THE IMPACT OF GLOBALISATION ON
THE DEVELOPMENT OF THE LIBYAN OIL
SECTOR.

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ALASHHAB

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"قَالُواْ سُبْحَانَكَ لَا عِلْمَ لَنَا إِلاَّ مَا عَلَّمْتَنَا إِنَّكَ أَنتَ الْعَلِيمُ  
الْحَكِيمُ" (32)

سورة البقرة

This thesis dedicated to my parents
For their endless love, support and encouragement

"هَا أَنْتُمْ هُوَالَاءِ خَاجِجُتُمْ فِي مَا لَكُم بِهِ عِلْمٌ فَلِمَ تُحَاجُّونَ  
فِي مَا لَيْسَ لَكُم بِهِ عِلْمٌ وَاللَّهُ يَعْلَمُ وَأَنتُمْ لاَ تَعْلَمُونَ" (66)

سورة ال عمران
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Abstract

For many years Libya suffered from economic and political exclusion from the outside world. This isolation was a result of both Libyan governmental policies (under the Gaddafi regime, which was almost entirely against economic liberalisation) as well as sanctions placed on Libya by the international community, led by the United States. This situation prevented Libya’s integration into the contemporary global economy, and continued for over 30 years from Gaddafi’s rise to power in 1969. However, by the late 1990s Libya began to relax its policies against economic liberalisation and by 2003 it had resolved many of the political disputes with the international community that prevented Libya’s global integration. Consequently, Libya opened its borders and its economy, especially to the oil international corporations (MNOCs) and foreign direct investment (FDI). Since then MNOCs from around the world, including from the United States and Europe, returned to work in the Libyan oil sector signalling a new moment in Libya’s economic development.

This thesis investigates these changes and the impact of globalisation on the development of the Libyan oil sector. This study uses a mixed method approach drawing on quantitative and qualitative methods to collect, analyse and present evidence in order to understand and explain how processes of globalisation have impacted on the nature of the Libyan oil sector and the role this plays in the global hydrocarbons market. Determining and interpreting the impact of the globalisation phenomenon requires the engagement with people’s views and their experiences (in particular the opinions of decision-makers in Libya). Therefore, interviews were conducted with individuals who have adequate understanding and experience regarding the environment of the studied topic, which fulfils the criteria for the
qualitative approach. Interviews were also designed in order to answer the research questions by inserting the research questions within the interviews questions. The interviews have been conducted in Libya with key policy- and decision-makers and experts of the targeted institutions which included MNOCs and Libyan national bodies. Regression modelling was applied in order to test the validity of the hypothesis.

This thesis finds that the performance of the Libyan oil sector was impacted positively by the post-2003 processes of integration (globalisation) and when compared to the period of relative isolation from the early 1970s to the early 2000s, the sector developed rapidly as a result of economic liberalisation. The results of analysis of both quantitative and qualitative data, however, this thesis also shows that the Libyan oil sector and the broader Libyan economy (given the central role of hydrocarbons in Libya) have become more susceptible to external processes well out of the control of the Libyan authorities.
Abbreviations:

WWI: World War I
WB: World Bank
IMF: International Monetary Fund
WTO: World Trade Organization
MNOCs: Multinational Oil Companies
LFIB: Libyan Foreign Investment Board
NOC: National Oil Corporation
USA: United States of America
UK: United Kingdom
UNCTAD: UN Conference on Trade and Development
OECD: Organisation for Economic Cooperation and Development
GDP: Gross Domestic Product
IT: Information Technology
R&D: Research and Development
ICT: Information and Communication Technology
OPEC: Organization of the Petroleum Exporting Countries
IBRD: International Bank for Reconstruction and
GATT: General Agreement on Tariffs and Trade GATT
HSH: Hegemonic Stability Theory
B2B: Business to business
WWW: World Wide Web
UN: United Nations
IDM: International Development Movement
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEF</td>
<td>World Economic Forum</td>
</tr>
<tr>
<td>IPE</td>
<td>International Political Economy</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Production</td>
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<tr>
<td>Mb/D</td>
<td>Million Barrels Per Day</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>BP</td>
<td>British Petroleum</td>
</tr>
<tr>
<td>LIPETCO</td>
<td>Libyan General Petroleum Corporation</td>
</tr>
<tr>
<td>TNC</td>
<td>Transitional National Council</td>
</tr>
<tr>
<td>RCC</td>
<td>Revolutionary Command Council</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>IBP</td>
<td>International Business Publications</td>
</tr>
<tr>
<td>WMD</td>
<td>Weapons of Mass Destruction</td>
</tr>
<tr>
<td>LPG</td>
<td>Liquefied petroleum gas</td>
</tr>
<tr>
<td>E&amp;P</td>
<td>Exploration and production</td>
</tr>
</tbody>
</table>
# Table of Contents

