria's participation in the UN is through the UNDP program. The UNDP has been present in Nigeria since its independence in 1960 (UNDP, 2013). Development is around four programme areas: Governance & Human Rights; Poverty Reduction; HIV & AIDS; and Energy & Environment (ibid). Further investment is occurring, in areas such as private sector development, risk management, and economic governance. (ibid)

Industry Position in the International Community

One of the general trends in the global oil and gas industry is that, when located in a developing country, the industry is paramount to the country's economic structure. Hence, it becomes heavily exposed to politics, domestically as well as internationally. In fact, it sometimes comes to be used as a tool in international relations. While the industry is very important to the economic setup of Nigeria, it has not (as the only country among our three case studies) effectively and consistently exploited the sector for such purposes; the state is too fragmented to do so, should it desire it.

While this means that the Nigerian oil and gas industry is less of a subject to the whim of the national government, it also entails that foreign actors have a relatively larger impact on the conduction of business in the industry. Consequently, the industry is heavily exposed to criticism from organizations working to limit the effects that oil and gas exploration may have on the environment, human rights etc. (Human Rights Watch, 2011). In addition to foregoing the opportunity of utilizing its oil and gas reserves for foreign affairs objectives, Nigeria's failed state causes a lack of substance and enforcement of domestic environmental laws, which further amplifies foreign actors' clout in the country; the foreign actors set the rules, not the government.

In the introduction to the analysis we mentioned a sample of three organizations, which are argued to be influential in the international governance of oil and gas. All three case study countries are member of the UNEP, but when looking at the OGP and the IPIECA, which both represent the industry itself, it is worth noting that the NNPC is member of neither. On the other hand, the IOCs that dominate the sector in Nigeria are. In this respect, then, the general picture of Nigeria is confirmed too; the foreign actors, in this case the multinationals, are the ones impacting the conduction of business the most, in Nigeria. The overall trend of dimension four – that the global oil and gas industry's interactions with the international community are permeated by the absence of a supranational entity with sufficient legitimacy to enforce laws – and the effects of that, are considerably amplified in the case of Nigeria; the lack of a strong government which determines practices that all companies operating in the country (domestic and foreign) must adhere to, means that social responsibility, in large measure, is determined by international actors. Therefore, Nigeria is impacted more severely by the aforementioned lack of a powerful, supranational actor – an absence that results in a disproportionally large influence of various IOs and NGOs, as well as the oil and gas corporations themselves.

A Filled out framework table for the case of Nigeria can be found in Appendix A

Saudi Arabia

The oil industry plays a paramount role in the economical and political set up for Saudi Arabia. It has long been a leading global producer of oil and gas. It is an oil based economy, with strong government control over many oil and gas activities. The dominance of NOC Saudi Aramco limits the participation of multinationals, with most of foreign activities limited to downstream oil activities, or natural gas activities, and all operating under joint ventures (BMI, 2013b). The Sharia run absolute monarchy is known as one of the world's most oppressive states, especially in regards to human rights violations. While progress has been made in recent years (prompted by King Abdullah, who has ruled since 2005), Saudi Arabia remains quite conservative (When Kings and Princes grow old, 2010). Regionally the country plays a huge role as it is a founding member and unofficial leader of OPEC (Alkhathlan, 2013). Furthermore, due to its vast spare capacity of oil, it functions as the swing producer of the organization (OPEC, 2013b), providing it with much influence vis-à-vis the global price of oil. Besides these regional ties, it is also an important eastern ally, having close ties with the U.S.A, mostly due to the interest in oil production and the US dependence on it.

Industry Position in the National Community

It is beyond discussion that the oil and gas industry plays a paramount role in the economical and political setup of Saudi Arabia. This is evident in the most recent Business Monitor International (BMI) report on Saudi oil and gas (BMI, 2013b), which states that oil revenues account *"…for around 90% of total Saudi Arabian export earnings, up to 80% of state revenues, and at least 44% of the country's GDP…"* (ibid, pg. 36) Such figures are not novel; Alkhathlan (2013) notes that in the 1970-2009 period oil revenues on average corresponded to 80% of the county's total revenues. Saudi Arabia ranks first in terms of both production and exports of oil (11.5 and 8.68 million barrels per day, respectively). Additionally, Saudi proved oil reserves are at 267.91 billion barrels, second only to Venezuela (297.57 billion barrels). (EIA, 2013) In terms of natural gas, Saudi Arabia is the eighth largest producer in the world at 3,644 billion cubic feet, but since the Saudis practically consume all of it themselves, the country is not a net exporter or importer. The production has been increasing exponentially since the beginning of the 1980s – a tendency that may well continue in the future since Saudi Arabia ranks fourth in proven gas reserves (287.84 trillion cubic feet) (ibid). This is confirmed by BMI forecasts which expect natural gas production to rise from 92.1 billion cubic meters in 2011 to 149.6bcm in 2016. (BMI, 2013b) As for Saudi oil the situation is a little different. BMI forecasts modest yearly increases in production of about 1-1.5%. (ibid) As swing producer of OPEC, Saudi Arabia should not increase its production , if possible; rather it must keep in tight control so as not to influence global oil prices in an undesirable fashion (Alkhathlan, 2013). Relatively extensive increases of production in the last couple of years must, at least in part, be ascribed to the disruption of oil production the Arab Spring has caused in several important exporting states; because of diminished production elsewhere, the Saudis have been forced to increase their own.

Actors Present in the Oil and Gas Industry

While the government-owned giant Saudi Aramco is by far the dominant player in the Saudi oil and gas industry, there are a few well-known MNCs operating there as well; BP Royal Dutch Shell, Chevron, and ExxonMobil. However, this does not mean that a share of the Saudi market is easily accessible. The most recent Business Monitor International report on Saudi oil and gas (BMI, 2013b) accounts for Aramco's dominance in upstream as well as downstream activities thusly: *"Since the nationalization of the Saudi energy industry in 1975, Saudi Aramco has effectively acted as the sole operator, although IOCs are now starting to participate in the development of natural gas reserves. Saudi Aramco is also the main refiner in the country, with around 75% of total capacity and at least 50% of the non-publicly traded shares of all JV refineries. This means that with the exception of the PNZ area* [Partitioned Neutral Zone, where control over the territory is split in half between Saudi Arabia and Kuwait], *IOC involvement in Saudi Arabia is limited to gas production and downstream JVs…"* (ibid, pg. 38) Foreign actors, therefore, are capable of entering the Saudi oil and gas market, but they are kept in a short leash. The upstream activities to oil are off-limits and thus handled entirely by Aramco. MNCs are allowed to enter into joint ventures in downstream oil production, and in terms of gas, but in both cases it must be with Aramco. A recent example shows France's Total, which has agreed to build a US$6 billion refinery with a capacity of 400,000 barrels a day with Aramco. Indeed, the BMI report shows that despite the involvement of the MNCs mentioned, Saudi Aramco has 100% of the total sales in the Saudi oil and gas sector (2013b).

The NOC-IOC Relationship

The Saudi NOC Saudi Aramco has the utmost control over the oil and gas industry, and as previously mentioned, controls the relationships between NOC/IOCs This dominance of Aramco is illustrated in two tables provided by a BMI report. One is concerned with upstream activities and the other with refineries (i.e. downstream). Of sixteen fields listed in the report (ibid, pg. 43-44), fifteen are 100% owned by Saudi Arabia, and one has shared ownership; Chevron 40%, Kuwait Oil Company 30%, and Aramco 30% (this field lies in the 'Partitioned Neutral Zone' where Saudi Arabia and Kuwait both administer 50% of the territory). These sixteen projects include onshore as well as offshore activities and oil as well as gas. The downstream part of Saudi oil is relatively more open to other actors, but Aramco is still the biggest player; JVs have been possible to establish, but Aramco has a share in all seven Saudi refineries, which, by the end of 2011, had a combined capacity for crude distillation of around 2.1mbd: it owns 100% of three, 75% of one, 50% of two, and 37.5% of the last (ibid). So even though the downstream activities are relatively open to foreign companies, not much control has been relinquished. The consequence for IOCs of this rather entangled and interdependent relationship between the Saudi government and Saudi Aramco is that a prerequisite for operating in the Saudi oil and gas industry is to be on good terms with Aramco – if you cannot cooperate with it, there is no place for you in Saudi Arabia. Logic, then, suggests that the Saudi NOC enjoy a very dominant position vis-à-vis IOCs wishing to enter the Saudi market; they cannot start operating without the help of Aramco, but Aramco does not need them.

The Resource Curse

Due to the theoretical debate surrounding the existence of the resource curse a wide range of academic articles looking into the possible Saudi resource curse does not exist. Rather, those arguing for the existence of such a curse will often mention Saudi Arabia, which they perceive as a perfect example of a country struck by the resource curse (Lubin, 2012; Surowiecki, 2001). This perception stems from the fact that its oil reserves play such a major role economically and politically, and from the lacking development e.g. vis-à-vis human rights. The blog from the Levin Institute (2013) points to a resource curse, stating that the economic profile is a manifestation of the resource curse, and, in a similar fashion, lists Venezuela and Nigeria as two other examples of countries that *"…have slipped even deeper into poverty as a result of increased revenues from oil sales."* (The Levin Institute, 2013). Alkhathlan (2013) actually does address the influence of Saudi oil on human development by setting out to test whether it is a blessing or a curse. He finds that the oil revenues are positive for real GDP in both the short and the long run, and uses these finding to argue that the Saudi government should manage oil revenues appropriately in order to achieve sustainable growth. (ibid).

Whether or not there is a resource curse as well can be hard to ascertain, but it may be argued that the immense oil wealth drips down, causing a general feeling of complacency among the population (The Long Day Closes, 2012). In this scenario, the people come to accept limitations to human rights, democracy, human rights, and transparency, simply because they do not feel they are lacking anything. Although not the traditional course of the resource curse, the situation in Saudi Arabia may still mean that the oil wealth has ramifications for social development, which may be slower than it would otherwise have been. Whether this is the case is beyond the scope of this dimension, but it is curious that the Arab Spring did not take hold in a country where women cannot drive and cannot leave the country without permission from their fathers or husbands.

CSR Practices in Saudi Arabia

Because Saudi Aramco plays such a dominant role in the oil and gas industry, the proliferation of MNCS is not wide or expansive. Because of their lack of dominant position in Saudi Arabia, the evaluation of the MNCS CSR strategy is not really possible, or relevant. Instead, the policies of Saudi Aramco will be discussed. Furthermore, as a country Saudi Arabia is still in the relative early stages of CSR implementation this section will predominantly focus more on the human rights aspects of CSR instead of other properties such as environmental issues.

Aramco's main CSR focus is on the charity giving aspect as it aligns with Zakat, one of Islam's five pillars. Zakat stipulates that Muslims give a certain percentage of their wealth in charity (Harvard Kennedy School, 2008). This idea of giving back is generally how CSR is perceived in Saudi Arabia. (ibid). Nevertheless, there have been indications that Aramco is paying attention to a wider area of CSR concerns, including the environment. Aramco is a member of the International Petroleum Industry Environmental Conservation Association, which undertakes initiatives and partnerships that research, protect, and preserve the environment. Saudi Aramco has undertaken such projects including one that sees Saudi Aramco attempting to clean and restore some of the environmental impacts of oil and gas production, including damage to the Arabian Gulf (IPIECA, 2006). Despite this, there is a general understanding that Saudi Aramco does not actually operate under the common known definition of CSR despite using the ISO standard definition for CSR (Saudi Aramco, 2013), which includes the respect for human rights (ISO, 2013). Oftentimes their strict following of the Zakat means they are not going above and beyond the scope of the law which is what many academics consider to be an integral part of CSR (Amaeshi, &Amao, 2009). Furthermore, some of factors of human rights, such as women's equality and the protection of immigrant workers seem to be overlooked from Saudi Aramco operation.

However, growing foreign direct investment from many of the world's leading corporations that are also leaders in CSR may soon have an impact on CSR in Saudi Arabia as these organizations can share international best practices and support local projects. The following companies, for example are internationally recognized leaders in different aspects of CSR, and all have investments in Saudi Arabia: Cisco Systems; Chevron; Shell; Microsoft; the Coca-Cola Company; General Motors; InterContinental Hotels Group; and Pfizer. (Harvard Kennedy School, 2008)

Proximity Criterion for Human Rights Violations

Because most MNCS have limited involvement in the oil and gas industry in Saudi Arabia, it is challenging to deliberate the extent of the proximity criterion in human rights violations in the oil and gas industry. Furthermore, information on actual human rights violations in Saudi Arabia is difficult to find. While

Amnesty International does release a report on violations, it indicates that Saudi Arabia does not allow it into the country for these evaluations. Thus, determining the proximity criterion for human rights violations is challenging. However, the knowledge that these violations are occurring, particularly those involving women's rights, cannot be denied. While determining a direct connection between the government-run Saudi Aramco proves fruitless, an indirect connection can be determined. Although Saudi Aramco as a company attempts to promote CSR, they have publically made no commitments to women's rights, which is possibly the country's biggest violation. This is a cause for concern for MNCs that are in operation in Saudi Arabia, despite only operating under shared agreements, because of the risk it poses to the reputation of these companies.

Another possible link for human rights violations and Aramco involves security of the oil and gas facilities. The Saudi government has been keen to beef up security at its major oil and gas facilities, particularly following the 2006 Abqaiq attack (BMI, 2013). The government has periodically announced arrests of hundreds of militants as well as armed seizures and terror cell disruptions. Saudi Aramco operates its own Industrial Security force, directed from its command and control centre in Dhahran and it is likely similar arrest records exists. (ibid). This is such a concern due to Saudi Arabia's terrible track record of compliance with the Code of Criminal Procedures (Amnesty Report). Furthermore, there is grave concern for those who are detained in regards to punishments and torture (ibid).

The Saudi Government Promotion of CSR and Human Rights Guidelines

Saudi Arabia has signed onto many UN articles pertaining to human rights, including UDHR and the six major international human rights instruments[2]. (Alwasil, 2010). However, the country has explicitly stated that In case of contradiction between any term of the Convention and the norms of Islamic law, the Kingdom is not under obligation to observe the contradictory terms of the Convention. (Ibid). Thus, Saudi Arabia has placed reservations on anything that contradicts with their internal Sharia law, with some critics indicating this makes the UN treaty signing meaningless. (Human Rights Watch, 2008). Therefore, the government is not overly active in promoting CSR and Human Rights Guidelines, especially when it is in contrast to their law, such as issues on migrant workers and women's rights (Amnesty International, 2013). Some progress has been made in recent years, especially in terms of Saudi Arabia's relationship to the UN and other international bodies. For example, for the first time, the Saudi government allowed the visit of

[2] The six are: the International Covenant on Economic, Social and Cultural Rights (CESCR), the International Covenant on Civil and Political Rights (CCPR), the Convention on the Elimination of All Forms of Racial Discrimination (CERD), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) and the Convention on the Rights of the Child (CRC) (Alwasil, 2010).

