Oil market dynamics are changing

Earlier this month, the Organization of the Petroleum Exporting Countries (OPEC) and its allies, a grouping known as OPEC+, announced their decision to stick with their planned output increase of 400,000 barrels a day in January.

The grouping's decision came at a time of heightened concern for producers and consumers and shone a spotlight on the new realities and changing dynamics of global hydrocarbon markets.

On December 2, OPEC+ countries came together at a virtual meeting to decide between two scenarios: continuing to increase their production volume or temporarily freezing it.

On the surface, there were many strong motivations for them to opt for the latter option: the expected oversupply in the first half of 2022; the fear that a new strain of coronavirus could further reduce the rate of oil consumption; and the decision by the United States and a number of other countries, including China, Japan and South Korea, to release large volumes of oil from their strategic reserves to the market to reduce prices. However, despite hearing strong arguments for a freeze, the cartel decided to hold the line on its current output plan.

There were multiple reasons behind the cartel's decision:

First, the current economic development strategies of the key OPEC+ players (and, especially Gulf monarchies) make freezing (or reducing) production quotas an undesirable scenario. In the long run, global oil demand is expected to decline, seriously reducing the incomes of oil exporters and turning some of their oil fields into stranded assets. To avoid this, producers are working to diversify their economies and to make renewable energy a viable part of their economic structures. For now, the only viable source of funding OPEC+ countries have for their diversification efforts is their oil resources, and they are under increasing pressure to turn these resources into cash before the predicted decline in demand and fall in prices devalue them. This means, for OPEC+ countries, the self-imposed output limitations can be nothing more than temporary measures to stabilise the oil market and delay the fall in prices – in the long run, it will always be more beneficial for oil producers to increase production volumes.

Second, the volume of the predicted market oversupply in 2022 remains unclear. Indeed, there is no unanimity among experts on the longer-term prospects of the oil market. While many expect the market to be significantly oversupplied, encouraging greater competition between the players, others warn that continued underinvestment in the oil sector can result in producers significantly failing to meet the demand. This means OPEC+ members are somewhat blindly walking through a minefield, and trying to avoid making wrong choices which could result in significant loss of income and halt their efforts to adjust their economies to new post-hydrocarbon realities. Thus, they are reluctant to reduce production volumes, but they are also not willing to increase them beyond the already established quotas, so as not to bring down oil prices, especially since any period of shortage can easily be followed by a period of overproduction.

Third, OPEC+ members know that even if they commit to holding the line on their current output plan, they may still fail to reach their production quotas. By November 2021, the difference between the nominal production quota and real production in OPEC countries was -390,000 barrels per day. Moreover, under the pretext of respecting each other's production quotas and interests, they refuse to make up for the volumes under-produced by other member states. This has its own logic: under-production supports higher prices which is especially important on the eve of the expected glut of the market in 2022. It also allows producers to limit their cartel's production volumes without aggravating consumers.

Another important reason behind the decision by OPEC+ to not freeze production quotas was its fear of angering the main oil-importing countries. These days, oil consumers are gradually increasing their influence over the energy transition and the expected return of frequent market oversupply, it is increasingly demand, not supply, that is determining the dynamics of oil and gas prices.

An excess of oil on the market is already expected in 2022 and according to some estimates, by 2030, there may be up to 10 million excess barrels per day on the market. Attempts by producers to exert pressure on price through diversification efforts is volumes are thus increasingly being met with sharp reactions from consumers. But at the same time, expectations of oversupply and high levels of uncertainty in the market are providing producers with certain levers of influence.

This change in the power dynamic between producers and consumers already had a significant consequence. On November 23, US President Joe Biden ordered 50 million barrels of oil to be released from the US strategic reserve to help bring down energy costs. This move was important for multiple reasons.

First of all, with this move, the US openly reclassified itself as not a producer, but a consumer of oil – and it made clear that it is not happy with high prices and limited supply. Of course, the US government has long been influential in determining what happens on the oil market. Since the mid-2010s (if not earlier), however, it was perceived to a greater extent as a producer, not a consumer. Indeed, even when Biden's predecessor, former President Donald Trump, expressed dissatisfaction with moves by OPEC+ to tighten production quotas or criticised the cartel's short-lived price war of 2020, the OPEC+ countries continued to perceive the US primarily as an oil producer.

The US started to act more like a consumer than a producer for the first time earlier this year, when despite the increase in prices, its domestic shale producers abandoned their policy of pumping out as much oil as possible in favour of a more restrained approach to production growth. The current administration tried its best to encourage greater growth in domestic shale oil production but failed to change the minds of producers. By deciding to release significant reserves to decrease prices, the Biden administration showed in clear terms that it is supporting the domestic industry's new stance and that it is now ready to act as a defender of consumer interests.

What made Biden's decision to release reserves even more significant was the fact that it was supported by several other global powers. Despite existing political tensions, the US was able to unite a group of influential oil consumers who have long been struggling on their own against OPEC+'s production limitations and consequent price hikes. China, for example, sold off part of its own resets in the autumn of this year, and India, Japan and South Korea also recently voiced similar intentions. None of these Asian countries had used their oil reserves for such a global and coordinated price war in the past.