ACKNOWLEDGEMENT ...................................................................................... II  
Abstract ........................................................................................................ III  
Abbreviations: ................................................................................................. V  
Table of Contents ........................................................................................... 7  
List of tables: .................................................................................................. 10  
List of figures: .................................................................................................. 12  

## Chapter 1: Introductory Chapter
1.1. Introduction ......................................................................................... Error! Bookmark not defined.  
1.2. Problem Statement: ........................................................................... Error! Bookmark not defined.  
1.3. Central Argument: ............................................................................. Error! Bookmark not defined.  
1.4. Aims and Objectives: ......................................................................... Error! Bookmark not defined.  
1.5. Research Questions: .......................................................................... Error! Bookmark not defined.  
1.6. Hypothesis: ....................................................................................... Error! Bookmark not defined.  
1.7. The Followed Definition: .................................................................. Error! Bookmark not defined.  
1.9. Significant Contribution: ................................................................... Error! Bookmark not defined.  
1.10. Structure of the Thesis: ................................................................. Error! Bookmark not defined.  

## Chapter 2: Literature Review
2.1. Introduction: ....................................................................................... Error! Bookmark not defined.  
2.2. Overview of Traditional Theory: ....................................................... Error! Bookmark not defined.  
2.2.1. Mercantilism: ............................................................................... Error! Bookmark not defined.  
2.2.2. Physiocratism: .............................................................................. Error! Bookmark not defined.  
2.2.3. Classical school: ............................................................................ Error! Bookmark not defined.  
2.3. Conception of Globalisation: ............................................................... Error! Bookmark not defined.  
2.4. Debating Globalisation: ..................................................................... Error! Bookmark not defined.  
2.5. Enablers/drivers of globalisation: ....................................................... Error! Bookmark not defined.  
2.6. Globalisation: good or evil: ............................................................... Error! Bookmark not defined.  

## Chapter 3: Globalisation and Oil Industry
3.1. Introduction: ....................................................................................... Error! Bookmark not defined.  
3.2. Oil Economics Developments in the 20th century: ......................... Error! Bookmark not defined.  
3.3. Influences of the global political and economic crisis on the world's oil industry: Error! Bookmark not defined.  
3.4. expectations of global oil demand development and foreseeable alternatives: Error! Bookmark not defined.  
3.5. Libyan Oil: ......................................................................................... Error! Bookmark not defined.  

## Chapter 4: Theory and Methodology
4.1. Introduction: ....................................................................................... Error! Bookmark not defined.  
4.2. Data Collection: ................................................................................ Error! Bookmark not defined.  
4.3. Data Analysis: .................................................................................. Error! Bookmark not defined.  
4.4. Results and Discussion: ................................................................... Error! Bookmark not defined.  
4.5. Conclusion: ....................................................................................... Error! Bookmark not defined.  
4.6. References: ....................................................................................... Error! Bookmark not defined.
4.1. Introduction: ........................................... Error! Bookmark not defined.