UN special rapporteurs onto its territory and expressed commitment to engaging in a constructive dialogue with them (Alhargan, 2011). In a more recent turn of events, Saudi Arabia has recently introduced a law to criminalize domestic abuse. While critics indicate that enforcement mechanisms are lacking, some take the news as a small step forward in regards to human rights. (Saudi Arabia: New Law to Criminalize Domestic Abuse, 2013).

The Development of Social Movements in Saudi Arabia

The women to drive movement is a great example of the emergence of social movements in Saudi Arabia. The movement began with one individual attempt to fight back at the law prohibiting women from driving. Wajeha al-Huwaider drove a car in the country and video taped herself doing it, then posted it to the Internet. This sparked a movement of women to do the same, with a planned day of protest in which groups of women would drive throughout Saudi Arabia (Keyes, 2013). This movement shows the progression from emergence to the Coalescence stage, with more strategic focus on the issue at hand. (Christiansen, 2009). This movement has sparked international attention, with various social media support groups, such as one on Facebook (Support#Women2Drive, 2011), and twitter hashtags (#Women2drive) being used to publicize the movement. Many mainstream media outlets have taken up the cause, with the Washington Post publishing an article by Wajeha Al-Huwaider, the movements firestarter (Al-Huwaider, 2009) and with various academics and outlets calling for international support (see Keyes, 2013; Usher, 2013)

Another social movement that has progressed through various stages of the social movement theory is the Saudi Civil and Political Rights Association (ACPRA). The organization aims to promote human rights awareness. The organization participated in the 2011 protests, however its founding leaders, Dr Abdullah bin Hamid bin Ali al-Hamid and Mohammad bin Fahad bin Muflih al-Qahtani, have been charged with threatening state security, inciting disorder and undermining national unity, disobeying and breaking allegiance to the ruler, among others. (Amnesty International,2013). Amnesty International has indicated that their charges are related to their leadership in ACPRA, as well as their involvement in the organization of protests. (ibid). The obvious leadership in this movement, as well as their planned and organized participation in protests would indicate that this group is in the coalescence stage of social movements. It should also be noted that although Arab Spring wreaked havoc on many Middle Eastern and northern African countries, Saudi Arabia was generally unscathed.

IOs/NGOs Intervention into Saudi Arabia Human Rights Violations

Due to Saudi Arabia's terrible human rights reputation globally, many IOs and NGOs have attempted intervention into the notoriously oppressive regime. A recent report by Freedom House listed Saudi Arabia as one of nine countries identified as the world's worst human rights abusers. Several human rights organizations, including Human Rights Watch, have continually criticized the Saudi government's absolute failure to respect the most basic of human rights. (Freedom House, 2013). The World Economic Forum 2011 Global Gender Gap Report ranked Saudi Arabia 131th out of 135 countries for gender parity (Hausmann et al, 2011), and it was the only country to score a zero in the category of political empowerment. The report also noted that Saudi Arabia is one of the few Middle Eastern countries to improve from 2008, with small gains in economic opportunity (ibid). However, it is not an easy country for NGOs to operate in. While Saudi Arabia is more open to its dealings with IOs such as the United Nations and the WTO, when it comes to NGOs it is more hostile. For example, Amnesty International continued to be effectively barred from visiting Saudi Arabia to conduct human rights research. (Amnesty International, 2013)

Localization – Saudi Arabia's International Benchmarking

Millennium Goals

The projection for Saudi Arabia's ability to meet the millennium goals is very dependent on which data is used. Not surprisingly, internal reports indicate that Saudi Arabia is on track to meet most goals (Saudi Arabia Achieves, 2013). While some goals have already been met, and others will likely be met, the outlook for others is unsure, particularly the goal involving women empowerment. (UNDP Saudi Arabia, 2011). A report by independent German think-tank The German Development Institute clearly outlines this, predicting that goals regarding gender equality in employment and environmental protection are highly unlikely to be reached by the 2015 deadline. (Loewe, 2006).

Corruption Perceptions Index

Saudi Arabia has a rank of 66 and a score of 44. While this places Saudi Arabia just off the middle of the scale globally, regionally it places it far behind regional neighbours such as Turkey (49), Oman (47), the United Arab Emirates (68), and Qatar (68) (Transparency International, 2012).

The World Bank "Doing Business Report"

Saudi Arabia's 2013 rank on the Doing Business Report was 22. In a regional comparison, Saudi Arabia has the best ranking, coming ahead of the U.A.E. (26), Oman (47), and Jordan (106). (Doing Business, 2012).

Freedom House

In the 2013 on freedom in the world, Saudi Arabia has the status of "not free", and a ranking of 7 on civil liberties and political rights. This places Saudi Arabia in the lowest possible ranking, in this grouping with only 8 other countries; Eritrea, Equatorial Guinea, North Korea, Somalia, Sudan, Syria, Turkmenistan, and Uzbekistan. According to freedom house regionally, in the 20 countries and territories, and a population of 395 million people, only 2% are free (Freedom house, 2013).

Saudi Arabia's Economy Ranking - World Bank Classification

Saudi Arabia falls under the highest category in the world banks country classification system, as a "High Income, non-OECD country", with a GNI of $12,616 or higher. (World Bank, 2013c). Its 2011 GDP was 576.8 billion (US) (ibid). Saudi Arabia is unique in that it is one of a few faster growing economies in the world that also has a high per capita income, as generally the fastest growing countries tend to be emerging economies (Growers and Shrinkers, 2013). Despite this, or in light of this unique position, Saudi Arabia is facing some challenges pertaining to it's economy, experiencing high unemployment, in part due to it's booming population, coupled with high government spending (Falola & Genova, 2005). Despite this, the country has recently pushed forward many development projects, and has attempted to open up certain parts of its economy to attract more foreign investment. (Falola & Genova, 2005) For example, in 2005 Saudi Arabia acceded to the WTO. It has also attempted to further open itself up to FDI through its own gas initiative, which created more partnerships and memorandums of understanding with various foreign oil companies, and opened up the monopoly that existed in the industry. (BMI, 2013b; Robins, 2004). Its dependence on oil has created some long term problems that need to be addressed internally, and its new openness to foreign direct investment is seen as one attempt to try to diversify it's industry (Robins, 2004). Further to this, Saudi Arabia is in the development stages of six new economic cities, which are planned to be finished by 2020. The cities are distributed around the country in an attempt to distribute and further economic development (Cities in the Sand, 2008).

The Islamic Rule of Saudi Arabia

Saudi Arabia is governed by an absolute monarchy, ruled primarily by the Saud-family today. Islam is the foundation of the state, in the political, educational, ethical and judicial spheres in Saudi Arabia. However, the ruler must follow Sharia and the Quran.(World Bank, 2013c). Some other tribal and customary laws are also integrated into the judicial system but only the laws that are compatible with Shari 'a and the Quran (ibid).

Governance System

Saudi Arabia remains the only Arab Nation where no national elections have ever taken place . No political parties or national elections are permitted. According to The Economist's 2010 Democracy Index, the Saudi government is the seventh most authoritarian regime from among the 167 countries rated (2010). Saudi Arabia has faced mounting criticism for its lack of involvement of women in politics, and in response to this in 2011, Saudi Arabia's King Abdullah announced that women will have the right to stand and vote in future local elections and join the advisory Shura council as full members (Women in Saudi Arabia, 2011).

WTO Special Provisions

No. Saudi Arabia is a relatively new member of the WTO, joining in 2005 (Understanding the WTO, 2011). Because of it's relatively high level of GDP, the WTO would not grant Saudi Arabia the same rights to provisions as Nigeria.

Country Position in the International Community

As hinted at above, Saudi Arabia is no periphery country in international affairs. This will be evident throughout this dimension. The main theme of this dimension, for the case of Saudi Arabia, is that the country's roles – regionally, globally, and in OPEC – are highly interlinked and that they are all intensely embedded in its vast oil production and its unequalled spare capacity of oil.

Regional Role

The Saudi dominance in its region is by no means a new phenomenon. Braude (2005) argues *"The Saudis have exported ideology throughout the Middle East for decades."* (Pg. 14) King Abdullah, who has reigned since 2005, is widely perceived to be the most influential leader of the region. Traditionally, the Saudis have been relatively covert in their exertion of influence in the region, but quite recently a new strategy has been employed. It has moved into the spotlight in the effort of supporting the second revolution of Sunni Egypt, as well as confronting Shiite Iran and the Syrian regime, by openly attempting to control the leadership of the Syrian opposition while also supplying it with heavy weapons (Salman, 2013).

In Lebanon, the Saudis have broken with their traditional secrecy and have openly selected the prime minister designate, with the objective of ousting Hezbollah, which is fighting alongside the Syrian regime, from the Lebanese cabinet. A Hezbollah fighting against the interests of Saudi Arabia might be considered a significant change in the balance of power in the region by the latter, and hence, the Saudis feel obliged to act (ibid).

The main source of Saudi Arabia's clout in the region is its vast oil resources. Its claim for regional leadership is thus 'legitimized', at least partly, by the need that others in the region have for this oil. Some cannot produce enough to sustain themselves, and those that can are still economically dependent upon Saudi Arabia to keep the price of a barrel of oil at a level which allows them a sufficient share of the market as well. Traditionally, another source of its legitimacy has been provided by its relatively puritan application of Islam, which has attracted support from segments in all Arab countries. However, following the Arab

Spring, this may no longer represent a sustainable basis of power. It is too soon to conclude what the ultimate consequences of this democratic wave will be, but if successful, there is the potential for a loss power of influence, simply because democracy is not consistent with such applications of Islam. In any case, the importance of the Puritanism being preached in Saudi mosques for regional politics cannot be neglected. In fact, oil and religion are often considered simultaneously.

Global Role

Saudi Arabia's global role, as should be evident from the two preceding sections, depends significantly on its oil wealth and its leading role in OPEC. As hinted at in the regional section, Saudi oil reserves may play a substantial role in the Saudi avoidance of domestic disruptions in the form of protests for democratic reform and subsequent internal unrest, which have occurred (and continue to occur) almost everywhere else in the North Africa and the Middle East. Globally, therefore, the Saudis' oil may represent an important source of averting foreign interference as the case e.g. in Libya. Therefore, the Saudi government's ability to influence economic as well as political discourse globally, regionally, and even domestically, depends on its oil. It is thus not surprising that one of the kingdom's highest priorities is to maintain the status quo, i.e. a world in which it enjoys genuine international legitimacy and is being heard in international forums.

The bilateral relationship to the U.S. is an interesting one. The way Saudi society is organized obviously does not correspond well with American (and Western) notions of democracy, human rights etc. (see preceding dimension), but the countries have had a quite close relationship nonetheless. Again, oil plays a vital part: in 2002, Saudi Arabia provided 1.7mbd of 10mbh imported into the U.S. This corresponded to the largest share by any one producer-country (ibid). Since then the situation has changed a bit; Canada is now by far the largest source of oil imports and Mexico and Venezuela are challenging the Saudis too (EAI, 2013) But these three naturally do not encounter the same costs and issues pertaining to trade and transport as producers outside of the Americas (Russia's figures, by comparison, are significantly smaller than those of Saudi Arabia's).

It is argued that the Saudi government actively makes an effort to maintain this relationship with the U.S. More specifically, it sells the oil to the U.S. at a lower price than it could get if Saudi Aramco was left to the market forces (which would entail that its export to the States would drop by half). The discount should translate into an annual subsidy to U.S. consumers of $620 million. *In return, the United States deploys military forces in the Persian Gulf…"* (Morse and Richard, 2002, pg. 21)

However, Saudi Arabia is also exploring other international relationships. The exponentially rising economic growth of China inevitably causes a substantial increase in its oil consumption. This has led to a strengthened relationship between Saudi Arabia and China. Indeed, in 2009, China surpassed the U.S. as the main buyer of Saudi oil, a position it is expected to hold. In addition to exporting crude oil, Saudi Arabia has also been exporting its expertise pertaining to refining, and Aramco holds stake in two major refining projects in China (BMI, 2013)

Relationship with OPEC

Saudi Arabia and OPEC may be considered as almost synonyms in international business and politics. Saudi Arabia is one of the five founding members and has assumed a dominant position ever since. Today there are twelve member countries[3] (OPEC, 2013b), and although the organization has spread geographically, the Middle Eastern region still dominates it politically.

It is curious that its leadership is not significantly challenged since Venezuela now has overtaken the Saudis in terms of proven oil reserves and account, in 2011, for just below 24.8% of proven OPEC oil reserves, whereas the Saudi contribution amounts to 22.1% (ibid). Accordingly, the larger amount of oil can no longer constitute the main source of legitimacy of its role. The regional dominance naturally represents such a source, but also Saudi Arabia has built up a huge spare capacity of oil; the government generally seeks to maintain about 1.5-2mbd (million barrels a day) - a strategy that has cause Saudi Arabia to be termed 'swing producer of OPEC' (BMI, 2013b). The same report argues that *"As the world's largest oil producing nation by production capacity, and the unofficial leader of OPEC, Saudi Arabia plays a major role in global energy relations."* (Ibid, pg. 40)

While the Saudi Arabian oil production varies depending on the market and the guidelines provided by OPEC, it does not diminish the fact that *"As a founding member of OPEC and its largest producer, Saudi Arabia has a leading role in guiding the organization to promote cooperation in energy issues, often acting as OPEC's principal moderating force."* (Royal Embassy of Saudi Arabia, 2013).

International Role in IOs

Saudi Arabia began negotiations to join the WTO in 1993, and officially acceded in late 2005 (Understanding the WTO, 2011). Since its accession to the WTO in December 2005, the Kingdom of Saudi Arabia has had a development strategy aimed at, inter alia, diversifying its economy away from crude oil and natural gas (World Bank, 2013c). It should be noted that throughout it's membership Saudi Arabia has not been involved in any dispute under the WTO Dispute Settlement Mechanism directly, but has participated as a third party in six cases. (ibid)

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[3] The members are Iran, Iraq, Kuwait, Venezuela, Algeria, Angola, Ecuador, Libya, Nigeria, Qatar, and the United Arab Emirates

UN Initiatives

Saudi Arabia has taken unprecedented steps towards fuller engagement in the UN human rights system. It became responsive to inquiries by UN human rights mechanisms, including the Special Rapporteurs and Working Groups (Alwasil, 2010). While this is progress, it is extremely limited as the government has a poor track record on responding to UN special procedures communications by the end of 2009, a total of 47 communications were sent to the Saudi government but the Saudi government replied to only 13 communications (as cited in Alhargan, 2011). Furthermore, Saudi Arabia continues to reject recommendations from the UN mainly on the basis that they It has partially rejected 17 recommendations mainly on the basis that they 'do not conform to its existing laws, pledges, commitments or do not refer to existing practices in Saudi Arabia'. (As cited in Alhargan, 2011)

More importantly, during this period Saudi Arabia joined the international human rights legal arrangements. Consequently, Saudi Arabia has become legally subject to the limitations and guidelines set forth in those four treaties, namely the Convention on the Elimination of All Forms of Racial Discrimination (CERD), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) and the Convention on the Rights of the Child (CRC). (Alhargan, 2011)). However, it should be noted that Saudi Arabia remains one of the very few countries in the world not to accept the UN's Universal Declaration of Human Rights. (Alwasil, 2010).

