

## Does Ownership Matter? The Performance and Efficiency of State Oil vs. Private Oil (1987-2006)

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This paper investigates whether there are systematic performance and efficiency differentials between National Oil Companies (NOCs) and privately-owned oil companies. The dataset is based on a survey published by Energy Intelligence and covers 1,001 firm observation years in the period 1987 to 2006. After summarising the main trends emerging from the data and discussing some key issues of comparing 'State Oil' and 'Private Oil', I find that non-OPEC NOCs underperform their private sector counterparts in terms of labour and capital efficiency, revenue generation and profitability. I also find that much of these differences could be bridged through a change in ownership. OPEC producers show higher efficiency metrics than the private sector, which might be related to exogenous asset quality. All NOCs produce a significantly lower annual percentage of their upstream reserves. This paper complements the time-series analysis of oil privatisations in Wolf and Pollitt (2008) and suggests that a political preference for State Oil usually comes at an economic cost.

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