4.2.1. Why this theory: ..................................... Error! Bookmark not defined.

4.3. Methodology: ........................................... Error! Bookmark not defined.

4.3.1. Ontology and Epistemology: Error! Bookmark not defined.

4.4. Research design and strategy: ...................... Error! Bookmark not defined.


4.4.2. Research Design: - ................................. Error! Bookmark not defined.

4.4.3. Interview design: ..................................... Error! Bookmark not defined.

4.4.4. The implementation phase: ...................... Error! Bookmark not defined.

4.4.5. The analysis of data ................................. Error! Bookmark not defined.


4.5. Statistical Method: ..................................... Error! Bookmark not defined.

4.5.1. Static time series regression: ...................... Error! Bookmark not defined.

4.5.2. Effect of globalisation on gas and oil: ........ Error! Bookmark not defined.

4.5.3. Chow test: ........................................ Error! Bookmark not defined.

4.5.4. Regression model assumptions: ............ Error! Bookmark not defined.

4.5.5. Auto-correlation: ................................ Error! Bookmark not defined.

4.5.6. Heteroscedasticity: ................................ Error! Bookmark not defined.

4.5.7. Solution using Newey West standard errors: Error! Bookmark not defined.


4.5.9. Variables: ........................................ Error! Bookmark not defined.

4.5.9.1 Dependent variables: ............................ Error! Bookmark not defined.

Chapter 5: Libyan Oil in the Period of Isolation: Error! Bookmark not defined.

5.1. Introduction: ........................................... Error! Bookmark not defined.

5.2. Historical Background: ............................... Error! Bookmark not defined.

5.3. Libyan oil: ........................................ Error! Bookmark not defined.

5.3.1. Libyan Oil in the era of prosperity:........ Error! Bookmark not defined.

5.3.1.1 Changes in Rates of Production and Reserves: Error! Bookmark not defined.

5.4. Libyan Oil in the Period of Isolation: .......... Error! Bookmark not defined.

5.4.1. Gaddafi’s ideology: ................................. Error! Bookmark not defined.

5.4.2. Gaddafi’s Foreign Policy: ......................... Error! Bookmark not defined.

5.4.3. From ally to enemy: ............................... Error! Bookmark not defined.

5.4.4. US Hegemony and Signs of Change: .... Error! Bookmark not defined.

5.5. The Position of Oil After Gaddafi’s Coup in 1969: Error! Bookmark not defined.
5.5.1. Nationalisation and the Role of the National Oil Corporation (NOC)

5.5.2. The Beginning of the Downfall

5.5.3. Oil and the Years of Isolation

Chapter 6: Libyan Oil in the Era of Globalisation

6.1. Introduction

6.2. US Hegemony and Total Compliance

6.3. Understanding the lessons and the option of collaboration

6.4. US hegemony and Libyan policy change

6.5. Multinational Oil Companies’ Strategies

6.6. The objectives of National Oil Corporation

6.7. The role of MNOCs in the Libyan oil sector

6.8. Libyan oil in the era of globalisation

6.8.1. The beginning of recovery

6.8.2. The upgraded Libyan oil sector

6.8.3. Production and reserves’ rates of change

6.9. Reverberations of outside influences on the Libyan oil sector’s stability

Chapter 7: Statistical Analysis

7.1. Introduction

7.2. Data Analysis Results

7.2.1. Globalisation

7.2.2. Oil Reserves

7.2.3. Impact of Structural Breaks on Oil Reserves

7.2.4. Effect of Globalisation Using Structural Breaks on Oil Reserves

7.2.5. Cointegration of Oil Reserves and Companies

7.2.6. Effect of Time Intervals on Oil Production

7.2.7. Effect of Globalisation Using Structural Breaks on Oil Production

7.2.8. Effect of Globalisation Using Structural Breaks on Gas Reserves

7.2.9. Cointegration of Gas Reserves

7.2.10. Gas Production
7.2.11. Effect of Time Intervals on Gas Production:

7.2.12. Effect of Globalisation Using Structural Breaks on Gas Production:

7.2.13. Cointegration of Gas Production Model:

7.2.14. Descriptive Discussion of the Analysis Results:

Chapter 8: Conclusions

8.1. Contribution to knowledge:

8.2. Study limitations and directions for future research:

Bibliography

Appendix-1: Interviews Schedule
Table 7-3: Regression model with Newey-West standard errors for oil reserve and the three periods……………………………………………………………… Error! Bookmark not defined.

Table 7-4: Test of auto-correlation using Breusch-Godfrey LM test for oil reserve in terms of companies ………………………………………….. Error! Bookmark not defined.

Table 7-5: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for oil reserve in terms companies ………………………………………….. Error! Bookmark not defined.

Table 7-6: Chow F-test based on Regression model with Newey-West standard errors for oil reserves and globalisation in terms of three intervals Error! Bookmark not defined.