Industry Position in the International Community

In contrast to the case of Nigeria, the vast Saudi natural resource reserves, and the resulting importance of its oil and gas industry for the country's economy, has led the Saudi government to exploit the international political clout which these reserves represent. This occurs both through its dominant position in OPEC as well as in regional relations. Despite of this, however, the Saudi oil and gas industry (i.e. Saudi Aramco) cannot be said to be highly exposed to the forces at play in the international community; not because there are no international actors trying to make their impact on it, but rather because the government – through extensive control – shelters the industry from such attempts. In other words, even though actively utilized in the international political economy, the industry's exposure to politics is in effect dampened. This is doable because the Saudi state is quite powerful domestically, as well as regionally; the fact that the Arab Spring has not spread to Saudi Arabia despite an obvious lack of democratic practices as well as numerous incidences of human rights violations are testament to the state's strength.

The absence of a thorough set of laws concerning e.g. the environment and human rights in Saudi Arabia, then, is due not to the inability to implement and enforce such laws, but rather to the fact that these issues are not prioritized deliberately. Despite the state's desire to retain control of this vital industry (illustrated by the virtually complete domestic dominance of the national energy giant), Saudi Aramco is member of both the OGP and the IPIECA. With the above dimensions in mind, this goes to show that sufficient power does not rest with these organizations; otherwise, it is unlikely that Saudi Arabia would participate. Therefore the absence of a globally legitimate, supranational entity to enforce laws pertaining to the industry under scrutiny, is ideal for Saudi Arabia; it can participate in organizations and reap the reputational benefits associated with such an approach, but due to the strength of the state, as well as the state's relationship to Aramco, it does not suffer from the consequences of a lack of universal laws. In effect, the general issue of missing governance in the global oil and gas industry is dampened in the case of Saudi Arabia.

A filled out framework table for the case of Saudi Arabia can be found in Appendix B

Russia

Russia is an interesting case study country as it has, over time, experienced fluctuating periods of power and depravity. It is a country rich both in oil and gas, in both reserves and production. Throughout the past half century Russia has had a focus on developing its oil and gas industry to a point of dominance in its region, and its large industry has impact extending outside its region, often reaching the EU, while its sometimes friendly relationship with OPEC allows its reach to extend even further throughout the world. However, Russia is a very closed country and many outsiders are unaware what exactly goes on inside the tightly controlled country. Foreign participation, whether in the oil and gas industry or in NGOs and IOs, is discouraged, and often laws are established to limit the presence or interaction of foreign organizations. Reports of human rights violations are rampant, and it appears little is being done to mediate or improve this, which does nothing to improve its rocky relationship with the international community. However, despite its controversial opinions and allegiances, Russia is still a large and significant international player due to its permanent role on the UN Security Council, its recent accession to the WTO, and its participation in the international community.

Industry Position in the National Community

Dominance and Strength of the Oil and Gas Industry in Russia

Russia differs from the two other case studies considered in this paper in that it is one of the world's largest producers and exporters of both oil and gas. Russia has the largest proved reserves of natural gas in the world: 1,680 trillion cubic feet- in 2010 the number was 44,376 billion cubic meters (about 1,500 trillion cubic feet), and accounted for more than 30% of the world total (BMI, 2011). Regarding proven oil reserves there is a bit of uncertainty concerning the real number. In 2010 some suggested the number was 74.2 billion barrels (which corresponded to about 7% of the world total at the time) (ibid). In any case, large parts of Russia remain unexplored, and significant reserves are believed to exist in Russia's share of the Caspian Sea (ibid). Russian production in 2010 of oil amounted to about 11.5% of world total, while it met 22% of the world's aggregate gas demand (ibid). In contrast to the other case studies, Russia has significant refining capacity -third after the US and China with 5,431 thousand barrels per day. That is more than twice the Saudi number and more than ten times the Nigerian number (EIA, 2013b). Much of this capacity stems from Soviet times, but the country's largest players, such as Rosneft, have invested in upgrading their facilities. Russian oil production was forecasted in 2011 to either rise slightly or stay the same each year, and so far that has come true.

Actors Present in the Oil and Gas Industry

In Russia the gas industry and the oil industry are very different entities represented by different actors. The former is massively dominated by the government-owned giant Gazprom, which is effectively a downstream gas monopoly while also accounting for about 84% of upstream production. Furthermore, it holds monopoly power over exports and, in practice, distribution; Gazprom manages the main gas pipelines, but it does not have an official monopoly on the transportation of gas (BMI 2011). The Oil sector, by contrast, is notably more diversified; State-run Rosneft is the largest producer and refiner, but in 2010 the privately owned Surgutneftegaz, Lukoil, and TNK-BP were not far behind. However, in 2013 Rosneft acquired TNK-BP, thus putting distance between itself and the private actors mentioned (Sharples 2012). What should be noticed is that although there are many actors on the Russian oil sector, they are for the most part domestic and IOC direct involvement is quite limited.

After American ConocoPhillips's divestment of a 20% stake in Lukoil, BP, in 2011, was the only foreign company to have a substantial interest in Russian oil through the TNK-BP joint venture. (BMI, 2011) In 2008 new legislation passed indicating, *"…offshore fields in Russia, with the exception of those in the Caspian Sea, can only be developed by companies in which the government owns a stake of 50% or greater".* Legislations added that companies applying to work on the fields must have a five-year record of working on such project, effectively limiting participating to Gazprom and Rosneft." (ibid, pg. 10-11) Despite this, there are a few larger IOCs in operation in Russia, including partnerships with Shell, Exxon, and Statoil. Obviously their roles are quite limited, and all have partnerships with Russian companies. (ibid).

The NOC-IOC Relationship

Past events suggest that the Kremlin indeed has been seeking to tighten control of the oil and gas industry. During the presidency of Boris Yeltsin in the 1990s Russia was welcoming foreign investment in its upstream activities. Accordingly, ExxonMobil, Total, Statoil, and Royal Dutch Shell all signed production sharing contracts with the government; *"The oil-price boom of the mid-2000s led to a substantial change of regulatory direction, however, as the state, under then-President* [now President again] *Putin, began to exert itself vigorously in this 'strategic' sector."* (ibid, pg. 69) This had important consequences for the IOCs.

After a dispute of long duration concerning allegations of environmental malfeasance, Royal Dutch Shell was forced to relinquish operatorship of the Sakhalin-II project to Gazprom (ibid).

Gazprom plays a role in Russia, which is neither identical nor completely dissimilar to Aramco's in Saudi Arabia: Gazprom is much more free (although being owned 91% by the state) in its operations, but it still does have a quite close relationship with the Kremlin: it is pivotal to the so-called state-capitalism economy, which has functioned as the foundation of President Putin's political power since he took office for his first term.

Resource Curse

Determining how developed the resource curse is in the case of Russia has been difficult for us to establish. As the reader may have noticed in the above account of the Russian oil and gas sector, some figures were missing compared to the other cases. These pertain to the oil and gas industry's size relative to the Russian economy (e.g. percentage of total revenues or GDP). These figures are virtually impossible to find, illustrated by the fact that the aforementioned Business Monitor International report does not include them, whereas it does so for the other countries analyzed in this paper. There is no doubt that the Russian economy depends significantly on its oil and gas industry, or that there are substantial issues pertaining to democracy, rule of law, human rights and social development issues in general. However, due to the covert nature of many Russian affairs, we cannot account precisely for the oil and gas industry's share of the Russian economy. Accordingly, it would too bold of us to purport that we are in a position to make claims concerning the existence of a resource curse in Russia.

CSR Practices in Russia

There are a myriad of companies involved in both the upstream and downstream oil and gas operations throughout Russia. While many of these companies are state run, there is also a small presence of large oil and gas multinationals. An overview of the CSR strategies for all of these organizations would be lengthy, and thus, a few will be discussed below.

Exxon and Shell, who have both announced recent agreements with Roseneft and Gazprom, respectively, are two more large multinationals that are present in Russia. Shell's Russian CSR strategies focus on sustainable development and the environment, primarily. The sustainable development section of their CSR strategies outlines how Shell attempts to manage the impact of their operations on both the environment and society through occupational safety, industrial safety, and environmental and social responsibility. Their environmental CSR strategies correspond to increased efficiency in operations and the monitoring of the impact of their operations on the environment. Furthermore, Shell indicates that their principles of doing business include a commitment to respect the human rights of employees and support fundamental human rights, along with the legitimate role of our business (Shell Russia, 2013)

Exxon Neftegas Ltd (the Exxon subsidiary in operation in Russia) has CSR strategies that reflect a commitment to the environment. As indicated on their website their environmental policy reflects a "policy to support research to improve understanding of the Sakhalin-1 Project's impact on the environment, to improve methods of environmental protection, and to enhance our capability to make our operations compatible with the environment."(Exxon Neftegas Ltd, 2013) Their website also indicates a commitment to the community and society, but has no mention of human rights.

Lastly, the strategies of Gazprom should be overviewed. The focus for Gazprom seems to be put largely on community development, and giving back in terms of culture. While the company website also shows a commitment to the environment, the focus is targeted on their many social projects such as concerts, the erection of monuments, the building of sports centres, hockey tournaments, etc. (Gazprom, 2013). Their CSR efforts entirely include contributions to the community through various social projects contributing to culture, science and education development and promulgation of a healthy lifestyle (ibid).

Proximity Criterion for Human Rights Violations

The valuation of the proximity criterion for human rights violations in Russia is a slight challenge due to the lack of transparency that exists when connecting government agents (such as state owned oil and gas companies) to these events. The fact that the events are occurring is not in doubt, as there are many incidences of bribing, corruption, interference, and overall wrongs by the judicial system. (Transneft Suspected, 2013). For example, 34-year-old Moscow lawyer Alexey Navalny has uncovered and published incidents of high-level corporate corruption, with revelations concerning leading Gazprom, Rosneft and Russian bank VTP, among others (ibid). This would establish a direct connection between the companies and the violations, however verifying the reports have not been possible. (Russia's 'one-man', 2010).

Another example comes from 2010 when there were huge reports of grand corruption by blogger Alex Bulk, who accused Transneft of large scale corruption.

(Russia:Corruption isn't only a threat, 2011). Again, this would establish a direct connection to the rights violations. There are also incidences of human rights violations by the judicial system such as the case of

Sergei Magnitsky, the lawyer employed by a western investment fund, who exposed corruption and then found himself thrown in prison by the very people he had accused, and who then died in prison.(Melik, 2012).

The State's Role in CSR

As a state, Russia is not active in encouraging the promotion of CSR and Human Rights. There are numerous incidences of violations of the most basic of human rights including freedom of assembly, freedom of association, freedom of expression, etc (Amnesty, 2013.) Recent examples of the state undermining these basic rights include the introduction of new laws restricting the rights to freedom of expression, assembly and association. (Amnesty International, 2013). Recent developments on the violations of the rights of the LGBT community have caused significant concern globally. In late 2012 legislation banning "homosexual propaganda" was in force in nine Russian provinces. The "propaganda" bans could be applied for such things as displaying a rainbow flag or a gay-friendly logo. In May, prominent Russian LGBT rights activist Nikolai Alekseev became the first person to be fined under the new St. Petersburg law after he picketed city hall with a poster declaring, "Homosexuality is not a perversion." (Human Rights Watch, 2013). Furthermore, there have been laws introduced that attempt to limit the reach and abilities of NGO, which will be discussed more below.

IOs/NGOs Interventions

The ability of NGOs /IOs to intervene in Russia has been made much more difficult in recent years. The aforementioned "foreign agent "legislation on NGOs has introduced vast hurdles and legal obligations for NGOS to register with the authorities. If they receive foreign funding (as most NGOs do) and engaged in "political activities" then they would have to register as "organizations performing the functions of foreign agents" (language evocative of espionage) (Russia: Another independent organization, 2013). Failure to comply with these provisions could lead to heavy fines, and imprisonment for NGO leaders (Russia NGO questions 'Foreign Agents', 2013). This new legislation has resulted in the closure of 20 NGOs in one city alone, as indicated by a senior Federal Security Service official. (Human Rights Watch, 2013) Furthermore, Russian authorities have carried out inspections of hundreds of NGOs under the law, targeting groups involved in issues including environmental advocacy, surveying public opinion and countering discrimination against homosexuals. The U.S.-based Human Rights Watch says groups involved in wildlife preservation and helping people with cystic fibrosis had received warnings under the law, although these were later revoked. (ibid) Several groups, including Russian branches of Amnesty International, Human

Rights Watch and Transparency International, filed complaints saying that the prosecutors' actions were illegal. The court hearings into these complaints have yet to be concluded. More incidences of these violations have occurred. (Human Rights Watch, 2013).

IOs that have attempted to intervene in the myriad of human rights and CSR issues in Russia include the European Court of Human Rights who in 2010, had firmly rejected the Russian government's argument that there is no general consensus on issues relating to the treatment of "sexual minorities." In spite of the court's ruling, Moscow city authorities in both 2011 and 2012 banned the Gay Pride event. As a result of this NGOs have filed complaints against Russia through various forums, or have issued reports calling for reform (Human Rights Watch, 2013c) . Other examples of various institutions and their attempts to use various channels to condemn these acts include: the Organization for Security and Co-operation in Europe (OSCE); the Council of Europe's Parliamentary Assembly (PACE); (Human Rights Watch, 2013c); The UN commissioner for human rights; and Council of Europe's (CoE) secretary general (ibid). Furthermore, states such as the UN, US, and EU have publically criticized the "foreign agents" law (ibid)

Social Movements in Russia

The Social movements in Russia seem to hit the global community quite quickly, as is the case of the Pussy Riots and the recent LGBT movement. However, the spread of the information does not take away from the lack of coordination and higher levels involved in the movements, and thus, both can be deemed to be in the Coalescence stage. These movements both are overt, epidemic, and exoteric and the discontent is no longer uncoordinated and individual; it tends to become focalized and collective (Christiansen, 2009). An example of this focalized discontent can be seen on change.org. The website is a tool used by various NGOs including Amnesty International, to elicit support for campaigns and petitions for social change. A recent campaign is targeted at Coca-Cola to urge 2014 winter Olympic sponsors to stand against the LGBT crackdowns that are occurring in Russia. (Howell, 2013). While the collective coordinated support can be easily seen, the movements have not reached the level in which they are formally staffed or are actual organizations, thus preventing them thus far from developing into the Bureaucratization stage. The global commitment to these trends shows the way in which support has been galvanized globally- some incidences of this global commitment include support centered around the LGBT propaganda legislation. The global community is so angered that there have been calls to ban or boycott Russia's 2014 winter Olympics, including calls from some very prominent figures (Porter, 2013). Another example of global responses to a movement is the 2011 Pussy Riots whose three group members were arrested on charges of hooliganism inspired by religious hatred. Reactions have been mixed—some Western music artists have criticized the Russian court system and called for their release; many Russians are outraged by the group's overt feminism and disregard for religion. (Human Rights Watch, 2013). There has even been a North American documentary made about the Pussy Riots (The Price of Ideology, 2013), despite this, the movement remains in coalescence stage due to a lack of legitimate and formal leadership and institutionalization of the movement. (Christiansen, 2009).

