Dr. Talal Abdulla Al-Emadi, Joint Venture Agreements in the Qatari Gas Industry: A Theoretical and an Empirical Analysis, Springer, 2019, ISBN 9783030126223, 137 pages, € 117.69

This is a clever book. In the vast sea of literature which already exists in relation to ‘how’ petroleum industry joint venture arrangements are intended to function, this is a rare island of ‘why’ a particular petroleum industry joint venture agreement even exists in the first place, and exists in the way that it does.

Anyone who has an interest in upstream petroleum exploration and production joint ventures will know the purpose behind the joint operating agreement, and will also have (or, by reference to that vast sea of literature, will be able to get) a good idea of what goes into a joint operating agreement. Much less commonly written about, however, is the operating philosophy which the joint operating agreement represents when entered into between a state and a foreign investor, and what thinking underlies the decision even to have a joint operating agreement at all in such a circumstance.

This book addresses the joint operating agreement specifically in the context of the Qatari gas industry, and this is a very credible place to focus on the book given Qatar’s status as the world’s largest exporter of liquefied natural gas (LNG). Qatar’s very successful business model for LNG exports is founded on mutually beneficial joint venture arrangements between the host state (represented by the national oil company, Qatar Petroleum) and the financial and technical capabilities of a selected group of international oil companies.

This book analyses how the Qatari joint operating agreement model emerged as a result of a conscious and protracted decision-making process, and how it became preferred as a model for accommodating foreign direct investment over other alternatives such as concessions, service contracts and production sharing arrangements. The book analyses what it calls ‘the social process’ of making a decision involving a large number of stakeholders, where the decision will have far-reaching and long-term economic consequences and will also require the investment of significant time and effort in making the commitment work, and also examines the basis of the decision from what the author calls the ‘micro-level’ analysis of the perspective of the international oil company and the ‘macro-level’ analysis of the organizational culture of the Qatari gas industry.

At its heart, this book’s analysis is the product of extensive documentary research, interviews with key players and careful thematic analysis of all the resultant data. But the book does not stop there and then proceed to a simple country analysis of the Qatari gas industry. Beyond that simple starting point lies a whole new world of conceptual analysis of the rationale for the Qatari gas industry joint venture model, viewed through the lens of two particular devices which most participants in the international energy world will probably be unfamiliar with:

- a lengthy examination of John Dunnings’ 1979 Eclectic Paradigm (or OLA Model), an economic construction which considers the ownership, location and internationalization advantages which are offered by a particular opportunity for foreign direct investment; and
• how that relates to Anthony Giddens’ structuration theory, a sociological construction which considers the perspectives of human behaviour when influenced by various structural and agency influences (including, of particular relevance to Qatar, the involvement of religious considerations in shaping investment models and decisions).

What does this book do? At one level it offers as a fascinating (and unique—no-one other than the author could have gained and shared these insights) perspective why joint venture arrangements in the Qatari gas industry are the way they are, and why they even exist at all. But it would be a mistake to consign this book to being only about Qatar.

This book shows the level of critical thinking about concept selection which should be required to underpin every state’s consideration of the possible models for structuring state/investor joint ventures. It would be a fascinating exercise to apply the parameters of this book to other countries. This book is a brave and adventurous work, and the author has opened the door into a new world of thinking about investment analysis for the structuring of state/investor relations in upstream and midstream petroleum projects.

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