

Vereinigung für Afrikawissenschaften in Deutschland (VAD)

Panel 13 : Ethnographies of the Resource Curse

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“Environmental regulation of American and Chinese oil companies in Chad : implications for the study of critical junctures”

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I. Introduction

Our background : political economy, geography, NARMA

Basic assumption : the world oil system has a core and margins. The specificity of a “margin” influences what happens there (erosion of central policy signals, low-governability... but also space for experimentation, innovation).

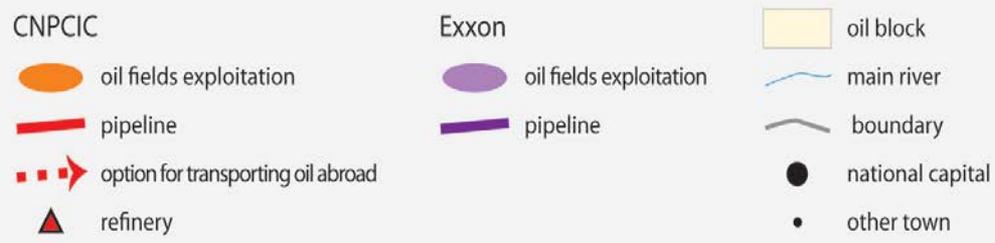
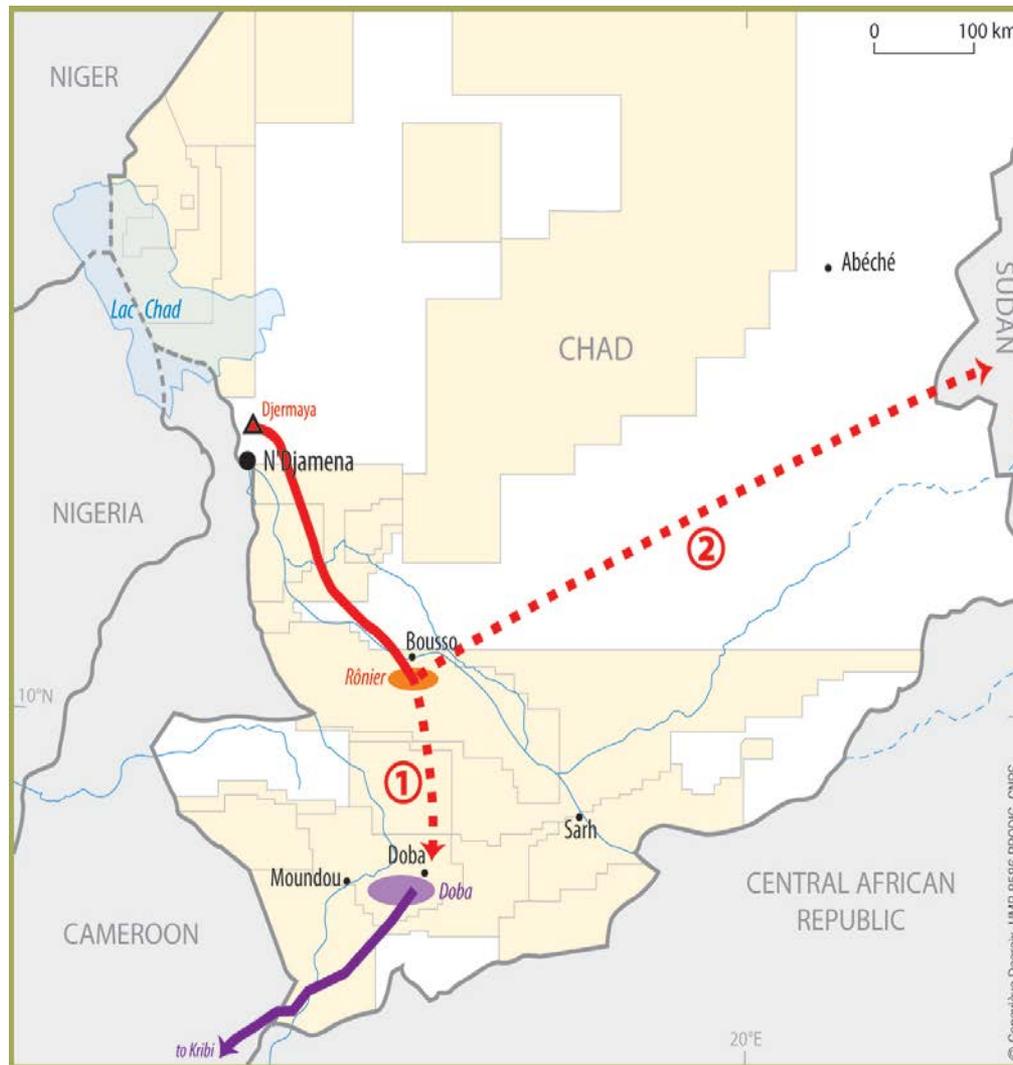
Overall aim : understanding the impacts of extractive industries and the interactions between western and other firms, when operating in the margins of the world petroleum system (in this case, Chad, central Africa).