Localization – Saudi Arabia's International Benchmarking

Millennium Development Goals

Trends in MDG achievement in Russia are mixed. There are clear positive trends: poverty is reduced, education is more accessible, child and maternal mortality rates have shrunk, and Russia's position as an international donor has strengthened. (UNDP, 2010). However, many issues still require serious attention, particularly the spread of HIV/AIDS, lack of committed gender policy, damage to the environment, and significant interregional disparities in human development. It is expected that Russia should meet the goal of reducing child mortality and having better maternal care, however, it is indicated that Russia's inability to carry out unbiased testing greatly impacts its ability to meet MDG 6, combating HIV/AIDS and other infectious diseases. The MDG on education is also likely to be met, as is the goal on the eradication of extreme hunger and poverty, however the goals on environment and gender parity are unlikely to be met by the 2015 goals. (UNDP, 2010).

Corruption Perceptions Index

Russia has a rank of 133 and a score of 28 in the 2013 CPI. This puts Russia in the third most corrupt bracket, the same bracket as Saudi Arabia. Regionally, Russia has one of the worst reputations, While Ukraine fares worse, with an overall rank of 144, and it has a score of 26. Belarus is ranked at 123 with a score of 31. However, Georgia, 51, 52, Latvia, 54, 49, and Estonia, 32, 64, all fare much better. (Transparency International, 2013)

The World Bank's "Doing Business" Report

Russia has a current rank of 112, an improvement from 118 in the 2012 ranking. Regionally, Russia has a terrible rating, with only Bosnia and Herzegovina (126) Ukraine (137), Tajikistan (141) and Uzbekistan (154) scoring higher (and thus, worse) on the scale. Georgia has the best regional ranking, at 9, Latvia and Lithuania at 25 and 27 respectively, and Belarus and Bulgaria at 58 and 66. (World Bank, 2012)

Freedom House

In the 2013 Freedom in the World Report, Russia has the status of not free. Its freedom rating is 5.5 and it has a score of 5 on civil liberties and 6 on political rights. Regionally , Central/eastern Europe has a total of 33 countries and territories, 408 million people, of which 28% are free. It is also important to note that freedom house gave Russia a downward trend arrow due to the imposition of harsh penalties on protesters participating in unsanctioned rallies and new rules requiring civil society organizations with foreign funding to register as “foreign agents.” (Freedom House, 2013).

World Bank Classification

Russia is classified as high income, non-OECD country under the World Bank classification system. The country has seen significant growth throughout the 2000s (excepting the recession which saw a dip in GNI between 2008-2009). High oil prices buoyed Russian growth in 2011-12 and helped Russia reduce the budget deficit inherited from 2008-09 (World Bank in Russia, 2012). It is ranked as the 8th largest economy by nominal GDP, and the 6th largest by purchasing power. Russia has extensive natural resources, with oil, natural gas, metals and timber accounting for more than 80% of exports (ibid). However, Russia's reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the volatile swings in global prices (CIA, 2013). Russia has reduced unemployment to a record low and has lowered inflation below double-digit rates. Its recent accession to the World Trade Organization (2012) is a sign of the attempt to further economic ties and increase foreign direct investment, however it still faces challenges in a shrinking workforce, rampant corruption, and underinvestment in infrastructure (CIA, 2013).

Rule of Law

Since its adoption in 1993, the Russian Constitution is the supreme law of the country. There is a lack of agreement as to whether Russia’s legal system can be considered a civil law (see William Partlett, 2010) , however, most scholars do classify it in those terms. However, globally the need for judicial reform is widely acknowledged (Amnesty International, 2013). Despite this, no effective steps have been taken towards ensuring the independence of the judiciary. Reports of unfair trials are numerous and

Widespread (Amnesty International,2013). A range of court decisions, including those concerning extremism and economic and drug-related crimes, were affected by political considerations, and a growing number of convictions appeared politically motivated, including those of the Pussy Riot members (ibid).

Governance System

Russia is a federation with a president as the head of state and the prime minister as the head of government. While the 1993 constitution declared Russia a democracy, many critics do not consider it an electoral democracy (Freedom House, 2013; Amnesty International 2013; Human Rights Watch, 2013) . Many believe the 2012 presidential election was skewed in favour of prime minister and former president Vladimir Putin, who benefited from preferential media treatment, numerous abuses of incumbency, and procedural irregularities during the vote count, among other advantages (Freedom House, 2013). The deeply flawed 2011 Duma elections were marked by a "convergence of the state and the governing party, limited political competition and a lack of fairness," according to the Organization for Security and Cooperation in Europe, but many voters used them to express a protest against the status quo. The recent return of Putin has seen greater restrictions on public assemblies, nongovernmental organizations, and the Internet, seeking to squelch the escalating protest movement that had arisen in response to fraudulent elections. Vaguely defined amendments to the law on treason potentially criminalized a variety of activities, including ordinary interactions with foreigners. The authorities also launched anticorruption investigations during the year, exposing high levels of fraud in state spending, but as with past anticorruption drives, actual arrests were limited to lower-level officials rather than members of the elite. (Freedom House, 2013)

WTO Special Provisions

Russia voted to ratify its entry to the World Trade Organization in 2012. This makes it the final BRIC to join the organization, however, as a high performing economy Russia receives no provisions similar to those of Nigeria. Furthermore, because of the lengthy duration of many of Russia's negotiations, most WTO obligations were in effect on Russia's date of ascension; however, it is allowed the normal transition periods as a new member. (A Chance to get down to business, 2012).

Country Position in the International Community

Regional Role

Russia plays a substantial role regionally, in both the CIS (Commonwealth of Independent States) and Eastern European countries, and this impacts the oil and gas industry in Russia, and regionally. Pirani writes that *"Russia's role as absolute leader in the institutional changes in the gas sector on post-Soviet territory is significant. Some countries' gas sectors developed radical reform plans, with the aid of foreign specialists, but their implementation was hindered by those countries' internal problems and by the system of relations created by Russia."* (2009, pg. 21)

In the aftermath of the conflict and subsequent Russian intervention in Georgia in 2008, then President Medvedev stated that there are regions in which Russia has 'privileged interest', referring to areas with significant Russian minorities, whose life and dignity Russia would defend (Chaffin, 2013). Thus, the gas and oil industry represents the Kremlin's most significant tool in terms of its ambitions or fears in its region. As is the case in Saudi Arabia, much of Russia's regional clout stems from the fact that many of its neighbours depend on Russian energy resources. In the Baltic States, for instance, Russia's energy sector significantly contributes to its ability to exert influence, because these states remain highly dependent upon Russian gas due both to a lack of domestic resources as well as the infrastructure of pipelines, electricity etc. from the Soviet era (Grigas, 2012).

Ukraine and Belarus, too, depend on Russian energy resources, and is in the same manner subject to Russian agendas. However, these two countries differ markedly from the Baltic States in that they are so-called gas-transit countries, i.e. Gazprom's gas pipelines go through these countries two other markets in addition to serving Ukrainian and Belarusian demand. These other markets, naturally, are members of the EU. Negotiation of gas prices (or other kinds of interaction between Russia and these states) becomes more complicated than is the case in other states; it provides these transit countries with leverage that others do not enjoy. Therefore, conflicts can potentially get more severe here. Two events in Ukraine in recent years are worth mentioning: the gas cut of 2009 and the deal involving a Russian naval base at Sebastopol. The former was a result of disagreements pertaining to pricing, payment and transit. This naturally also impacted European flows since the Ukrainian pipelines represented a large part of the gas infrastructure transporting gas from Russia to the EU. That this took place in January where need for heating is perhaps at its yearly maximum, made the event all the more controversial (BMI, 2011). The latter example involved a deal in which Russia maintained a naval base in Sebastopol (a city on the coast of the Black Sea) until 2042 instead of 2017. In return Ukraine got a 30% discount on gas (A normal day's debate in Kiev, 2010). Both of these cases suggest that Russia does indeed exploit particularly its gas reserves to reach its objectives.

Global Role

As is the case regionally, Russia's global role may also be perceived as having been diminished since the collapse of the Soviet Union. However, it remains an important actor all the same. Its vast energy reserves, and its geographic proximity to the EU, mean that it is by far the largest exporter to the union. In terms of extra-EU energy imports Russia's 2012 contribution was 31.38% of crude oil imports (European Commission, 2013) and 31.9% of natural gas imports (ibid).

That the EU is that dependent on Russian gas represents a large part of the reason for its continued international importance. However, this relationship is one of mutual dependence; Russia relies on European demand, both in terms of its economy and its global political clout. In relation to this, the recent boom in American shale gas constitutes a substantial threat to the Russian position. The shale gas discovery has resulted in a lowering of global prices of gas, which has enabled the EU to question Gazprom's pricing for the first time (Allic, 2012). American self-sufficiency in natural gas means that other exporters of LNG (liquefied natural gas) approach European markets, especially Western ones. This represents a significant challenge to the Russian supremacy in this market. Consequently, Gazprom has lowered its prices in Western Europe, but keeps its stranglehold on Eastern Europe, which is not a major target of this new supply (ibid). Gazprom differentiated prices within the EU has led the Commission to accuse Gazprom of abusing its monopoly position in Eastern Europe to demand unfair prices for gas. This is significant since many of these countries still rely almost entirely on the Russian supply (Gullo, 2012). This Russian strategy interferes with one of the fundamental notions of the EU, namely the single market, and is thus highly undesirable from the EU's perspective.

Russia and OPEC

Russia is the only case study in this project that is not member of OPEC. However, this does not mean that the two do not interact. As accounted for in the Saudi Arabia case study, OPEC's overall objective is to keep global oil prices at a stable level. This is done by regulating its oil production. Due to Russia's vast energy resources and a top position in terms of production as well as export of natural resources, it is in a position to severely disturb OPEC's plans. Therefore, OPEC seeks cooperation between the two. Russia takes part of such cooperation, but it does not necessarily share OPEC's and Saudi Arabia's agenda. So despite pledging closer ties with OPEC, Russia is unlikely to blindly and trustingly follow production cuts to support prices (Faucon, 2012). The Wall Street Journal quotes Igor Sechin (CEO of Rosneft) for having stated: *"For us to join in production cuts, OPEC would have to offer us something very attractive that would compensate all* *the risks. I haven't seen any such offers"* (ibid). Hence, Russia's role vis-à-vis OPEC is that of a competitor, which may sometimes cooperate if it is in its own interest.

Role in IOs

Russia is member of a vast range of international organization including the OSCE, the other major UN organization, G-20, G-8, the IMF, and as of 2012 the WTO (World Bank in Russia, 2012) . Despite the Russian membership of such organizations and many more, there still is a sense of uncertainty surrounding Russian agendas as well as the depth of its commitment to these organizations and the values they represent. Its role in some IOs will be discussed below.

WTO

Its accession to the WTO was the result of complicated negotiations lasting eighteen years, an event which the World Bank estimates will have significantly positive implications for Russia (World Bank, 2012). While many hoped the admission of Russia to the IO would provide more stable and consistent relations worldwide, the past year has been quite rocky with incidences of Russia taking advantage of various exemptions and transition periods. For many domestic industries, it has sought various measures to protect its own economic interests. But for many of its trading partners, those moves are a sore point and a source of growing conflict. (Chaffin, 2013) Complaints have already been filed against Russia by both the EU and Japan, with the US echoing similar concerns regarding the levy of taxes on car imports (this is the fastest violation accusation in WTO history). Another issue remains with intellectual property rights, As part of its accession process, Moscow has amended and drafted new laws that coordinate intellectual property rights protection with the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). That said, media piracy and the counterfeiting of patented and copyright protected goods remains a major issue and the judiciary has yet to vigorously crack down on intellectual property violations. (BMI, 2011). Although a wave of part-privatization is promised, critics are worried the government has been going in the opposite direction (ibid).

UN

Russia succeeded the Soviet Union's seat, including its permanent membership on the Security Council in the United Nations after the dissolution of the Soviet Union in 1991. Being a permanent member of the UN Security Council naturally represents immense diplomatic power, and contrasts Russia's global role in comparison to the other case studies in this project. Nikitin (2012) provides a long list of draft resolutions that have not been adopted as a result of negative voting by Russia alone or by Russia and other permanent members. Many date back to the Cold War era, but recently, Russia has played a heavily criticized role in regards to the ongoing Syrian crisis, throughout which Russia has vetoed a call to intervene in Syria, and as recently as August of this year has re-committed itself to supporting Syria if any intervention occurs. This puts Russia distinctly at odds with other Security Council members. (Gutterman, 2013).

In other UN matters, Russia has recently been heavily criticized in regards to its previously mentioned human rights violations. The human rights office of the United Nations has spoken out to condemn Russia's homosexual propaganda law, and has urged for Russia, as well as Moldova, to repeal such laws. (McCormick, 2013). Human Rights advisor Claude Cahn, from the Office of the High Commissioner for Human Rights, condemned the laws, adding that the laws "…help create a climate of fear for anyone working on advancing the rights of lesbian, gay, bisexual and transgender people," (ibid). While In November, the UN Committee Against Torture (CAT) reviewed Russia's periodic report and noted persistent problems with torture and inhuman and degrading treatment by law enforcement officials. (Human rights watch, 2013).

World Bank

Despite its high economic ranking, the World Bank does have a few projects in Russia. The objectives of the Microfinance Development Project for Russia are to: (i) develop a proper legal, regulatory, and supervisory framework to enable safe and sound growth of the microfinance and credit cooperative sectors; and (ii) develop the industry's capacity to meet sectorial regulations and institutional standards (World Bank ,2013)

Industry Position in the International Community – Russia

As was shown to be the case in Saudi Arabia, Russia also utilizes its vast energy reserves to improve its position in international relations. Because of the covert nature of many Russian affairs, it is not straightforward to assess how exposed its oil and gas is to international politics. As accounted for above it is difficult to say with absolute certainty just how close the relationship between Gazprom and the Kremlin is. We know that Gazprom is state-owned, but what that exactly entails in practice is subject to considerable doubt. However, it is indisputable that Russia – like Nigeria and Saudi Arabia – lacks both substance and enforcement of laws pertaining to the environment, human rights etc. As recent events (lack of gay rights and a law marking NGOs as 'foreign agents) show, the insignificance of such laws cannot be attributed a lack of ability (as was the case in Nigeria), on the part of the Russian government to intervene. Instead, it must be a result of low priority as in Saudi Arabia. This would suggest that the Russian state is strong, but due to the aforementioned covert nature of many things in Russia, it is very difficult to assess adequately if it as strong as its Saudi counterpart.