Of course, Biden's decision on November 23 was not an outright declaration of war, but a demonstration of consumers' new gained capacity to affect the market. In terms of its scale, the total volume of oil planned to be released from reserves does not exceed the global daily demand (however, in order to balance it, OPEC+ would still need to abandon increasing production quotas for some time). Moreover, the release of extra barrels will be staggered, and a significant part of them should be returned by sellers to the US reserve. There are also still some questions over the commitment of US's Asian partners to releasing their reserves (So far, only Japan fully confirmed that it will make the move).

Nevertheless, for OPEC members, and especially for Gulf monarchies, the warning issued by their Asian consumers was significant. Considering the primary role Asia is expected to play in the future of the oil market, having long-term positive relations with Asian powerhouses will likely be key to Saudi Arabia, the United Arab Emirates, Iraq, Kuwait and, potentially, Iran's ability to maintain their positions in the oil market during this unstable period of the energy transition.

As a result of all this, on December 2, OPEC+ did not dare to freeze its production volume. Instead, it chose to – albeit cautiously – bow to consumer pressure. This means we are now witnessing a new oil market reality, where producers are forced to take into consideration the wishes and interests of consumers. **aljazeera**

Pleasing social technology images around us shouldn't bind us to them

Despite global efforts to curb the development of COVID-19, the virus so far seems unimpressed by our ability to curtail it and is still threatening lives. Multiple countries are considering lockdowns before the holiday season.

Restoring normalcy might become evasive once again.

The only certainty that one can hold on to in this moment is that we are all perishing beneath the weight of the presence of death. Death has become blatantly present among us, not as a lingering possibility that we can relegate to the realm of "not yet" because of the pervasive presence of coronavirus.

It's a reality that some try to ignore, some are imprisoned by, while others try to mitigate it by diligently following all the safety precautions. It is as if by sheer willpower we can overcome death.

COVID-19 didn't merely heighten the perception that the chance of a visit from the grim reaper is more likely: the pandemic also altered our view of our body.

The ambivalent attitude towards the body didn't start with the onset of the global pandemic that forced humanity into isolation, fracturing the already fragile social bonds that once united us. The negative perceptions of the body have roots dating back to ancient times. Philosophers such as Plato described the body as a prison and death was the escape towards eternal life of the soul.

One might believe that we have overcome these negative perceptions that were further canonized with the belief in original sin.

Manifestations of the negative attitude have become so enshrined in our collective consciousness that we have become unaware of them and exacerbated by the onset of a virus that can be transmitted as easily as from the touch of a loved one.

Today there is a belief that the body isn't limited to being a vehicle of the soul but has morphed into the harbinger of disease and the possible deliverer of death too.

Based on Plato's dialogues death is an occasion that frees one's soul from the captivity and limitations of this transient world to a non-illusive eternal realm. In other words, even if the body dies the most important part of the human being will escape from its shackles and dwell among the world of ideas.

Now, we can't claim to have the same understanding of death as emancipation that we look forward to.

Today, for many, death is viewed through the hesitant eyes of those who lost faith in a post-death narrative, or those who fear their role in this post-death narrative might not be particularly pleasing. We could say that our lives have become consumed with fear and stuck between a fear of life and a fear of death.

Full text of acting IEA Foreign Minister's...

From P1

- All these elements need urgent resolutions and we remain hopeful about jointly addressing them with the assistance of Islamic countries and international humanitarian organizations. We need urgent assistance in the short term and our compatriots need liquidity more than items in order to retain the value of Afghani currency and to address their principle needs. Fortunately, Afghanistan now has a responsible, non-corrupt and committed government that shall safeguard Afghans from difficulties moving forward. As the developments are nascent and we face unjust sanctions, our people are in dire need of your support.

Excellences,

- We welcome the return of diplomats from Saudi Arabia and the United Arab Emirates to Kabul . - The sanctions on Afghanistan and freezing of assets by the United States of America is harming the Afghans, is a clear violation of the human rights of Afghans, and can be interpreted as enmity with an entire nation. We urge participants of this great gathering to remind US officials that persecution of Afghans and weakening of the Afghan government is not in the interest of anyone. This is not conducive to improving ties.

Such actions harm American prestige and exacerbate the refugee crisis, the detrimental effects of which will not spare the wider world.

- We call on members of the OIC that have deferred reopening their embassies in Kabul to reopen their missions, and we shall welcome them as a friend nation.

- To end I again recall and reassure nations of the Islamic world that Afghanistan now has a responsible and committed government. This government, as a representative and legal authority of Afghanistan, has the capability of interacting politically and responsibly with other nations in official capacity.

Thank you for your attention.

Investment on mines to transform...

From P4

Experts believe that only extraction of vast reserves of lithium in Afghanistan can transform the country from a poor to a rich country and bring million in dollar to the country.

The truth is that minerals have no value as long as they remain under the ground.

Afghanistan has long been a foreign aid-dependent country. The prospect of mining lithium and copper can transform Afghanistan's unstable and aid-dependent economy into a stable and trade-oriented economy.