II. Context (1/3)

- The Exxon Doba oil fields (2000) :
 - in the South of Chad
 - linked through a pipeline from Komé (Chad) to a shipping terminal in Kribi (Cameroun).
 - Support from World Bank Group : legitimacy
 - Exploitation started in 2003. Mature exploitation stage.
- Doba Exxon experience: The confirmation of the “oil curse” (Pegg, 2009)?

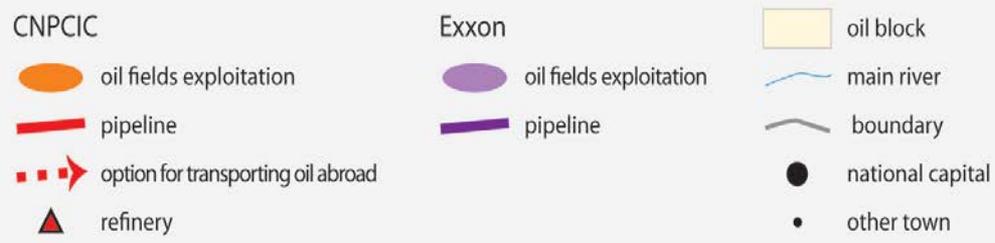
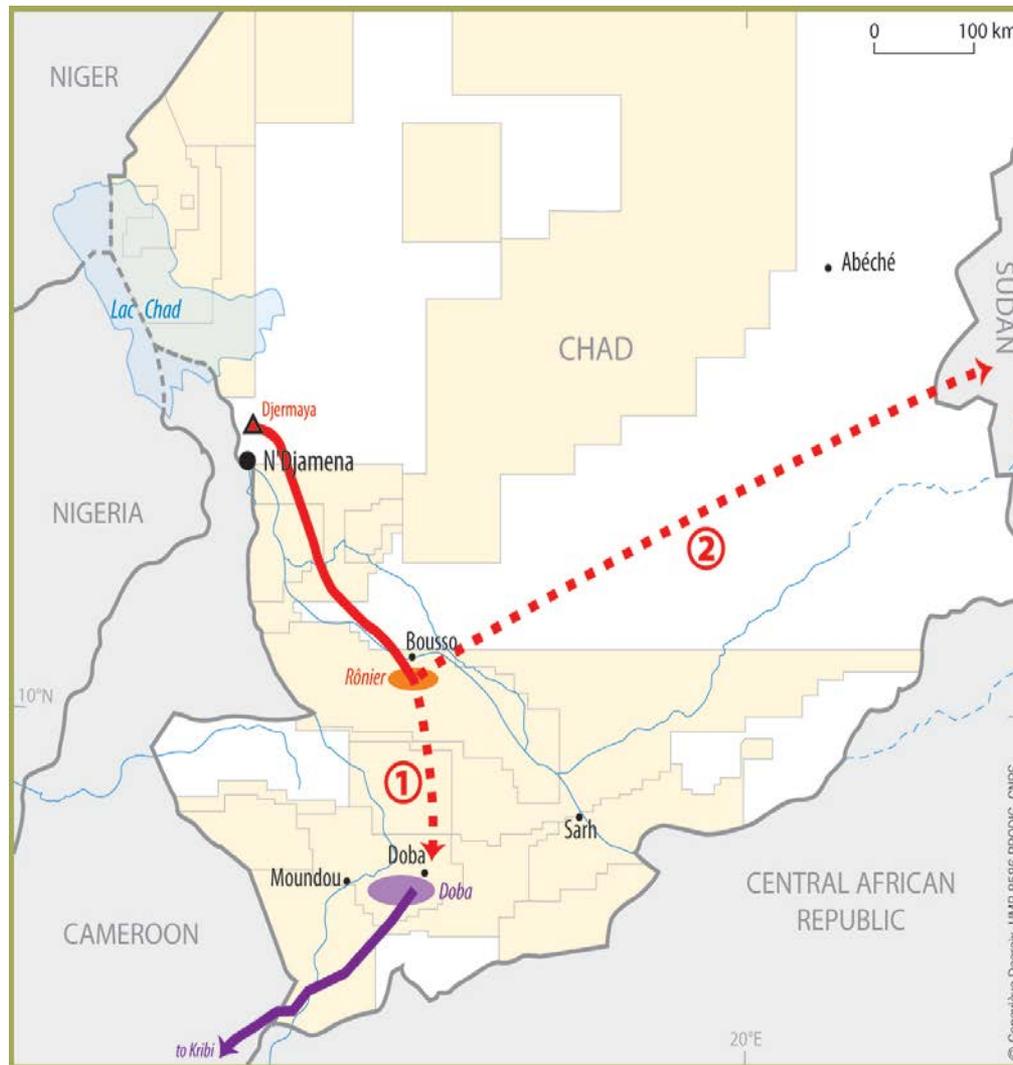
II Context (2/3)