In this regard, it is curious to note that neither Gazprom nor Rosneft are members of OGP and IPIECA. The reason for this is subject to perception, but it could be that the Russian government is afraid that membership in such organizations would lead to an incremental separation of the oil and gas industry and the state, making it uncomfortable with such participation. This could be interpreted to signify that the state and its relationship to the industry are not as strong as seems to be the case. As accounted for in the introduction to the analysis, these organizations are not immensely powerful, so membership need not represent an extensive threat; that at least must be the perception in Riyadh. In any event, the condition for the global industry of lacking a legitimate power at the supranational level is dampened in Russia, just like it was the case in Saudi Arabia. However, as opposed to the Saudis, the Russians state seem to do this out of fear that it may lose grip of the industry, if the corporations are permitted to participate in international organizations of the kind considered here.

A filled out framework table for the case of Russia can be found in Appendix C

Conclusion of Analysis

This chapter will essentially be a comparative summary of the main points of analysis in the above case studies. In practice, we will turn the structure of the above analysis upside down; instead of summarizing one case study at a time, we are going to consider one dimension at a time and then include points from all three countries. This chapter thus provides the main takeaways from the above case studies, which are important to consider when analyzing and discussing the governance structure of the GPN in the oil and gas industry. In other words, the key points summarized in this sub-conclusion represent the basis upon which the discussion in the next chapter will rest. The point of this chapter is not to elaborate on the above analysis or to provide additional implications of the findings for the conduction of business in the global oil and gas industry – since that will involve some speculation and opinions it will be covered in the discussion.

One of the overarching themes of this thesis is an emphasis of the disproportional importance of the national level – i.e. of different contexts – for the governance structures of this global industry. Accordingly, the case study setups become paramount. Therefore, we will briefly reiterate the overarching takeaways, in terms of setup, from the three case studies considered. Nigeria is dominated by a severely fragmented state which consequently is quite incapable of providing its citizens with political and economic stability. Accordingly, it is also unable to maintain control of its oil and gas sector. That Nigeria is a relatively new large-scale oil producer does not exactly improve the situation; the state lacks power as well as experience. Therefore, foreign corporations enjoy a more dominant position, especially compared to the other two case studies where IOCs' share of the markets is very limited, if not virtually non-existent (see Table 3, Appendix A). Nigeria's failed state *ceteris paribus* causes influences from the international community (both on the country itself and on its oil and gas industry) to be amplified.

Saudi Arabia, by contrast, has a very strong state with a tight grip on the oil and gas industry as well as society at large. This means that the industry (virtually all of which is state-owned) (refer to Table 4, Appendix B) is cushioned from the critique and influences of all other actors (domestic and international) than the state. Another consequence of the state's supremacy is that it is very oppressive, especially in terms of women's rights and democracy (refer to Table 4 Appendix B).

Russia may be similar to Saudi Arabia in many respects – the state controls the vast majority of the oil and gas industry and uses it as a political and economic tool, there are severe violations of basic human rights, and there seems to be little governmental desire to change thing. But Russia differs significantly in a couple of important aspects; it used to be a superpower, and still retains some of the privileges associated with that role (most remarkably, its permanent membership of the UN Security Council). Another aspect of

Russia, which can be argued to be a legacy of its prominent past, is the fact that everything is very covert, i.e. everybody has a general notion of what is going on in the Kremlin, but nobody knows for certain. This is also true for the state's relationship with oil and gas producing corporations.

Industry's Role at the National Level

The overarching observation pertaining to this aspect, of the governance of the oil and gas industry, is that said industry is economically dominant in all three countries considered. In Nigeria oil and gas accounted for no less than 95% of export earnings in 2011, and although the country already ranks sixth in the production of oil and eighth in the export of it, Nigerian energy production is still on the rise. In Saudi Arabia, the OPEC leader, the situation is not very different; oil and gas accounts for 90% of export earnings and 80% of total revenues. Due to the vast reserves of especially oil in Saudi Arabia, the country ranks first in the world in both production and export of oil. The general picture over the last few years is one of growth in the industry, but the reader should keep in mind that for Saudi Arabia this is not a very relevant figure to look at. Due to its role as swing producer of OPEC, the volume of its output is not determined by capability as much as by political and economical considerations. Therefore, the trend may change at any time. The Russian setup, as hinted at above, is more complicated to adequately account for. We have not been able to find the same kinds of figures (e.g. percentage of export earnings or total revenues), but we can still say with certainty that the industry is very important economically and politically. What sets Russia apart from the other two case studies is that it is among the world's largest producers of oil as well as gas, not just one of them. The country holds an impressive 30% of the world's proven gas reserves, so it will remain a central energy player for years to come.

The extent to which a resource curse is identifiable in Nigeria, Saudi Arabia, and Russia is ultimately subject to interpretation and perception, but both the cause and the effect traditionally making up the resource curse - extensive reliance on natural resources for economic growth and lack of social development, respectively – are present in all three countries.

Another main point of analysis in this dimension is the nature of the presence of MNCs (or IOCs in this sector) and their relationship with the NOC. Here, some dissimilarity was identified, especially between Nigeria and the two other countries. Whereas the very powerful Saudi state continuously ensures that the oil industry is highly dominated by Saudi Aramco (the NOC), and the Kremlin in Russia does something similar (although, due to its covert nature, it is hard to establish nature and volume of this role) (Appendices B and C), the failed state of Nigeria is not capable of such action. Therefore, the IOCs play a much larger role in the Nigerian oil and gas industry than is the case in either of the two other countries. All of the large multinationals like Chevron, Royal Dutch Shell and ExxonMobil are present in the countries (refer to Appendices A-C), but the scale of their operations is much smaller in Russia and Saudi Arabia, where national champions are supreme, making joint ventures with these NOCs the only means of obtaining a market share. The MNCs in Nigeria are not as such allowed to work independently either, but 95% of the country's oil production occurs through joint ventures with the NNPC (the Nigerian NOC). In Russia and Saudi Arabia, the NOCs independently account for much larger shares of the market.

CSR Practices

The topic of CSR practices within the countries addressed represents a specific aspect of the industry's position at the national levels, while also relating it to the international and supranational levels, where CSR is discussed most intensely. Furthermore, as was shown in dimension 1B, this topic also exemplifies the role of social movements in the governance of the industry under scrutiny; CSR is one of the best examples, in all businesses really, of governance taking place at several levels, and between a myriad of actors. In all three case studies, there is an identifiable lack of CSR laws and enforcement. Due to the fragmented Nigerian state, CSR there is basically a result of the MNCs own initiatives. We mentioned both Shell and Chevron, and that they have official CSR practices. On the other hand, both have also been accused of not keeping to them in Nigeria. However, because of the general lack of enforcement, that does not necessarily have concrete consequences for the corporations. As outlined above, MNCs are not very dominating in Saudi Arabia, and hence, it did not make sense to analyze their CSR practices there. Instead, we looked into Saudi Aramco. The country (and thus also the national giant) is at an early stage of CSR, so we chose to focus on human rights. Aramco does participate in some associations in this regard, but it does not seem as though the corporation cares that much about these topics anyway. Due to its inseparable relation to the state, this is not surprising. Russia is more open to MNCs and the likes of Shell, and Exxon all have sound CSR practices (refer to table 5); whereas the two former focus mostly on the environment (it could be risky to challenge the Russian authorities too much regarding human rights), Statoil employs a broader CSR code, which also focuses on social development. Gazprom states that community development is an important priority for the corporation, but that does not entail more than the Kremlin determines to be necessary.

Due to the aforementioned failed state of Nigeria, IOs and NGOs, generally speaking has a relatively large impact upon Nigerian affairs and are highly involved also in matters pertaining to CSR. This is not the case in either Russia or Saudi Arabia, where such organizations are often met with carelessness or outright hostility. Due to the terrible reputation of the oppressive Saudi state abroad, the country is under heavy international critique from countries as well as organizations, but it seems to be bouncing off, and especially NGOs encounter hostility. The same is true in Russia where a recent law puts NGOs under severe pressure, forcing them to denounce themselves as 'foreign agents' if they receive foreign funding. Russia is highly criticized for lacking will and/or desire to improve human rights. Particularly, the Pussy Riots, and the "anti-gay" laws have been met with severe international condemnation. Generally speaking, however, Russia (like Saudi Arabia) does not seem to alter its policies in these matters based on the international community.

In sum, the two main aspects considered in terms of the industry's position in the national setting, introduce the notion that the governance structure of the oil and gas GPN is pervaded by power struggles between various kinds of actors, who interact at multiple levels. Furthermore, they illuminate the importance of the particular national context in question; location is an important factor in determining the relative influences of different kinds of actors, and also regarding where governance takes place. Accordingly, the next section offers data of paramount importance.

Location-Specific Conditions

In addressing location-specific conditions, we considered a range of classifications and rankings, pertaining to national settings. These included the UN Millennium Goals on Development, Transparency International's Corruption Perceptions Index, and assessments by Freedom House and the World Bank (see Table 1). Furthermore, topic under scrutiny within this dimensions included rules of law and level of democracy, i.e. governance systems. None of the three countries considered in this thesis are doing particularly well in terms of these rankings and classifications. There is one exception, however; the World Bank's assessments concerning the countries' levels of economic development. Russia and Saudi Arabia are both doing rather well, being denoted as 'high income' countries, whereas Nigeria has moved up to 'lower middle income country' from 'low income country'. Keeping in mind the fact that oil and gas plays immense roles economically in all three countries, these classifications are largely due to oil and gas reserves. In addition to this, Saudi Arabia ranks 22nd in the World Bank's Doing Business Report – an unexpected ranking for such an oppressive state (see table 4).

However, apart from these examples, there are few encouraging figures among those we have addressed. The UN Millennium Goals are quite representative of the general picture (see Appendices A-C): Nigeria is not on track to comply by the requirements by 2015. Saudi Arabia itself claims to be on track, but people outside of the countries are very sceptical of this. The Russian achievement of the Millennium Goals is mixed. In terms of poverty, education accessibility and child/maternal mortality rates, the country is improving, but in terms of gender policy, environmental damage, and the spread of HIV/AIDS, it is doing badly. Of immediate concern to the practical conduction of business for the oil and gas industry (and any other industry really), and relevant for the governance of it, none of the countries do very well in terms of corruption and are accordingly not ranked well by Transparency International.

In terms of rule of law, the Nigerian case may best be described as a mess; there is a common law, inherited from colonial times when it was a British colony, there is a customary law derived from indigenous norms and practices, and lastly there is Sharia Law in the northern parts of the country, which are predominantly Muslim (see Table 3). Saudi Arabia, where Sharia Law is dominant, is easier to get an overview of, whereas disagreement exists concerning whether or not the Russian Constitution may be termed 'civil law'. Democracy does not thrive well in any of the countries considered, although Nigeria seems to be improving in this regard (see Appendices A-C).

Due to the importance of the national level in the global governance of the oil and gas industry, rankings, classifications, and settings like those addressed in this section are important for this governance structure too; the specific composition of different national conditions impact the role of different levels and actors interacting at them. This point will be further addressed throughout the discussion chapter below. Additionally, such characteristics are highly relevant for corporations operation in these specific countries. For instance, a high level of corruption or level of genuine subscription to the Millennium Goals may easily have direct consequences for the successful conduction of business.

The International Arena

Due to the importance of the oil and gas industry for the producer-nations, and the consequent tight state control of the sector in many of them, an important aspect of the governance of the industry is provided by the countries' positions in international affairs. The first aspect considered looked into their regional roles. All three countries were found to be highly supreme in their regional relationships (see Appendices A-C). In fact, this was not a surprise since one of the reasons for selecting exactly Nigeria, Saudi Arabia and Russia was the similarity of dominating their respective regions. Nigeria may not be as strong a regional influence as it used to be, especially due to domestic political disruptions, but the fact that no other country in the region has claimed that role in its place, is testament to just how important Nigeria is politically and economically to is region.

Saudi Arabia is also very influential in its region. Traditionally, overt action has largely been through Saudi Aramco and OPEC or else relatively modest, while the covert side of things (especially pertaining to politics in other regional countries) have been extensive. In the event of the Arab Spring, however, the Saudi ambitions and influence in the region have been much more apparent. Russia, too, is using its vast natural resource reserves (especially gas) to exert influence on neighbouring states. The current, overarching theme of Russian relations with many of its neighbouring countries can be thought of as a power struggle with the EU, which tries to get former Soviet countries and the rest of Eastern Europe included more extensively in international cooperative associations. Russia sees this as a threat to its political clout in the region, and thus opposes such a development.

One of the aspects of this dimension which sets the countries apart is their roles in OPEC (refer to Appendices A-C), which naturally is a central international organization when considering the governance of the oil and gas industry. Saudi Arabia basically is OPEC; it is widely recognized as the unofficial leader of the organization, not least due to the fact that its vast oil reserves makes it swing producer, thus enabling it singlehandedly to impact overall output, and hence global prices. Nigeria is a member of OPEC as well, but must be characterized as a periphery country in this context; it is often accused of not keeping within the production quotas, and generally the Middle Eastern members must be said to determine OPEC's position. Russia, by contrast, is not an OPEC member and is thus in no way restricted by the quotas it sets. Accordingly, it represents a sizeable challenge to OPEC's strategies, and thus the latter seeks cooperation. Russia does not share these strategies, but is not necessarily hostile towards the organization. Accordingly, Russia may be perceived as a competitor of OPEC's, which cooperates when it is in its own interest.

Whereas the three countries are alike in terms of regional importance, their roles in global affairs differ more substantially. The fact that Nigeria fails to control domestic affairs also means that it is not a significant player internationally. Accordingly, we focused attention on the country's relationships with important international players. The relation to China is particularly interesting, as the volume of trade between the two was multiplied by nine between 2000 and 2010. Additionally, Nigeria has a relatively close relationship to the U.S., being it States' main trading partner in Sub-Saharan Africa (mainly due to oil export of course). The EU, too, is engaged there, especially in terms of economic assistance to the country. Saudi Arabia, by contrast, is much more independent in world affairs. It does not enjoy a substantial range of different access points where it can exert international influence, but the aforementioned virtual control of OPEC is sufficient; being able to effectively control global oil prices, provides the country with immense clout in international politics – at least in areas of its interest. As is the case in the Nigeria, the Saudis have relatively close relationships with the U.S. and China; the former has been so for long, whereas the latter is a result of the ever increasing demand for oil, characteristic of a country experiencing rapid economic growth. Russia, too, enjoys a central role in international affairs. Although its international clout has dropped significantly since the collapse of the Soviet Union, it still retains its position as a permanent member in the UN Security Council, making it one of the more powerful countries in the world, perfectly exemplified by the repeated veto against a UN-led intervention in Syria.

