Houston Area Model United Nations
Standard Committee

OPEC+



Chair | Ahsan Aziz
Topic A: Responding to Foreign Nationalization
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Atilgan Ozdil/Anadolu Ag

Chair Letter

Greetings Delegates,

Welcome to HAMUN, and more specifically, OPEC. My name is Ahsan Aziz, and I will be your chair for this year's Organization of the Petroleum Exporting Countries!

I am currently in my sophomore year at the University Houston studying Electrical Engineering under the Cullen Engineering Honors Program. Throughout my Model UN career that began in 2022, I've participated in a total of six conferences and this will be my first conference as chair though i've Vice-Chaired before, including right here at HAMUN. Since I've begun, MUN has always had a special place in my heart, playing a major role in my ability to look at a problem and genuinely ask myself why someone in a completely different situation, with completely different pressures and priorities, would approach the same problem in a different way than others would. That way of thinking has altered my perspective on a lot of things. In the way I currently understand today's world and absorb fresh knowledge. When used effectively, Model UN offers a perspective that enables you to see multiple points of view.

I chose to staff OPEC because I love the dynamic this committee brings. It's specialized enough that the debate stays focused and substantive, but the nature of the topics means there's real room to dig into the nuances of each country's position and motivations. Given that most of you aren't new to this, I'm expecting the debate to reflect that, and I think it will.

You're going to hear this a lot from me, your teachers, and other HAMUN staff, but the most important part of this conference is to enjoy it and make a memorable experience for yourself. We're all here to help y'all grow and prosper. If you have any questions, please don't hesitate to reach out to me!

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Background Information

Oil has long been the bedrock of the worldwide economy, with a handful of Western companies owning oil fields and refineries in countries that were not in a position to exercise any influence over their own natural resources. When these states fought back through nationalization, it became clear how fast economics combined into foreign policy. The history of this issue greatly influenced changes in the economy from Iran in 1951 to Libya, Venezuela, Bolivia, and Argentina.

What Nationalization looks like?

Nationalization is not a single process; it exists in a state of extremes. On one extreme the government can simply impose higher royalties or taxes on foreign businesses, modifying the initial agreement without nationalizing the industry.

Somewhere between the two extremes is partial nationalization, when a country buys into a business, having some minority investments.

Finally, there is total transfer of ownership through expropriation, when a country takes control of foreign assets and the only thing remaining for them is litigation. Countries have used all three forms changing from one to another sometimes depending on their circumstances

Why States Do It?

Usually, the reasons are much more than just about money. Nationalization is mainly a political statement that refers to ownership of a country, linked to anti-colonialism and populism. There are also obvious economic factors involved. A state that controls its oil industry gets to charge the whole amount of money. However, it is hard to operate such companies. Take PDVSA of Venezuela as an example.

TOPIC A HISTORY

Before the formation of OPEC, Western oil firms termed as the Seven Sisters controlled a majority of the global oil resources except for the U.S. And the U.S.S.R. Although the host countries received royalties from oil resources, they lacked control over any of the processes. The end of this monopoly occurred in 1951 with the nationalization of Anglo-Iranian Oil Company by Prime Minister Mohammad Mossadegh. To get rid of Mossadegh, the British imposed sanctions, and then asked the CIA to help them carry out a coup after two years. The issue was clear: nationalization is possible but people of the West will not accept it.

OPEC was established in 1960, and nothing happened for the next ten years. Then, in 1970s Libya became the first country to act in this regard when Gaddafi was in power. Iraq nationalized oil in 1972 while Saudi Arabia was more involved in Aramco. Venezuela also engaged in nationalization at that time.

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TOPIC A CASE EXAMPLES

Venezuela (2007). Chávez forced ExxonMobil and ConocoPhillips to give PDVSA a majority stake in their Orinoco Belt operations. Both refused and pulled out. Conoco won an ICSID award of over $8 billion, Exxon $1.6 billion. Venezuela paid little of either. PDVSA became a political tool, engineers left, and output collapsed.

Bolivia (2006). Morales sent troops to occupy the gas fields and gave foreign operators 180 days to renegotiate. Most stayed. Bolivia kept its partners but flipped the revenue split. It is often held up as the counterexample to Venezuela.

Russia and Yukos (2003 to 2007). A criminal prosecution used as expropriation cover. Yukos's main subsidiary was auctioned to a shell company later absorbed by state-controlled Rosneft. A 2014 arbitration ruling awarded $50 billion to former shareholders. Russia refused to pay.

Argentina and YPF (2012). Argentina seized 51 percent of YPF from Spain's Repsol. Repsol settled for about $5 billion in sovereign bonds. Argentina lost access to capital markets it needed for Vaca Muerta.

TOPIC A CURRENT SITUATION

Most of the past half-century has seen this subject drift in one direction: producing states became more assertive, foreign companies were ultimately pushed on out, and disputes were sent to arbitration. A change in this pattern is already beginning.

