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Are we likely to see oil prices rising again?

Concern is increasing that global growth (and therefore demand) may not stabilize at the high levels that we have seen this year and that long term growth could even be at below the pre-pandemic trendline. At the same time, we're also seeing improvement in oil supply from places like Brazil and potentially Venezuela, so the price outlook has become a bit more moderate. \$85 might be unsustainable going into the spring. I think we will drop back \$10-\$15 and then possibly see renewed excitement again.

Does the market believe Russia will supply more gas?

The markets took that message from Putin very seriously – that the Russian government is still able and willing to force its companies to redirect gas to where it's not necessarily the most profitable, even if at the expense of domestic storage. The recent gas price surge has happened because of immediate demand, supply factors but there are also two structural changes taking place. One is the whole impetus of climate change, which increases demand for gas while coal use drops. And secondly, gas has really become a globalized fuel – it's an LNG game now with places like China and Europe increasing their imports. Last year was the first time inter-regional LNG trade exceeded point to point pipeline trade. This kind of liberalization and flexibility is more sensitive to fluctuations, if not contained by policy.

Should we expect more Iranian oil on the market by year end?

We will see renewed emphasis on the talks. The Biden administration needs to show success urgently with things slipping domestically and Europe has always been in favor of settling the situation with Iran. Iran on its part, realizes that the clock is ticking with a growing regional alliance pointing against it. But on the oil front, I'm less sanguine because a lot is already being sold to China and India, so the sanctions are biting less. And even if more oil is allowed, it won't be a big chunk and probably only come around the summer.

What would be on your wish list to be achieved at COP 26?

It's a mistake to think fossil fuels can just disappear or to make them as expensive as possible to encourage more use of renewables. In fact, without plenty of fossil fuels, there will be no transition because companies need that revenue to afford to invest in cleaner solutions. We also need a global carbon price. So far, we only have serious carbon prices in Europe and California, and I don't expect this to change fast. Lastly, we need to realise that the decarbonization pledges made by more than 100 companies cannot be realized without offsets, and this promises to be the biggest and most fraudulent market that ever existed. There are many different interests at work, and it won't be easy to come up with a quick fix for regulation. ■

**Paraphrased comments*

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