Supranational Setup

The analysis of dimension four was fundamentally different from rest of the analysis. Since it was concerned with the industry's (and not the countries') interactions with international organizations, it did not make sense to account for it in the case studies. The major point made in this dimension was that there is no entity at the supranational level which can legitimately enforce laws pertaining to the oil and gas industry (most prominently environmental laws). Therefore, such enforcement is determined by national practices. Generally, there is a lack of such enforcement in developing countries, and the three under scrutiny here are no exceptions. Nigeria's failed state is unable to perform this role, even if it wanted to, whereas Russia and Saudi Arabia does not prioritize this. In effect, this approach actually dampens the issues related to a lack of universal standards enforced by one entity; since the state determines the line of action, the oil and gas industry need not be concerned with the chaotic nature at the supranational level. However, this is not the case in Nigeria, which is highly exposed to international actors. Therefore, the mess following the absence of one supreme international is amplified in Nigeria; to a far larger degree than is the case in Russia or Saudi Arabia, Nigeria is subject to the influences of a myriad of organizations, including the OGP, the IPIECA and the UNEP, which were all addressed in this dimension.

For the last two sections, i.e. the international and supranational levels, it is worth noting that the importance of oil and gas in the countries considered has a substantial impact upon the power residing at these levels, and thus also the actors operating at them. The substantial contribution to the domestic economy, which this industry represents for producer-states, means that these levels and actors are not allowed to play a consistently significant role in the governance of the sector. In Nigeria, the opposite is the case: a basic characteristic of the Nigerian national setup is that the state is not able to control what is going on in the industry, and hence, these levels and actors such as social movements, IOs and NGOs are much readily able to exert influence. These dynamics are discussed throughout the next chapter.

Discussion

This discussion has a very particular role in the chronology of our thesis. The analysis effectively narrowed in the topic of the global governance of the oil and gas industry by considering three national setups, which in some aspects were similar and in others represented extremes. The main task of this discussion, then, is to re-broaden it by zooming out and considering the bigger picture. The case studies represented the means with which we were going to appropriately do it. Accordingly, the main insights derived from the case studies will not come to structure the following discussion. Rather, they will be utilized to illustrate the considerable level of complexity identifiable in the global governance of this sector. In short, the purpose of this discussion is to merge three stories into one. In practice, this methodological role of the discussion translates into accounting for, and getting an overview of, the vastly complex nature of the global governance of the oil and gas industry.

This discussion naturally revolves around the research question - "*How do the levels of governance impact the conduction of business of the oil and gas industry?"* – and aspects that influence the answering of it. The recurrent and overarching topic discussed here is that of the nature of this governance. This is of course very broad and all-encompassing, but as mentioned in the preceding paragraph, that is the central objective of this chapter. As will be apparent below, our basic argument regarding the governance structure of the global oil and gas industry is that it is dominated by multilevel power struggles. In other words, the interactions among various actors of import to this industry occur at several levels. This implies a great degree of complexity regarding the relative power of influence of these actors (especially corporations, states and organizations), and that these relations should not be thought of as static. Rather they ought to be perceived as inherently being in motion, with the possibility of changing both over time, and in different spatial settings. Accordingly, the global governance of this industry also varies from one point in time to another, and across different locations.

This multifaceted approach, which accounts for a multiplicity of levels and actors, is the very idea of global production networks; in order to fully comprehend what is going on in an industry or in a specific corporation we must look at the bigger picture. As such, this project has shown us that the complex dynamics at play in the global oil and gas industry can clearly be represented by GPN theory. The specific setup of the GPN depends on the nature of the governance of the industry, i.e. on relative possession of power among actors. The practical conduction of business, then, is heavily impacted by the way the industry is governed. One such sort of governance is that between oil and gas corporations and the specific national government. In some cases and contexts, MNCs are by far the most powerful actors in this interaction (as in the case of Nigeria), whereas in other cases the state, and consequently the NOC, severely dominate the MNCs (as identified in Saudi Arabia, and to the best of our knowledge, Russia). This particular level of interaction neatly exemplifies one of our main arguments throughout this chapter, namely that, in our opinion, national conditions and limitations play a decisive role in shaping the governance structures of this industry, i.e. in determining which actors that are more powerful. Basically, this is the cause of the vast extent of complexity which the global governance of oil and gas is shrouded in.

Since the main topic here is governance, we will first be discussing the different main levels and actors, in general terms. These will provide us with the arenas for interaction and the various kinds of actors that struggle for power in this governance structure. Put simply we will be discussing who governs and where such governance takes place. Subsequently, we will discuss – in a more elaborate fashion - the connections between these actors, at various levels, which together constitute the GPN of the global oil and gas industry. This is also where we will discuss the implications for the conduction of business.

'Battlefields'

Governance of the oil and gas industry takes place at minimum four levels (and arguably more in between and within these): supranational, international, national, and local. These four all represent venues of the GNP for power struggles, which determine how oil and gas is governed. This is not to say that they are all equally significant, because we suggest that, for oil and gas, the national level assumes a role larger than any of these. This is not necessarily because the interactions taking place at this level impact the oil and gas corporations more heavily than is the case for the other levels. Rather, its dominance is derived from the fact that conditions at the national level often are decisive in terms of distributing relative importance to all four levels. More specifically, there are important interactions taking place at all levels, but their relevancy for the industry depends on the particular national setup. This is why we have continuously indicated the complex nature of the governance under scrutiny; it is inherently contextual. We have argued throughout this thesis that these levels are overlapping and highly interrelated. While this is true in the case of substance at each level, they are not all equally interdependent with regards to clout; concerning oil and gas at least, we argue that the relative, practical relevancy of each level largely depend on the national setup.

The Supranational Level

The supranational level, which is the most overarching of those we have considered, is characterized by the absence of an entity which can efficiently and legitimately formulate and enforce laws concerning this industry. Although corporations as well as states do participate in different kinds of organizations affiliated with oil and gas production, they have not surrendered control to these organizations. Consequently, this level is ultimately quite chaotic and inconsistent, e.g. compared to the relatively stable and comprehensive governance of international trade in general, which is provided by the WTO. What is lacking at this level, then, is a body that may sanction corporations when they transgress standards and laws, but also one that can somehow govern the behaviour of states. The point we are making is that this chaos exists no matter what, but the consequences of it are not equally significant across different national setups; for instance, in Saudi Arabia the powerful state tightly controls oil and gas, and factors influencing it. Therefore, the industry's exposure to this chaos is deliberately dampened so as avoid undesirable developments. In Nigeria, by contrast, the weak state is utterly unable to follow the Saudi example, which renders the industry more vulnerable to the lack of central governance at this level.

The International Level

National conditions, too, influence the importance of the international level, where inter-state interactions, as well as the IOs the states have established, are central. As such, this level and the supranational level are highly interrelated, since the chaos at the latter is largely a result of unwillingness of some important producer states to relinquish control over their oil and gas industries to a supranational entity. We acknowledge that this is not true for all such states, but if some of the major players do not subscribe to the idea of one set of global governance rules, then any international cooperation will inevitably lose significant The main reason why some states refuse to share control over this industry is again a national one: because of its importance, economically and politically, in many of these states, undesirable developments may represent too big a risk. In all three countries considered in the above analysis oil and gas accounts for a substantial share of total revenues and exports.

In the cases of Saudi Arabia and Russia the industry is even utilized as a political and economic tool in international relations, which is only possible due to the national condition of a very strong state. Curiously, this means that for these two countries, the international level actually matters a great deal to the operations of the state-owned corporations in these countries, because the government, deliberately and for its own gain, exposes them to it. On the other hand, the Nigerian industry, which was severely subjected to events and actors at the supranational level, is almost immune (however, whether this is advantageous comes down to personal perception) to the international level, since MNCs are most powerful here. It is our perception that something similar can be observed in most other producer states, albeit the relative difference between the two levels' impact expectedly is smaller, since the countries we have analyzed represent extremes.

The National Level

The national level is where the most intense and varied governance interactions take place. This is not only a reflection of our aforementioned assertion that the national setup effectively determines the relative importance of the national level and of the other levels. It is also due to the fact that this is the level at which the industry truly operates; especially the oil and gas MNCs do also interact at the other levels, but this is where their projects are located. Consequently, the entire industry is deeply exposed to (and partakes in) struggles for power of influence in the governance structure. Whereas the relative importance of the other levels is conditional, the national level, in our opinion is inevitably the most important one for the industry under scrutiny.

At this level, corporations, the government, organizations of all sorts, social movements (foreign and domestic) etc. all interact with each other simultaneously with specific and identifiable consequences. A recent example of this is provided by the highly disputed Russian law which forces NGOs operating in the country to term themselves 'foreign agents' if they receive funding from abroad. The immediate rationale behind this initiative seems to be that increased knowledge of these organizations (secured by more transparency) provides the Kremlin with more control of what is going on inside the country; at least, the government enables itself to discover undesirable behaviour and subsequently intervene when necessary. Assuming this is the case, this "interaction" plausibly represents an alteration of the national governance structure, where the government becomes more powerful, while this group of organizations loses power of influence. Accordingly, the consequence of this development for the Russian oil and gas industry may be that NGOs criticizing various aspects of the industry's operations become less significant. The purpose of this discussion is not to start or support conspiracy theories, but it may be further speculated that there is a connection between this law and the fact that internationally-originated critique, supported by organizations and social movements like the Pussy Riot group, is becoming more severe within Russia, which may potentially constitute a loss of power for the government. In this scenario, this new law could be perceived as an attempt to restore balance.

The Local Level

In this project we do not go into much depth with the local level where particular projects are located, but we acknowledge that it can represent an important governance level all the same. For instance, in countries which do not have supreme central authorities, as is the case in Russia and Saudi Arabia, local governance differences may emerge. Examples of this include differentiated setups of power relationships (due to the local importance of one specific corporation's project, it may have more power vis-à-vis local authorities, than may be the case at the national level), and different legal setups within the same country, as exemplified by the case of Nigeria, which has three different kinds of rules of law, impacting the governance setup. This inevitably causes the implications for the conduction of business to differ as well. Another thing important to keep in mind about this level is that this is often where social movements – which may come to occupy quite powerful positions in the governance structure under scrutiny – originate and derive their legitimacy from.

The Players

This section discusses the different kinds of actors struggling for power over the governance scrutinized throughout this thesis. As was the case regarding the different levels discussed above, there likely are more actors than those we have focused on, i.e. corporations, states, organizations (IOs and NGOs both), and social movements, but we believe that these encompass the central ones for the present topic.

Corporations

Obviously, the corporations making up this industry constitute highly significant actors in their own right, but they are not all equally influential. Naturally, size and output represent central factors in determining the clout of a particular corporation. However, in congruence with the central theme of the preceding section, we contend that its nature and exact location matter at least equally much. More specifically, whether a corporation is an IOC or an NOC is decisive, and so is the kind of national setup it operates under. Depending on the country in question, publically owned (if not outright state-run) corporations may enjoy immense powers.

This is indisputably the case in Saudi Arabia where Saudi Aramco virtually controls the entire sector, and to a certain extent (which as mentioned is hard to determine with complete accuracy) in Russia, where the private actors are kept on a relatively short leash, in order to maintain control of this vital industry. However, this is not the case in Nigeria, which also has an NOC. The NNPC is state-owned just like Aramco and Gazprom, but because of the weak Nigerian state, and the resulting dominance of MNCs, it does not enjoy remotely the same privileges, as is the case in Saudi Arabia or Russia. In fact, being an NOC may even be construed as a disadvantage because these, generally speaking, are not as well-equipped to dealing with non-state actors, since a powerful state would take care of such matters.

States

As already hinted at, corporations are far from the only kind of actors that struggle for power in the governance of the global oil and gas industry. As illustrated by the importance of national setups, states are another pivotal group. Our unambiguous conviction is that the role of the state is the key characteristic to consider when accounting for this governance structure. As indicated throughout this project, state control and power, or lack thereof, has a huge impact on what occurs within this industry. This is true both when the state has absolute control, as is the case in Saudi Arabia, and when there is a complete lack of governance, as in Nigeria. This is, in no small measure, due to its potential to be the determining factor at the national level, which impact all other arenas for power struggles. In other words, the states have the power to balance, or change the balance of, the GPN; it will, through action or inaction, impact the composition and relative strength of key actors and players present in the governance structure of the industry, as proven when comparing Nigeria, Saudi Arabia and Russia.

Organizations

A third main group of actors is that of various kinds of organizations. This category consists of IOs as well as NGOs, foreign as well as domestic organizations, and organizations with very different foci. Obviously, there are organizations such as the OGP, OPEC, and the IPIECA, which all are concerned with the oil and gas industry. That actors such as these play roles in this governance structure is of course not a controversial claim. When we embarked on this project, we had the notion that IOs had considerable power throughout the oil and gas industry, but as illustrated in the case study analyses and in this chapter, we have found this idea to be particularly untrue. While various institutions exist that should play a key role in the governance structure of the oil and gas GPN, no IO plays an integral role in all three case study countries addressed. This is best illustrated by the WTO, which does not cover central aspects of the trade of oil and gas. The consequence is that the industry tends to rule itself by regional- or even country-to-country trade agreements instead, as seen in the cases of Nigeria, Saudi Arabia, and Russia. This only goes to show, once again, that the national setups play a decisive role in determining the nature of the governance of this GPN; the role of IOs, too, depends on the country at hand.

In a country whose governance is weak, and the nation state is troubled, IOs can, and often do, play a large role, exemplified by Nigeria in this project. The IMF and the WB play a huge role financially in Nigeria. Indeed, some would call it a controlling role. Curiously, this does not mean that the Nigerian state plays a substantial role in IOs; rather its role here is quite weak. Nigeria hardly makes headlines when it comes to world trade, and its role in, for instance the WTO, is quite insignificant, unless one counts the numerous trade provisions the country is granted as a result of its developing country status. At the other extreme, the Saudi situation is quite different, due to its strong governance. One of the most noteworthy relationships in regards to Saudi Arabia and IOs is that of the UN, which has been attempting to intervene in the country in numerous ways, especially pertaining to issues of human rights violations. While some progress can be seen, the relationship remains a rocky one, and the continued importance of the national level should not be understated.

The conditions for NGOs are not much different, except that they do not necessarily enjoy the backing of a range of states as IOs do. Many of these organizations focus on issues which are not strictly speaking linked directly to the conduction of business, like human rights or democracy. Others address an issue which is inherently linked to the governance of the oil and gas industry, namely the environment in general and climate change in particular. Both kinds relate to the conduction of business under the heading of CSR, which, to varied degrees, is an aspect most corporations must consider. The problem, however, again is that the national level may impact the clout of such organizations and the issues which they attempt to set right. While most people in North America and Europe would consider CSR a norm in all industries, this is not the case in the oil and gas industry. In Saudi Arabia and Russia, for instance, CSR is not as well-developed as is the case in the Western world; it is not an issue which is assigned with a high degree of importance. In Nigeria, MNCs may have set up their own CSR standards, but are continuously accused of not adhering to them. However, due to the weakness of the state, there are sanctions of such violations.