Venezuela (2026). Just after the world-famous modern expropriation, the country wants its foreign companies back. On January 3, after a U.S. military operation struck Maduro, Venezuela passed its biggest oil law reform since nationalizing in 1976. Companies can now produce and export crude using Production Participation Contracts without a PDVSA joint venture, and the rule that stipulated PDVSA's 60 percent share in every project since 2007 has been terminated. Disputes are again going to international arbitration. By September, Eni, Chevron, and GeoPark had signed on. Delegates should query whether this is a permanent change or merely the result of outside pressure, for the answer tells a lot about how much sovereignty a state may preserve when a nationalization is poorly executed.

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TOPIC A CASE EXAMPLES

CITGO (2025 to 2026). CITGO is a major U.S. oil refiner owned by Venezuela. Companies like ConocoPhillips that won cases over Venezuela's old seizures still haven't been paid, so in November 2025 a Delaware judge approved selling CITGO's parent company for $5.9 billion to pay them. Venezuela appealed, and the sale was still stuck in late 2026. Going after a country's property abroad is often the only way to collect.

Niger (2025). This fight has spread to mining. France's Orano owned 63.4 percent of Somaïr, a uranium mining company in Niger, until Niger's government took it over. Niger said Orano had been taking 86.3 percent of the uranium since 1971, more than its share. Orano took Niger to international arbitration.

Energy Charter Treaty (2023 to 2025). Yukos shareholders used this treaty to win their $50 billion case, and European countries are leaving it. France, Germany, and Poland left in 2023, and the EU itself pulled out in June 2025. Older investments stay protected for 20 more years, though.

TOPIC A BLOC POSITIONS

OPEC now has eleven members after the UAE left in May 2026 and Angola in 2024. These groupings are rough, and plenty of countries fit more than one.

The First Nationalizers (Saudi Arabia, Kuwait). The countries exercised their control in the past decades. Saudi Arabia gradually took control over Aramco, finally owning the entire company by 1980. Kuwait allows foreign firms to operate on the basis of service contracts only. Their priority is stability. They have nothing to nationalize and would like to avoid the risk of being regarded as a risky destination for investors.

The Sovereignty First group (Iran, Libya, Algeria). Nationalization is the part of the national identity for each of the countries, Iran nationalized in 1951, Gaddafi in Libya, Algeria in 1971. The Constitution of Iran excludes foreign concessions, while Algeria obligates Sonatrach to control the majority share of the venture. Calvo Doctrine will be used by these delegates in all likelihood. The political struggle in Libya has led to numerous oil shut-downs and the first demand may be the uninterrupted flow of crude.

TOPIC A BLOC POSITIONS

Reliance on International Partners (Iraq, Nigeria, Congo, Gabon, Equatorial Guinea). These countries depend a lot on foreign investments. Iraq nationalization took place in 1972, but now it's accepting foreign companies again through service contracts, for instance, it has signed a $27 billion deal with TotalEnergies in 2023. Nigeria expropriated the properties of BP in 1979 but its greatest issue today is that international companies are leaving its fields. Gabon is demonstrating a less radical approach. For instance, in 2024, it exercised the right of first refusal obtaining Assala Energy before it was sold to a foreign investor. Smaller producers here have the least leverage and the most to lose from a reputation for seizing assets.

The Swing Case (Venezuela). Venezuela has been on both ends of this topic in twenty years, first pushing out Exxon and Conoco and now inviting foreign companies back. Its delegation can credibly argue either side, and how it explains the 2026 reversal could shape the whole committee. Expect other members to point to it as a warning in both directions.

TOPIC A: QUESTIONS TO CONSIDER

- At what point does asserting sovereignty cross into the realm of expropriation that the international community will not accept? This question lies beneath all others. It is critical for every representative to be able to answer this one question, as it determines what can be protected on behalf of one's country. When compensation is due, who determines compensation, the local government according to its own laws (the Calvo Doctrine) or an external tribunal through application of the Hull doctrine? This critical question leads to the separation of producers and importers. And also, whether OPEC should be acting as a coordinator in the disputes between its members or not? These answers will serve as the basis for drafting the position paper.

UN PAST ACTIONS

- Created in 1968, OPEC's Declaratory Statement of Petroleum Policy was the first official declaration of the members' right to participate in their oil production. In the same year, Resolution XVI.90 gave it all necessary technical details. But real work was done by UN General Assembly resolutions. Resolution 1803 of 1962 proclaimed sovereign ownership over the minerals with the obligation to compensate, while Resolution 3171 of 1973 furthered the idea permitting to determine the compensation and solve disputes in accordance with national legislations. Ultimately, the strongest Resolution 3281 with 120 votes in favor and only 6 opponents (from Western countries) became the most important one. However, the actual struggle is now taking place outside the UN framework, in 2,500 bilateral treaties and Energy Charter Treaty.

TOPIC A APPENDIX & SOURCES

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