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The EU decision on the Russian oil boycott was a poor one.
In practice, it was not just about giving in to countries like Hungary. They allowed the Russian shipped oil to be easily redirected. Sanctioning pipelined oil is what would have really hurt more. EU decision making based on unanimity is a thing which doesn't work in crisis situations, and it clearly showed its limitations in this case. Having said that, the sanctions game will continue, precisely because there is more scope in the crude oil markets to tighten the screws, and people who are adamant about ending the war, will continue to advocate for this, including those in government.

What do you make of the OPEC announcement last week?
OPEC+ is about 2.6 to 3 million bd short of its current commitments – that's almost 30% so they have to find a way to resolve this. They're walking a tightrope between peace offers with the US and keeping Russia on board. In terms of the current market, there's no problem with crude oil supply, and if there are no secondary sanctions, Russian oil can be exported. We have four safety valves – the SPR; Venezuela, Iran and potentially Nigeria and Libya; the core OPEC countries with spare capacity; and fourthly, ratcheting up US shale. The problem is with products, particularly with diesel, but even there, we will have the enormously flexible global refining system eventually adjusting, as it has done before.

Outlook for oil demand?
The demand destruction argument is a race between when China will pick up again and the US, Europe and other advanced and emerging markets falling behind in recession fears. Once lockdowns are lifted, we will likely see a boost in demand from China, supported by government programs that will concentrate on the consumption side in a very clearcut way.

Is there a chance that inflation won't derail oil demand?
Inflation for oil is only a problem once it hits demand and it hits demand only once it hits economic growth. So, the single most important thing will be aggregate economic growth – the sum of components of recession fears and economic recovery. If inflation impacts economic growth, it will do so through creating a recession or a slowdown in particular countries and then it becomes a matter for oil demand and prices. I don't this we will have a global recession with a real hard impact on oil demand, but there will be a lot of victims on the sidelines, in particular in emerging market economies. We will see more bankruptcies there. ■

**Paraphrased Comments*