World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

THE EVALUATION OF CRUDE OIL PRICE- ARTICLE FOR IRAQ

Haidar Ali AlDulaimi,
University of Babylon
bus.hayder.ali@uobabylon.edu.iq
Asam mohamed Aljebory,
University of Babylon
asamcultural@itnet.uobabylon.edu.iq
Mustafa Jawad Kadhim A-Bakri,
AL-Mustaqbal University College
Mustafa.jawad.kadim@mustaqbal-college.edu.iq

Article history:

Received: 8th March 2022
Accepted: 8th April 2022
Published: 28th May 2022

Abstract:

The goal of the study is to develop a theoretical framework for evaluating crude oil prices by looking at a variety of factors that influence oil prices. Forecasting global crude oil prices, according to the research hypothesis, is dependent on a number of indicators, the most important of which are (global oil supply, global oil demand, global oil reserves above ground, and the KILIAN Indicator of Global).

The research found a set of results, the most important of which is that OPEC plays an active role in the global oil market because it controls one of the main variables that affect global oil prices, which is the global oil supply.

Keywords: crude oil, oil prices, global oil supply, global oil demand

INTRODUCTION

Since LUTZ KILIAN and DANIEL P. MURPHY discussed their work (THE ROLE OF INVENTORIES AND SPECULATIVE TRADING IN THE GLOBAL MARKET FOR CRUDE OIL) in 2014, when they developed a structural model for the global crude oil market, they were the first to explicitly allow the addition of a shocks variable to speculative oil demand, as well as shocks to demand and supply flows. With the help of data on oil inventories, the speculative component of the real price of oil has been determined.

However, there is evidence that the speculative demand shifts emphasized by DANIEL P. MURPHY and LUTZ KILIAN were not the decisive factor in determining global crude oil prices, as OPEC played an active role in influencing the global oil supply.

As oil markets have long awaited the outputs of the (OPEC +) meetings, amid a state of optimism in the data, regarding the commitment to production cuts, and broad understandings from major producers until the demand improves, especially after the markets were affected by the Corona pandemic.

When there was a collective consensus on the part of all producers inside and outside OPEC with the aim of maintaining price levels, as the agreement stipulated a reduction of 6 million barrels per day within 16 months, starting from January 1, 2021 to April 30, 2022, then prices rose to The highest level in three months and Brent crude contracts exceeded $ 40 a barrel within three days of the agreement.

The research attempts to discuss a set of topics for the purpose of proving the research hypothesis by discussing the global market situation for oil and crude oil prices, factors affecting oil prices in the past decade, unstable or volatile prices in the short and medium term, some theoretical aspects related to the dynamics of oil prices, OPEC are The main actor in the oil market, what are the short and medium term expectations for oil prices, the status of Iraq from oil production and its industry.

1. 1. The situation of world oil market and crude oil prices

In the table 1 one can see the evolution of crude oil prices in 2010-2020

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

Table 1.The evolution of crude oil prices in 2010-2020 periods-in $/barrel-

Brent, London ICE		WTI, New York NYMEX	
Year/Annual Average		Year/Annual Average	
2010	80.18	2010	79.39
2011	111.04	2011	94.90
2012	111.76	2012	94.07
2013	108.77	2013	97.63
2014	99.53	2014	93.81
2015	53.37	2015	48.88
2016	45.01	2016	43.37
2017	54.82	2017	50.99
2018	71.48	2018	64.75
2019	64.13	2019	57.13
2020	43.21	2020	39.62

Source: Global Oil and Gas price and production data analysis, WTRG Economics, at: http://wtrg.com/energyeconomics.html

1.2.Factors of influencing oil prices in the last decade:

-demand evolution, strong increase of domestic consumption in China, India, other Eastern Asian countries after 2010.

-supply situation, strong increase of shale oil in USA (Permian Basin), Canada, South America, Iraq, off shore areas

-policy implemented by OPEC and OPEC + (formed in late 2016), also energy strategies implemented by developed countries

-the level of inventories, especially in USA, where American Petroleum Institute (created by producers) and Energy Information Agency (US Ministry of Energy) regularly inform the market

- The role played by hedging funds, investing funds and other speculative funds in commodity markets

- The forecasts made by IEA, EIA, other institutions, market research agencies and companies

- The evolution of economic growth and stock markets.

1.3. Unstable or volatile prices on short and medium term.

Recent analyzes have shown that for the last 50 years Although there were more periods of declining oil prices than boom times, each boom set the stage for a subsequent price drop. Between 1985 and 2015 there were 7 periods in which prices fell by 30% or more over 7 months reflecting OPEC policy and misunderstandings, increase in output / supply outside OPEC, appreciation of the dollar, changing perceptions of geopolitical risks, temporary decline of global demand, surplus refining capacity and boom in shale oil production (1/3 of US onshore production). The dangers and impact of potential pandemics were ignored or trivialized.

The current shale oil production boom has roots that go much deeper than the increase in production. in prices after 2003, which culminated in 2008 when the price of oil reached $ 147 /barrel. In fact, the initial impetus for increasing oil supply outside OPEC was the oil shocks of the 1970s or the so-called energy crisis. The spectrum The US In the face of a major supply deficit and subsequent price increases, the Department of Energy has provided a number of tax breaks to US oil producers to encourage them to expand domestic production. These incentives were critical to the work of a Texan oilman named George Mitchell, whose company was the first to use hydraulic fracturing to unlock previously untapped oil and gas reserves. Efforts to limit fuel consumption were just as important as US supply stimulus measures. especially after 1975, through the Corporate Fuel Economy standards The introduction of these standards would have saved 1.5 trillion gallons of gasoline consumption (5.678 billion tons) in the next three decades, although this figure seems quite exaggerated.