Social Movements

Social movements, which are the last group of actors in this governance structure we have considered, represent a means to at least somewhat exert influence in terms of promoting human rights related topics. These have the ability to become international social movements, which do have the power to sway certain actors within the international community. No matter the country, the voice of the international community has often led to the attempted intervention by NGOs and IOs, and has often resulted in a push for change. This is the case for environmental concerns in Nigeria, women's rights violations in Saudi Arabia, and as can currently be seen, LGBT rights violations in Russia. Thus, while these kinds of actors, perhaps, are not in a top level position of power, they should not be disregarded in the governance of the GPN of oil and gas, for although the direct link between human rights improvements and the conduction of business in this sector may not be a simple one to comprehend, we contend that such developments would necessarily have an impact on the behaviour of MNCs and state-owned corporations like Aramco and Gazprom, which both also function as representatives of their respective governments. Accordingly, we would expect the state to require their corporations to change if/when it does. What should be noted is that, once again, the governance depends on the national level; there already are 'universal' norms pertaining to e.g. human rights or freedom, but it is rarely until something happens at the national level (e.g. the Russian Pussy Riot group) that significant impacts upon the governance structures may be observed.

The General Governance Structure

One of the central aspects to be considered, when addressing the governance structure of the GNP of oil and gas, is the fact that the industry plays a substantial role in the national economy of the producing states. As mentioned above, this means that the industry is highly exposed to politics of different sorts, i.e. to multi-level power struggles between the actors discussed above, also more so than is the case for virtually all other industries.

It is worth noting here that, even in the case of an extreme lack of national governance, it is still the national level setup which sets tone for the governance of the sector under scrutiny. Despite the strongly-governed systems of Saudi Arabia and Russia, the industry is as highly exposed (if not even more so) to external elements as is the case in Nigeria. In Saudi Arabia, however, the main external element, or actor, is the state. The Russian case is quite difficult to fully ascertain, due to general uncertainty surrounding many Russian affairs. However, this uncertainty is not just an issue for us; corporations operating in Russia are equally subjected to it. More specifically, there is no doubt that also the Russian oil and gas industry is heavily exposed to politics, and in particular state whim and interests. However, compared to the Saudi example, the national setup of Russia, from time to time, allows more influence from other actors and levels. The result of the Russian covertness, in any case, is that corporations at least have to consider the possibility, that other actors than the state, have a real say in the governance of the sector.

Due to the importance of the national setup, and hence of the state, the international clout of the country in question becomes important for the governance of the oil and gas industry, because it determines whether the state may actively use the industry to exert influence in matters not necessarily related to oil and gas production, and because it impacts the degree to which the state can shelter the industry from other states, organizations, and social movements operating at various levels; if the state has a lot of international clout (politically and/or economically), it is our claim that the industry will, all else equal, be less influenced by such actors.

That the oil and gas industry may play a central role in terms of the producer-country's foreign relations is most clearly the case in Saudi Arabia, which, as a swing producer and de facto leader of OPEC, is capable, through its vast oil reserves, to significantly influence affairs in neighbouring countries that are not self-sustaining in terms of energy consumption. Braude (2005) argues that Jordan, Lebanon, Palestine, Syria, and Yemen all exemplify countries which accept Saudi views and control within their country, despite disagreeing with them, because they rely on Saudi energy resources. Consequently, oil and gas in Saudi

Arabia assumes a role which is not directly related to its practical operations, and hence, the government inevitably controls it tightly.

The Russians too have much clout internationally, both through its natural resources (as exemplified by the incidences where they have cut the gas supply to Ukraine), but also through other means, as is visible during the time of writing (September 2013,) regarding the situation in Syria, where President Assad has been accused of using chemical weapons against his own citizens. An interesting observation concerning Russia's international interactions is made by Bilgin (2011), who argues that "Russia benefits from liberal markets abroad, facilitates corporate expansion of Gazprom and other energy companies in Europe and around, yet strictly adheres to state centric policies at domestic and foreign arenas." (ibid, pg. 125-126) This quote neatly illustrates the Russian approach to international affairs; it adopts the elements it benefits from, but still operates according to its own agenda rather than others'. In Nigeria, by contrast, the state is unable to either create internal stability or to control the oil and gas industry. Accordingly, the country has virtually no clout internationally; when you cannot control what is going on internally, it is difficult to forcefully impact affairs in other countries.

We basically set out to account for the governance structures of the GPN of the oil and gas industry. However, a question which soon emerged was: 'are the power structures of this GNP even clear?' Our answer is no – at least not at the supranational and international levels. At the national level, on the other hand, they can be relatively clear, but that does not entail similarity, as illustrated by the cases of Nigeria, Saudi Arabia, and Russia (the latter of which actually is not as clear-cut as for the former two). What we have found is that the GPN of this industry is pervaded by vastly different setups, meaning that the composition and relative importance of the various levels and actors discussed in this chapter, for the governance structure analyzed, differs from one national setup to the next. As is clear by now, the overall argument of this discussion, as well as of this entire thesis, is that the national level, and hence often the producer-states, plays a disproportionally large role in terms of the governance of global oil and gas. The other levels and actors all represent factors of import, and are virtually present, everywhere. However, our recurrent argument is that their actual clout is determined by conditions embedded at the national level.

This governance structure, then, can be interpreted to greatly favour actors at the national level, but as the case of Nigeria shows, this setup is not necessarily advantageous to states and NOCs, although that is often the case. Instead, we suggest that thorough generalizations pertaining to this governance structure ought not be the focus; great complexity which may benefit one level or actor in one place, and constrain them at another place, is the nature of the GPN of the oil and gas industry. Accordingly, extensive generalizations would essentially miss the point, which is that the exact governance structure is contextual according to the conditions - opportunities and limitations - of the national level.

In our point of view, this system is not likely to change significantly in the short term, because those with the most power, the states, are struggling to maintain the status quo, making any governance alterations virtually impossible; if those in control refuse to relinquish a mere share of that control, thorough developments will not occur. Under the present conditions, this system arguably works; it may not work as most Western people (including ourselves) would like e.g. in terms of lacking CSR practices. However, most of the time, the governance structure seems to have struck a balance, which works sufficiently well for enough actors. If that was not the case, our conviction is that the system would change.

There are issues pertaining to this setup in general, and to the disproportional power of the national level in particular, however. Developments of a severe nature may be under way, not at the national level, but at the international and supranational levels. When issues originate here, the governance structure accounted for in this thesis may not be ideal. Suppose, for instance, that the issue of climate change escalates in a few years, or that the technology of purer forms of energy is developed and made cheaper. We doubt that the current governance structure would be capable of adequately addressing such challenges (which they would be perceived as from the point of view of the oil and gas industry). Although this GPN setup is quite rigid at the moment, we do not perceive it as particularly resistant towards fundamental changes; at present, the national level determines the contextual, relative power of influence of various levels and actors, but if something was to happen which would result in a significant, world-wide drop of demand for oil and gas, we contend that the governance structure may be utterly reconfigured. Diagram 1 depicts the general setup of the governance structure of the global oil and gas industry that has been discussed throughout this chapter.

(Diagram 1: Oil and Gas Network)

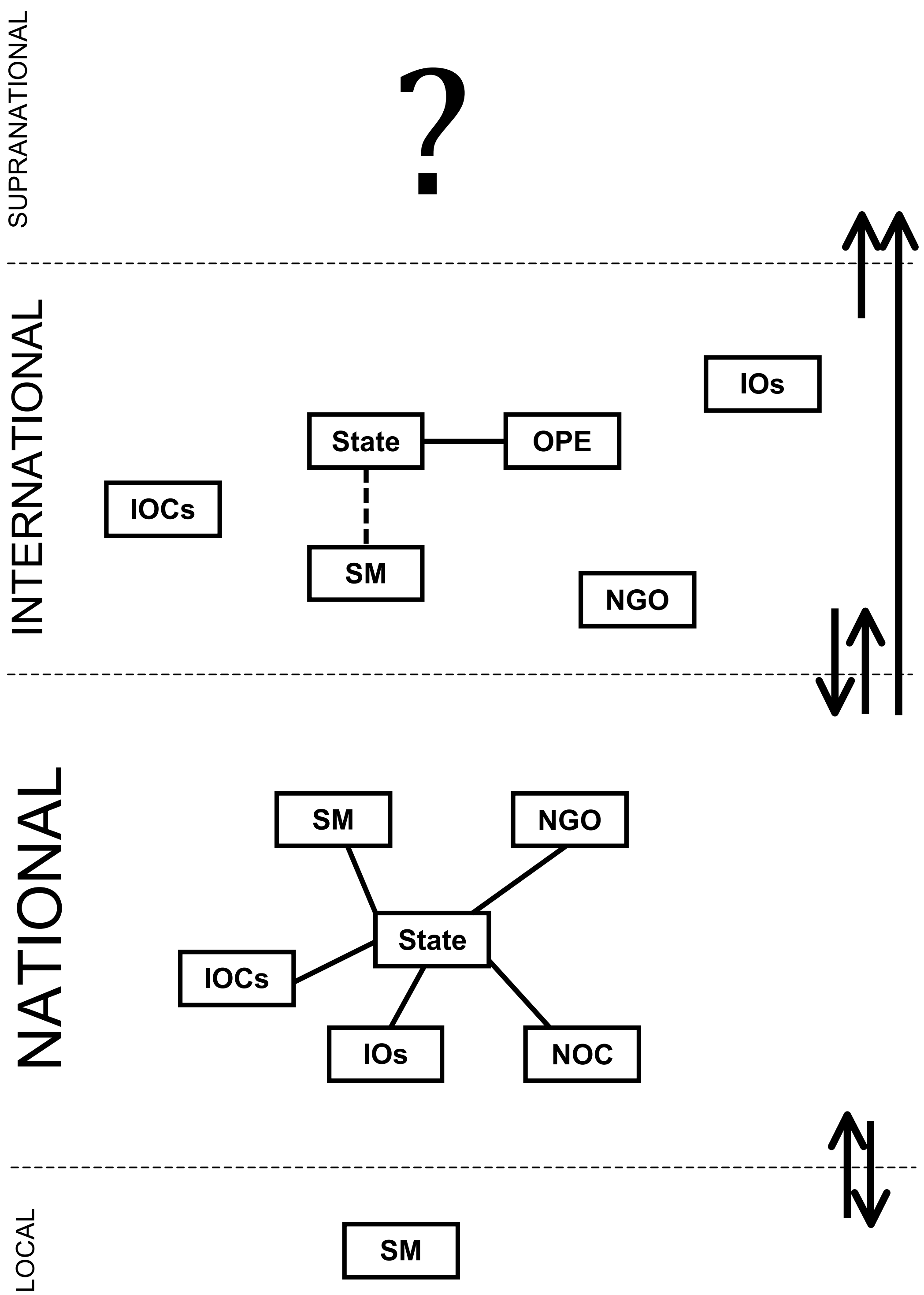

Diagram 1.

This diagram depicts our intution of the oil and gas industry as a network. The actors, levels, and impact are accounted for in this drawing. The size of the level is indicative of its importance to the network. The arrows indicate the impact that each level has on each other, and the direction, while the question mark alludes to a lack of actors with an impact on the network.

Limitations to Findings

Due to the fact that we are essentially basing our analysis and discussion on a framework of our own making, we are here going to briefly discuss the limitations to our findings. Although we state that making generalizations pertaining to very specific aspects of the governance of the GPN under scrutiny represents missing the point, we do argue at a general level. The argument that the national level largely determines the governance of structure of this industry is inherently based on the insights of a mere three case studies – Nigeria, Saudi Arabia, and Russia. As accounted for throughout this thesis, these three may be similar in some respects, but also represent extremes in many others. Therefore, we believe statements we make, which include the vastly different setups of these three countries, have a certain degree of soundness, withstanding the limits of the scope and depth of our project. Including data from even more case studies would potentially make our claims even more accurate. However, due the aforementioned fact that these three are as different as they are, we are convinced that assessing additional countries, which fall in between these extremes, would further support our arguments.

In fact, our perception is that even at the current level of depth, with which we have analyzed the case studies, points for each dimension that would contribute to our arguments, are left out. Assessing even more countries would represent a further compromise in terms of the depth of the case study analyses, which arguably would weaken the suggestions we make. By "merely" looking at three case studies, we are of course potentially vulnerable to research testing e.g. the statistical significance of our arguments, across a very wide group of countries. However, we remain confident, until proven wrong, that these three central and extreme cases represent a sufficient basis upon which some general takeaways may be suggested. In short, after conducting the analysis, we are even more confident that our framework provides valuable insights (despite its broad nature), than we were before; not because we particularly doubted it before, but it was still subject to practical testing.

Conclusion

This project has shown the many complexities involved in the governance of the oil and gas industry. It has addressed the various levels of interactions between the actors that struggle for governance of the oil and gas industry. At the beginning of the project the expectation was that the industry would be globally distributed amongst certain actors. However, as the previous discussion has shown, this is certainly not the case. Some of the key findings include the dominance of the nation state as an actor, and the lack of regulation and governance at the global and supranational level. This conclusion will discuss core issues regarding the most prominent levels of governance, and the most important actors, and highlight the impact on the conduction of business in the oil and gas industry. Following this, contributions and further areas of research will be highlighted.

The Nation State as a Key Actor

One of the key findings of this project revolves around the significant importance of the nation state as a key actor. The state plays a huge role in the governance, or lack thereof, of the industry and is paramount in determining the specific power and importance of all other actors and levels. More specifically, the national governance, especially pertaining to the position of the state vis-à-vis other actors, is decisive in terms of the nature of the influence e.g. MNCs and IOs have in the GNP of oil and gas. One extreme in this regard is represented by the absolute power of the Saudi state, which causes the impact from actors operating at the supranational and international levels to be considerably restricted. At the other extreme is the almost utterly powerless Nigerian state, which is unable to control anything leading to substantial outside influence. It is worth noting here that when such actors come to dominate a developing country, it is not so much due to its own efforts, as the inability of the state to govern itself.

The IOC/NOC Role

A second point, which connects to the strength of the nation state, involves the varying roles of firms as actors in the industry network. The finding of this thesis is that even for IOCs the national level impacts the practical conduction of business more extensively than the other levels do. There are three setups of these firms that are highlighted; the NOCs, the hybrid NOC/IOC joint relationship, and the IOCs (multinationals). The implications of the nation state governance structures on the conduction of business in the oil and gas industry are many and complex.

NOCs

For corporations which are tightly controlled by the state, the implication is quite straightforward: the state governs you! Accordingly, such corporations must primarily take into account events that may change the way the state uses the corporation. Supranational forces such as critique pertaining to lack of human rights or excessive damage to the environment may also be raised against these corporations, but since the state has the power to either shelter the corporation from such critiques, or to alter the objectives of the corporations in order to account for such concerns, the corporation will continue to focus its attention towards the state.

The Hybrids

NOCs which also are publically owned, but whose governments do not keep them on as short a leash, must address the complex governance structure more extensively than was the case above. These corporations will, in some respects, become a part of the government's plans, but not always. This means that they also have to keep a special focus on the state interests, but it cannot completely neglect supranational and other national actors; if it fits into the state's plans, it will shelter the corporations from outside critique and requirements (being the owner), but if not, the corporations must have kept track of other actors' interests and agendas to be able to appropriately interact with them. Essentially, then, the conduction of business for this group of corporations is pervaded by uncertainty and risk pertaining to the fact that they do not know when they will have to heed the government and when they are left to fend for themselves. This is the result of an uncertain nature of the national level.