It's a good opportunity for the national and international companies to invest on the country's mines as security has been maintained and the Islamic Emirate of Afghanistan can pave better way for the companies to invest in the country. **Amiri**

Refugee children should not have to risk their lives at sea

During a rescue operation by Doctors Without Borders (Medecins Sans Frontieres, or MSF) in the Central Mediterranean, I watched as a young Syrian boy named Ali rushed to grasp his father's hand as he came on board the Geo Barents rescue vessel. Moustafa, Ali's father, limped. I immediately thought of how difficult it must have been for him to stand after hours of sitting in the same position in an overcrowded boat.

But Ali helped him stand and held him tightly. When I reached them to help and put a thermal blanket around their shoulders, I noticed some words written in pen in Arabic on Ali's right arm.

"I feared I would not make it, so I wrote my wife's name and her contact on Ali's arm. She is in Syria. If something were to happen to me on that boat, I would have hoped someone would take care of my son and inform her," explained Moustafa. He told me they left Libya the previous day, on the wooden boat from which they had just been rescued.

"When I saw all the people who were coming on board [in Libya], I realised that it was too crowded.

I was frightened and wanted to get off the boat. I pleaded with the smuggler to let us leave," said Moustafa, scanning the deck of the Geo Barents to check that all three of his sons were safely together on board. "It was too late, the man I paid to get on the boat yelled at me to stop and threatened to shoot me and my sons. We had no choice but to stay."

Moustafa and his three sons were among the 99 survivors rescued by the MSF team on the Geo Barents on November 16, during a difficult search and rescue operation less than 30 nautical miles (55.5km) from the Libyan coast.

The survivors recounted that they left the town of Zuwara, some 100km (62 miles) from Tripoli on the Libyan shore, late in the evening of November 15, on a cramped wooden boat. After a few miles at sea, the weather started deteriorating, the waves were becoming higher, and the engine stopped working.

"There were women and children on board who were all scared and crying. Many people were sobbing, screaming, and moving around on the boat in panic.

There was nothing I could do but pray to God for my sons to stay alive," said Moustafa while wrapping his arms around his youngest son, Ali.

When the Geo Barents reached the wooden boat in distress in the early afternoon, the MSF team found the bodies of 10 people on the lower deck, who were thought to have suffocated from fuel fumes. The survivors told us that these people had spent more than 13 hours on the cramped lower deck of the boat. Some of the people on the boat had not realised what was happening to their friends or family members on the lower deck, while others had had to sit for hours next to the dead bodies of their fellow travelers.

Many of the people rescued that day had survived a series of traumatic events throughout their journeys, and their experience on the boat was the latest. Whatever the reasons that pushed them to leave their place of origin, there was always a common thread in their accounts: the experience of violence, deprivation, and a heart-wrenching fear for their loved ones' lives.

"I have no wishes for my own life any more, but just want a good life for my sons.

I want them to be safe and to finally have a good education," Moustafa said, sitting in pain on the floor.

Moustafa had a metal internal fixator on his right leg that made him limp.

He said he had lived in pain since 2011, when his leg was severely injured in Syria and the doctors needed to attach the fixator. "[Armed men] came for me while I was in my shop. They locked the door, and repeatedly beat me with the butt of their rifles and anything else they found," said Moustafa, showing me a long scar still visible on his head.

"I fell unconscious and they thought I was dead. A few hours later, I woke up in an empty street, behind some abandoned buildings, with a broken leg and covered in blood."

Moustafa is from Bab Bila, a southern suburb of Damascus that was under a four-year siege during the conflict in Syria, which began in 2011. When the siege was lifted in 2015, he decided to flee the war with his three sons. Ali was only one-year-old at that time.

Their journey has been long and difficult: the family spent almost a month in Sudan and then moved to Egypt, where their living conditions were tough.

In September 2021, jobless and with an expired passport, Moustafa made the difficult decision to travel to Libya and attempt to cross the Mediterranean. He hoped to give his sons at least a chance to attend school. The family crossed the border from Egypt to Libya, passing through Benghazi and Tripoli on their way to Zuwara, from where they set off on a boat.

It is incomprehensible to me that a child like Ali, kind and with an incredibly gentle smile, had spent his entire life fleeing. And it is impossible to accept that a dedicated father had been left with no other choice but to embark with his children on a dangerous boat journey for a chance at their education. This is the shameful reality unfolding at European borders, where irresponsible and reckless migration policies force people like Moustafa and his family to risk their lives.

An estimated 1,305 people, including 37 children, have died or gone missing while attempting the treacherous journey across the Central Mediterranean in 2021. Some 18,582 people have died or gone missing on this same route since 2014. Since Europe washed its hands of Mediterranean rescue operations, NGOs have been trying to cover the void, while departures from Libya are continuing and more and more people are risking their lives to cross the sea. The devastating loss of lives in the Mediterranean Sea is not a series of unfortunate tragedies, but the consequence of the political decisions made by European leaders in the name of defending borders instead of protecting people. **aljazeera**