Table 7-7: ADF unit root tests of stationarity.......... Error! Bookmark not defined.

Table 7-8: ADF unit root tests for co-integration ..... Error! Bookmark not defined.

Table 7-9: Test of auto-correlation using Breusch-Godfrey LM test for oil production ………………………………………………………………… Error! Bookmark not defined.

Table 7-10: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for oil production ………………………………………………………… Error! Bookmark not defined.

Table 7-11: Regression model with Newey-West standard errors for oil production and the three periods……………………………………….. Error! Bookmark not defined.

Table 7-12 : Test of auto-correlation using Breusch-Godfrey LM test for oil production ………………………………………………………… Error! Bookmark not defined.

Table 7-13: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for oil production ………………………………………………………… Error! Bookmark not defined.

Table 7-14: Regression model with Newey-West standard errors for oil production and globalisation in terms of three periods……………… Error! Bookmark not defined.

Table 7-15: ADF unit root tests of stationary: .......... Error! Bookmark not defined.

Table 7-16: ADF unit root tests for co-integration .... Error! Bookmark not defined.

Table 7-17: Test of auto-correlation using Breusch-Godfrey LM test for gas reserves Error! Bookmark not defined.

Table 7-18: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for gas reserves ………………………………………………………… Error! Bookmark not defined.

Table 7-19: Regression model with Newey-West standard errors for gas reserves and the three periods………………………………………… Error! Bookmark not defined.

Table 7-20: Test of auto-correlation using Breusch-Godfrey LM test for gas reserves Error! Bookmark not defined.

11
Table 7-21: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for gas reserves: '?'

Table 7-22: Regression model with Newey-West standard errors for gas reserves and globalisation in terms of three periods: '?'

Table 7-23: ADF unit root tests of stationary: '?'

Table 7-24: ADF unit root tests for co-integration: '?'

Table 7-25: Test of auto-correlation using Breusch-Godfrey LM test for gas production: '?'

Table 7-26: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for gas production: '?'

Table 7-27: Regression model with Newey-West standard errors for gas production and the three periods: '?'

Table 7-28: Test of auto-correlation using Breusch-Godfrey LM test for gas production: '?'

Table 7-29: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity for gas production: '?'

Table 7-30: Regression model with Newey-West standard errors for gas production and globalisation in terms of three periods: '?'

Table 7-31: ADF unit root tests of stationary: '?'

Table 7-32: ADF unit root tests for co-integration: '?'

12
List of figures:

Figure 5-1: Libyan Oil Production (1961-1999)........ Error! Bookmark not defined.
Figure 5-2: Libyan Gas Production (1970-1999)....... Error! Bookmark not defined.
Figure 5-3: Libyan Oil Proven Reserves (1961-1999)Error! Bookmark not defined.
Figure 5-4: Libyan Proven Gas Reserves (1961-1999)Error! Bookmark not defined.
Figure 6-1: Oil reserves (2000-2010) ...................... Error! Bookmark not defined.
Figure 6-2: Oil reserves (2000-2010) ...................... Error! Bookmark not defined.
Figure 6-3: Gas reserves (2000-2010) ..................... Error! Bookmark not defined.
Figure 6-4: Gas reserves (2000-2010) ..................... Error! Bookmark not defined.
Figure 7-1: number of companies during 1961-2010 with three structural breaksError!
 Bookmark not defined.
Figure 7-2: Oil reserves during 1961-2010 with three structural breaksError! Bookmark not defined.
Figure 7-3: Scatter plot the relationship between oil reserves and companyError! Bookmark not defined.
Figure 7-4: Oil production during 1961-2010 with three structural breaksError! Bookmark not defined.
Figure 7-5: Scatter plot the relationship between oil production and company .Error! Bookmark not defined.
Figure 7-6: Gas reserves during 1961-2010 with three structural breaksError! Bookmark not defined.
Figure 7-7: Scatter plot the relationship between gas reserves and company ....Error! Bookmark not defined.
Figure 7-8: Gas production during 1961-2010 with three structural breaks.Error! Bookmark not defined.
Figure 7-9: Scatter plot the relationship between gas production and company Error! Bookmark not defined.
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