MNCs

MNCs, which constitute the last major group of oil and gas corporations considered in this thesis, are easily those that are most severely impacted by the fact that supranational and international influences depend on the contextual, national settings, because they operate in so many different countries simultaneously. The state obviously does not have direct power over these MNCs, but that also means that it does not shelter them from critique, as is often the case for NOCs. Largely originating in developed countries, where the state rarely protects the companies from criticism from IOs and NGOs, these corporations are used to having to deal with all sorts of actors. Even though a state may sometimes shelter the industry from external critique, MNCs part of that industry still need to respond in order not to lose credibility. In short, MNCs are subject to the complex nature of the governance of this industry as they essentially have to manoeuvre within it, without outside aid.

Connection Between Industry being Under-Regulated and Lack of Governance

This thesis has shown that when it comes to the oil and gas industry, there is a strong under-regulation as well as a significant lack of governance. We posit that these two separate ideas are actually connected. It is not farfetched to assume that the industry is under-regulated precisely *because* there is no governing body, or organization, that can take on the myriad of actors throughout the industry. While the governance of the industry, or of any network, is undoubtedly complex, we suggest that the oil and gas industry is actually far too important for a wide range of actors, for the governance of it to be left solely to the regular governing actors, and that corporations, states, IOs, NGOs, the companies themselves, adjacent industries, social movements etc., will continue to attempt exerting influence on and through this industry. Therefore, we find it unlikely that the global production network of the industry, and the governance of it, will become less complex anytime soon. In an ideal and efficient world, a legitimate supranational entity is established to systematize this governance structure and formulate legislation, which can be enforced when transgressed. However, due to the centrality of this industry for the economic and political clout of developing countries, it is unlikely that sovereignty (and hence control) is relinquished voluntarily.

Contributions

The framework that was developed for this project has taken the first step to developing a coherent, comprehensive template of value for future theoretical and academic analyses of the topics addressed in this thesis, as well as of adjacent topics. The framework can be applied to the GPN as a whole, not just the oil and gas industry, and thus, can be used as a template for further research extending outside this specific industry. The main contribution of our framework is that it emphasizes the importance of considering the big picture, especially in matters as complex as those under scrutiny here. In fact, since this project represents the first step to thoroughly analyzing the global governance of the oil and gas industry, the broad nature of our framework is also a prerequisite for analyses that go more in-depth, with regards to issues presented in this thesis. In short, in-depth analyses cannot be conducted adequately before the bigger picture has been considered. This relates closely to another overarching contribution of our paper; although we perceive all of our four dimensions to be highly overlapping and interrelated, we are not arguing that all must necessarily be considered in unison, or that one dimension does not provide valuable insights when isolated from the others. Each of the four dimensions should be thought of also as separate templates for the analysis of topics of a narrower nature. The advantage of our broadly-scoped framework is that it is not developed in a fashion that prompts a particular result, i.e. both similarities and differences of global governance structures in other industries will be apparent after utilizing this framework, and thus the framework can be used for other industries, case studies, and networks.

Limitations

Some limitations to consider when applying this framework include the awareness of the broadness in scope of the framework. It would not be applicable if one's objective is to conduct an in-depth analysis of e.g. a particular actor's position in the global production network of the oil and gas industry. Also, as this framework is in the inaugural stages, it has not been tested outside this project or industry, which could mean that there are "blind spots" that we are not aware of.

Further Research

As this project is one of the first to tackle this issue, there are many ideas, which emerged throughout the writing process, that were outside the scope of the project, but considered to be areas of interest for further research nonetheless. One such alternate area of research could be to analyze in depth a specific dimension or case study. For example, the importance of human rights violations and social movements to the GPN, in itself, is an area that has much room for further research, especially keeping in mind recent events in Russia regarding LGBT rights. A theoretical topic for future research could be to scrutinize and evaluate the extent of the framework's validity (e.g. by testing if the links in the network are statistically significant), and to determine under which situations our findings are valid, or invalid. A related, practical topic could be an alternative analysis of the same countries to see if the findings remain similar. With this in mind, an alternative framework, which tests other dimensions and variables, could be developed. Such an approach would have the potential to verify or contradict our generalizations for the oil and gas industry. Furthermore, plugging in different case study countries as well as a different industry (just like changing X and Y values in a function) will likely yield results which may differ slightly or significantly from our results (that would indeed depend on the Xs and Ys). Regarding case study countries, an interesting point would be to analyze the results of looking at developed countries instead of developing. By doing this, the idea of the GPN as an all-encompassing network could be further tested and evaluated. Research pertaining to the improvement (i.e. the expansion) of global governance of this industry would be of interest, and of value to the oil and gas community. This has the potential to lead to research concerning the establishment of a legitimate supranational entity with the power to formulate and enforce international laws.

Concluding Remarks - The Broad Picture

The oil and gas industry is most definitely unique in its position as a leading industry, which is almost exclusively left outside the regulatory and governance structures of the international and supranational levels of the international community. The most paramount point is not a novel one; supranational governance inherently depends on the willingness of states to relinquish sovereignty, especially in relation to strategically vital resources (economically and politically) such as oil and gas. Despite this lack of governance at the supranational level, there still is global governance, revolving around the dominant state actor which floats between various levels of the network. However, many issues related to this industry – especially environmental damage and social society groups, and their calls for action – are inherently global or supranational, and thus the industry will inevitably be somehow affiliated with these levels. These findings beg some specific questions in terms of the oil and gas industry: *Can we only regulate things that want to be regulated? Does a strong hegemony promote governance and regulation? If so, is this why there is such difficulty in governing this specific industry*? And lastly, *is there currently any organization or state strong enough to regulate the oil and gas industry?* While we have no answers to those questions, they do raise some interesting challenges and concerns for the oil and gas industry.

Regarding the rather ambitious choice of developing our own framework and dimensions, we have had many discoveries, two of which we will account briefly for here. The main purpose, and effectively the rationale for creating this framework, was to enable ourselves to make universal statements regarding the governance of the global oil and gas industry. As this conclusion shows, we have done this, although not in the manner we first intended. We set out to put ourselves in a position to make generalizations about this industry's conduction of business, but we discovered that to reduce the complex elements and actors at play here so much as to make this possible, our thesis would have missed the point, and the findings would be incredibly vague. Another thing we have learned in working with our dimensions is that sometimes they develop in unforeseen directions as it becomes clear that some topics are more important than one first anticipated. A good example of this is provided by the second sub-dimension of dimension one, which set out to mainly address CSR practices in the corporations operating in the oil and gas industry. Partly because of a general lack of subscription to CSR in some of the countries considered, and partly due to immense human rights issues in the three countries, the latter came to assume a larger role in the dimension than expected. Also, this dimension was originally deemed as a localization dimension. However, it actually is one that accurately depicts the movements between levels of the GPN, as it really accounts for actors and movements in local, national and international levels of the network.

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APPENDIX A

Table 3: Nigeria Dimensions and Variables Analysis

Table 3: Nigeria Dimensions and Variables Analysis

Dimension 1: Industry's position in the national community				
	Growth	*Decline*	*Stagnant*	
What type of growth is the industry experiencing?	+	-	-	
	Royal Dutch Shell	*BP*	*Chevron*	*ExxonMobil*
What IOCs are present in the industry	+	-	+	+
	Joint Venture	*State owned*	*Independent MNCs*	
What relationship exists between NOC and MNCS	+	-	+/-	
	Yes	*No*	*Insufficient Evidence*	
Is there evidence of the presence of a natural resource dependency?	+	-	-	
Dimension 1b: Corporate Social Responsibility and Human Rights				
	Developed	*Undeveloped*	*Underdeveloped*	
How developed are the IOCs/NOCs CSR strategies	+	-	-	
	No connection	*Indirect connection*	*Direct Connection*	
What is the Proximity Criterion for Human Rights Violations	-	-	+	
	Actively Promote	*Lightly Push*	*No encouragement*	
How do states encourage CSR guidelines?	-	+/-	+/-	
	Emergence	*Coalescence*	*Formalization*	*Decline*
What stage of the SMT are social movements in?	-	-	+	-
	Yes	*No*	*Ongoing*	
Have IOs/NGOs attempted to	+	-	+	

intervene?				
Dimension 2: localization				
	MDGs	*Corruptions Perception Index*	*Doing Business Report*	*Freedom in the World*
How do states score on international commitments and trends?	+/-	-	-	+/-
	Low Income	*Lower Middle Income*	*Upper Middle*	*High income*
What is the level of economic development (WB classification)?	-	+	-	-
	Common law	*Civil Law*	*Sharia Law*	
What rule of law does Country follow?	+	+	+	
	Yes	*No*	*Contested*	
Does country have democratic elections?	+	-	+	
	Yes	*No*	*N/A*	
Does WTO grant country special advantages?	+	-	-	
Dimension 3: Country's position in and approach to the international community				
	Cooperating Role	*Leadership Role*	*Insignificant role*	
Role in the region	**-**	**+**	**-**	
	Influential	*Periphery*		
Global role	**-**	**+**		
	Dominant	*Periphery*	*Non-member*	
Role in OPEC	**-**	**+**	**-**	
	UN	*WTO*	*World Bank/IMF*	
International Role in IOs	**+**	**-**	**+**	
Dimension 4: Industry Position in the International Community				
	Yes	*No*		
Membership of the OGP and the	**+/-**	**-**		

IPIECA				
	High	*Low*	*Varying*	
Exposure to supranational-level conditions	**+**	**-**	**-**	
	Amplified	*Dampened*		
Impact of supranational lack of global governance	**+**	**-**		

APPENDIX B

Table 4: Saudi Arabia Dimensions and Variables Analysis

Table 4: Saudi Arabia Dimensions and Variables Analysis

Dimension 1: Industry's position in the national community				
	Growth	*Decline*	*Stagnant*	
What type of growth is the industry experiencing?	+/-	+/-	+/-	
	Royal Dutch Shell	*BP*	*Chevron*	*ExxonMobil*
What IOCs are present in the industry	+	+	+	+
	Joint Venture	*State owned*	*Independent MNCs*	
What relationship exists between NOC and MNCS	-	+	-	
	Yes	*No*	*Insufficient Evidence*	
Is there evidence of the presence of a natural resource dependency?	-	-	+	
Dimension 1b: Corporate Social Responsibility and Human Rights				
	Developed	*Undeveloped*	*Underdeveloped*	
How developed are the IOCs/NOCs CSR strategies	-	-	+	
	No connection	*Indirect connection*	*Direct Connection*	
What is the Proximity Criterion for Human Rights Violations	-	+	+/-	
	Actively Promote	*Lightly Push*	*No encouragement*	
How do states encourage CSR guidelines?	-	+/-	+	
	Emergence	*Coalescence*	*Formalization*	*Decline*
What stage of the SMT are social movements in?	-	+	-	-

	Yes	No	Ongoing	
Have IOs/NGOs attempted to intervene?	**+**	**-**	**+**	
Dimension 2: localization				
	MDGs	*Corruptions Perception Index*	*Doing Business Report*	*Freedom in the World*
How do states score on international commitments and trends?	+/-	-	+	-
	Low Income	*Lower Middle Income*	*Upper Middle*	*High income*
What is the level of economic development (WB classification)?	-	-	-	+
	Common law	*Civil Law*	*Sharia Law*	
What rule of law does Country follow?	-	-	+	
	Yes	*No*	*Contested*	
Does country have democratic elections?	-	+	-	
	Yes	*No*	*N/A*	
Does WTO grant country special advantages?	-	+	-	
Dimension 3: Country's position in and approach to the international community				
	Cooperating Role	*Leadership Role*	*Insignificant role*	
Role in the region	**-**	**+**	**-**	
	Influential	*Periphery*		
Global role	**+**	**-**		
	Dominant	*Periphery*	*Non-member*	
Role in OPEC	**+**	**-**	**-**	
	UN	*WTO*	*World Bank/IMF*	
International Role in IOs	+/-	+	N/A	
Dimension 4: Industry Position in the International Community				

	Yes	*No*		
Membership of the OGP and the IPIECA	**+**	**-**		
	High	*Low*	*Varying*	
Exposure to supranational-level conditions	**-**	**+**	**-**	
	Amplified	*Dampened*		
Impact of supranational lack of global governance	**-**	**+**		

APPENDIX C

Table 5: Russia Dimensions and Variables Analysis

Table 5: <u>Russia Dimensions and Variables Analysis</u>

Dimension 1: Industry's position in the national community				
	Growth	*Decline*	*Stagnant*	
What type of growth is the industry experiencing?	+/-	-	+	
	Royal Dutch Shell	*BP*	*Chevron*	*ExxonMobil*
What IOCs are present in the industry	+	-	-	+
	Joint Venture	*State owned*	*Independent MNCs*	
What relationship exists between NOC and MNCS	+/-	+	-	
	Yes	*No*	*Insufficient Evidence*	
Is there evidence of the presence of a natural resource dependency?	-	-	+	
Dimension 1b: Corporate Social Responsibility and Human Rights				
	Developed	*Undeveloped*	*Underdeveloped*	
How developed are the IOCs/NOCs CSR strategies	+/-	-	+	
	No connection	*Indirect connection*	*Direct Connection*	
What is the Proximity Criterion for Human Rights Violations	-	+	+	
	Actively Promote	*Lightly Push*	*No encouragement*	
How do states encourage CSR guidelines?	-	-	+	
	Emergence	*Coalescence*	*Formalization*	*Decline*
What stage of the SMT are social movements in?	+	+	-	-
	Yes	*No*	*Ongoing*	
Have IOs/NGOs attempted to intervene?	+	-	+	

Dimension 2: localization				
	MDGs	*Corruptions Perception Index*	*Doing Business Report*	*Freedom in the World*
How do states score on international commitments and trends?	+/-	-	-	-
	Low Income	*Lower Middle Income*	*Upper Middle*	*High income*
What is the level of economic development (WB classification)?	-	-	-	+
	Common law	*Civil Law*	*Sharia Law*	
What rule of law does Country follow?	-	+	-	
	Yes	*No*	*Contested*	
Does country have democratic elections?	-	-	+	
	Yes	*No*	*N/A*	
Does WTO grant country special advantages?	-	+	-	
Dimension 3: Country's position in and approach to the international community				
	Cooperating Role	*Leadership Role*	*Insignificant role*	
Role in the region	**-**	**+**	**-**	
	Influential	*Periphery*		
Global role	**+**	**-**		
	Dominant	*Periphery*	*Non-member*	
Role in OPEC	**-**	**-**	**+**	
	UN	*WTO*	*World Bank/IMF*	
International Role in IOs	**+/-**	**-**	**+/-**	
Dimension 4: Industry Position in the International Community				
	Yes	*No*		
Membership of the OGP and the IPIECA	**-**	**+**		
	High	*Low*	*Varying*	

Exposure to supranational-level conditions	**-**	**-**	**+**	
	Amplified	*Dampened*		
Impact of supranational lack of global governance	**-**	**+**		