- The arrival of the CNPC in the Chadian petroleum sector (2007) : the result of multi-sided diplomatic efforts aiming at reducing tensions
- CNPC Ronier Oil fields linked through pipeline to a refinery
- Value added (refinery)



II. Context (3/3)

- CNPC-Ronier production superior to refining capacity : remaining to be exported via Sudan (China's previous but now shaking "home base" in Africa) or via Exxon's pipeline Doba-Kribi
- The most probable option (Doba-Kribi) means interaction with the Doba Exxon project : which kind of oil through "clean" Exxon pipeline?



III. The state of the art (1/3)

Domains of controversy

- **China in Africa** : dvt partner vs new imperialism ?
- **The emergence of environmental regulation in China** : just “greenwashing” or profound silent cleaner production revolution?
- **Transborder environmental regulation** : “global western” references are not always “universal” references;
- The practice of double standards (already mentioned in Commission Brandt North South divide, 1980)

III. State of the art (2/3)

Critical review of the **“resource curse”** approaches (cf. Rosser 2006) ; 4 dimensions :

- Macro-economy : dutch disease, volatility, debt, ...
- Political regimes (tendency to authoritarian)
- Conflict (creates/prolongates)
- + Environment (S. Kloff, R. Steiner, IUCN, Greenpeace)

Oil in Chad : oil curse and/or something else? (Magrin, van Vliet, 2009)

The opportunities provided by the renewed discussion on **“trajectories”** and **“critical junctures”** in **Institutional History** (Capoccia and Kelemen, 2007)

III. State of the art (3/3)

- Critical juncture = a change in an actor's situation which widens his choices and options for action and which increases the reach of a decision eventually taken by this actor (Capoccia & Kelemen, 2007)
- A critical juncture is not necessarily followed by a new trajectory. It refers to the possibility of new trajectories which may never materialize. Critical juncture = space for bifurcation (idem)

III. Questions (1/1)

- Does the arrival of CNPC consolidate the critical juncture created by the Exxon Doba Project ? Or: a. strengthen a sustainable failed state; b. use lack of standards as a competitive advantage? (Soares de Oliveira, 2007)?
- What does it learn us about the difficulties in perceiving and studying critical junctures in our studies of Extractive Activities (EA) and their impacts?

