YAMAL LNG AND GLOBAL PRODUCTION NETWORKS (GPN)

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Jussi Huotari, PhD Candidate, Aleksanteri Institute, University of Helsinki, Finland / Co-coordinator TN On Geopolitics & Security
ENERGY, ECONOMICS, POLITICS
AND ENERGY POLITICS

• **ENERGY**: One of the key drivers of progress and human development. “One of the principal components of modernity in a both statistical and an ideological sense” (Bridge 2011, 307).

• **ECONOMICS**: Uninterrupted access to sufficient amount of energy is basis for production, industries, transportation and trade.

• **POLITICS**: “To make possible to happen” (Heininen 2018) vs. “Politics the art to make things impossible” (Suokko and Partanen 2016).

→ Competition over who gets what, when and how.

→ **Cooperation and confrontation**. Just another commodity (Yergin 2011) or a political tool for states and governments?
(ENERGY) GEOPOLITICS AND SECURITY

• State centric approach: competition between states over the control of and access to resources as well as their transportation routes.
• Or is it markets that decide which resources (as well as when and where) will be exploited.
• Security of resource flows for military, but also to ensure ‘modern lifestyle’.
• Climate change as a threat to modern life style?
• Is the environment the next dominating narrative in the energy security discourse?
**GLOBAL PRODUCTION NETWORK (GPN)**

- **Levy 2008**: GPNs are integrated economic, political, and discursive systems, in which market and political power are intertwined.

- **Bridge (2008)**: GPN analytical toolkit is suitable for extractive industries:
  - Geographical shifts in demand of natural resources.
  - Emergence of new extractive frontiers.
  - Power shifts between oil companies and states.

- Energy production regions are generally assumed as production regions where subnational administrative and/ or political units sitting atop oil and gas deposits that are being actively exploited by energy companies. (Rogers 2015).

- Territoriality, materiality and interest in network practices (Bridge & Bradshaw 2017).
GPNs and the Arctic energy geopolitics

Territoriality:
- From the ‘Cold War’ military theatre to a global region, multilevel cooperation between different actors (geopolitical stability).
- States interest to develop the regions (infrastructure, connectivity etc. → modernity?)

Materiality:
- Resource endowments located in remote areas which are far away → difficult and expensive to exploit and get to the market.
- Demand for specialized capacities and skills, but also demand for supplies in the international markets.

Interests in network activities:
- States ↔ SOEs: governments political guidance of SOEs/NOCs vs. SOEs/NOCs capacity to pursue own commercial interests
  - State-owned companies as regional and foreign policy tools?
  - Privileged for SOEs?
- States ↔ TNCs: How the role of foreign partners is considered (forbidden, operators and/or equal partners)
  - TNCs interest/temptation to get access to new resources vs. risk/threat of political maneuvering
- SOEs ↔ TNCs relations
  - Interest for access to resources ↔ interest to ‘learn’ corporate governance, technologies etc.
ACTORS/STAKEHOLDERS IN ARCTIC PETROLEUM SECTOR

- Rosneft
- Statoil
- CNPC
- ExxonMobil
- Gazprom
- Bellona
- Arctic Circle
- Arctic Council
- Bellona
- Greenpeace
- WWF
CASE STUDY: Yamal LNG
YAMAL LNG

• An example of the large-scale project that was conducted on time and succeeded despite sanctions.
• Novatek – CNPC – Silk Road Fund – Total.
• Transportation of Novatek’s resources to international market
• First shipment in 2017.
• Included companies from 15 countries.
Yamal LNG & GPN:

TERRITORIALITY:
- Arctic as strategic priority for Russian state: Economics / Politics
- State’s national/regional interests come together with consortium’s commercial interests. Development / Modernization as a “glue” that holds them together.
- The project “opens the door” for foreign partners to Russian resource base and for Russian independent gas producers to international LNG market, and to IOCs corporate governance systems.
- For China participation to Yamal LNG is also a way to fulfill its Arctic politics that is outlined in the governments White Paper 2018.

MATERIALITY:
- Transformation of energy demand structure and potential energy transition (From oil to gas and renewables).

INTEREST IN NETWORK ACTIVITIES:
- Represented as a flagship project which shows Russia’s will to multilateral cooperation with foreign partners.
- Interdependence between IOCs and NOCs on resources, technology and finance.
Concluding remarks:

- Arctic / The Barents Sea comprises as a global region where interests and priorities of multiple actors are in interaction in different levels: local, regional and global → GPN analytical toolkit suitable for analyzing these changes.

- Political stability as an asset for the potential resource extraction, despite the sanctions → cooperation between Russian and international companies has continued e.g. in Yamal LNG & Yamal LNG 2.

- Development in Yamal LNG is essential for Russia’s arctic policy goals and modernization of the Arctic region, but how much it will benefit local people?

- For other partners (TOTAL, CNPC and China Silk Road Fund) the project opens the door for energy projects in the promising gas province, as well as, stronger foothold to Arctic politics.
THANK YOU!

Jussi.a.huotari@helsinki.fi