V. Approach (1/2)

- Long term mining cycle (20-30 yrs).
Understanding the social and spatial dynamics (van Vliet, 1998)
- Looking inside the organisations (the “core” and the “bark” “Le noyau et l’ecorce”, van Vliet & Magrin, 2007, 2012)
- Hypothesis : The production cycle itself induces modifications in the behaviour of the actors inside and around the firms these social dynamics around and induced by seemingly rigid paths do produce critical junctures (van Vliet and Magrin, 2009).

V. Approach (2/2)

We studied the very start of the exploitation cycle, in the midst of the construction phase (from 2009 to 2011).

Looking at CNPC's practice through the lens of Chinese public and CNPC corporate rules of the game

Research in partnership. A focus on environmental regulation

Under the term “environmental regulation” we refer to those (sets of) rules, that may be self-produced, imposed by thirds, or voluntarily adhered to, of a formal (laws, conventions, decrees, policies, strategies, codes, norms, standards) or informal (customs, norms) character, with effects in the private or in the public sphere, and aiming at **limiting the access to natural resources or modify the conditions for their utilization.**

VI. Results and analysis (1/5)

CNPC : thresholds impeding the return to a classical “resource curse trajectory”

- Exxon Doba’s heritage (rules ; trained HSE people; power relations)
- Rapidly emerging environmental regulation in China and CNPC specific role as a flagship

VI Results and analysis (2/5)

The Exxon Doba “heritage”

- Environmental package, welcomed by civil society organizations
- Environmental regulations continue to function despite the withdrawal of the World Bank
- The project has stimulated learning on all sides and consolidated capacities, a common language...

VI. Results and analysis (3/5)

The Exxon Doba heritage

- Freely disposable financial resources >
 - a. monopoly of multilateral institutions on public policy is broken;
 - b. public choice : invest in coercion or in legitimacy (temptation of new rural development policies in Chad)
- Ethic scrutiny (an unforeseen & "unwanted" package in the containers of western firms)
- New practices of dialogue within authoritarian contexts

VI. Results and analysis (4/5)

Environmental regulation in China and CNPC's role as a flagship

- In China : internal gap between demand and supply of formal regulation rapidly closing
- However, the internal supply of enforcement does not meet demand
- The oil sector : a flagship of the Chinese economy; as China became an oil importer : need to insure access to energy, “inbound” and “going out” partnerships with western firms
- Hard learning (accidents) and combined pressures (citizens, media, party, state council, the honor of the engineering profession, the requirement to be recognized as a global player) led to set of updated composite RSE procedures and practices

VI. Results and analysis (5/5)

Environmental regulation in China and CNPC's role as a flagship

In Chad :

- At this construction stage, no sign that it is intending to go below standards (however, problems with EIE process).
- Learning to dialogue with actors outside the firm and the State
- Refinery and projected industrial district : adding value to primary resources complexifies the critical juncture

V. Conclusions (1/2)

Exxon Doba project indeed created a space for bifurcation, but not yet a “new” trajectory

The arrival of CNPC contributes to complexify this critical juncture without reverting it. The outcomes are still uncertain

V. Conclusions (2/2)

- New questions :
 - Is a “critical juncture” simply a collection of facts that does not answer the modelisation of a given trajectory?
 - Do we need to exactly define “the trajectory”, before being able to grasp a “critical juncture”?

Thank you for your attention

<http://www.afd.fr/webdav/site/afd/shared/PUBLICATIONS/RECHERCHE/Scientifiques/Focales/09-Focales.pdf>

A working paper in English is also available at the following site :

http://www.risingpowers.net/sites/default/files/RisingPowers_WP2_Van%20Vliet%20et%20al.pdf