2.1. Some theoretical aspects related to oil price dynamics

According to Anand Toprani (2017)[1], crude oil is fundamentally different from other products in terms of both economics and national security. Cheap oil would be essential for American consumer culture as well as the liberal project of reducing class tensions through economic growth after. Unlike other extractive

([1])Anand Toprani (2019), A Primer On the Geopolitics of Oil, Commentary, January 17.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

industries, oil supply is not solely determined by demand. The supply of most commodity products is determined by global demand, in line with economic theory when demand for a consumer good exceeds supply, manufacturers will increase production until there is a surplus. Lower prices will result from a surplus of goods, discouraging further production. Economists believe that the supply and demand for the product will eventually reach a point of equilibrium; this is not the case with oil, however. Oil demand, particularly refined oil, is inelastic in the short term. It is unlikely, if not impossible, that motorists will stop driving to work if the price of gasoline, for example, rises sharply by $ 1/gallon. Long-term lifestyle changes that reduce oil consumption may, however, be possible. This means that there will always be a stable short-term demand for oil, regardless of price fluctuations, but it doesn't tell us much about oil supply.

An examination of crude oil production reveals that it is not manufactured in the same way as other consumer goods. It is obtained through extraction, and its supply may or may not meet current market demand at any given time. If production and available stocks are insufficient to meet demand, production cannot be stimulated immediately, and price and supply increases are inevitable. In the long run, things are a little different, the price of oil, not its demand, is the most important factor in stimulating long-term supply. The price of oil is determined by a variety of factors, including future consumption expectations (often linked to growth forecasts) and the level of deliveries or related syncope, including a geopolitical risk premium The greater the amount of crude oil that can be extracted profitably at a higher price, the greater the supply on the market. This has major implications for the global oil reserves' long-term viability.

Geologists can estimate the amount of oil reserves based on their current knowledge of natural resources in the earth's subsoil and current technology. On the other hand, geology is not a science that can forecast the future. Rather, it seeks to understand how things change over time (Anand Toprani, 2017). It could be extrapolated from past trends, but this is a risky proposition because it assumes that our understanding will remain constant. As a result, geologists have made dire or unrealistic predictions about the life of oil reserves.

The price of oil provides estimates for the profitability of exploiting known and probable reserves (those with a probability of more than 90% versus those with a probability of less than 50%) as well as the rate of investment in new technologies to find and extract unknown oil reserves for economists. An economist will argue that the safest way to ensure long-term supply for any extracted raw material is to offer a high price cap - usually through a government guarantee to buy unsold stocks at a minimum price. Crude oil is fungible, which means that one type of crude oil can be replaced by another in a technical sense, One of their most well-known slogans about the oil industry is Any oil trader will tell you that crude oil is not only non-fungible, but also that there is no single global oil market where producers and consumers can freely trade crude oil without government intervention. Crude oil is not a uniform or homogeneous commodity; its sulfur content can make it sweet or sour, and its density can make it heavy or light (for example, if it is heavier or lighter than water) [(2)].

These distinctions are important because refineries can only process one type of crude oil at a time. Converting them to another type can take months, if not years. Even if a second refinery capable of processing crude oil were available, it might not be able to handle the increased volume. Refined petroleum products can be said to be more fungible within a specific local geographical framework. For example, gasoline produced in the United States can be used in Canadian automobiles, despite the fact that the federal government and several states have different emission and additive regulations. When it comes to a global single market, there are a few things to consider. When a significant portion of the world's oil production isn't traded publicly, it's impossible to say that one exists. Top If Venezuelan crude oil is sent to China to repay loans or interest payments, it is counted in global oil production figures, but it is rarely available for global consumption. Although it is difficult to estimate how much crude oil is traded outside of global commodity markets, a figure of 20% seems reasonable.

Crude oil is a national security issue because it is required not only to power a country's war machine, but also to keep the economy humming. No economy can function in times of war or peace without a diverse range of raw materials; however, regional conflicts, such as those in the Middle East, have centered on oil rather than other raw materials. The United States consumed 7.5 billion barrels of oil products in 2018, with net imports accounting for 20% (roughly 1.5 billion barrels) (imports minus exports). Furthermore, in the past, many states were able to supplement their

([2]) . Irina Slav, 2021, Can OPEC+ maintain order as oil price rise?, Oiprice.com. 20 February.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

metal supply by recycling metals from consumer and industrial goods. Petroleum products, on the other hand, are almost never recovered after their initial use.

What strategies should the world's great powers employ to meet current and future energy demands? The choice has traditionally been between energy security and energy independence. Despite the fact that these two terms are frequently used interchangeably, they have completely different meanings. The distinction is significant because it refers to two different strategies that frequently clash. In practice, energy independence can mean either self-sufficiency within a country's borders or limiting a country's reliance on imports from specific regions or modes of transportation while excluding others (e.g. overseas versus land Except for the United States and Russia, internal self-sufficiency has never been a viable option for any power or developed country. Even Nazi Germany sought self-sufficiency by increasing synthetic coal fuel production as a temporary experiment until it could supply itself with the needed oil from the Soviet Union and the Middle East via military means. In the case of the United States, Imports from North America or the Western Hemisphere, rather than the Middle East, would have been preferred for energy independence. China has taken a similar approach, emphasizing diversity and variety to ensure safety and security, preferring non-shipping oil sources and focusing on closer economic ties with Russia and Central Asia, such as the development of pipelines that could allow land transport (Anand Toprani, 2017).

Energy security, on the other hand, is a strategic goal that aims to protect the world's energy supply. You can ensure supply security at stable prices by diversifying sources or suppliers and reducing excessive reliance on a small number of external suppliers. Its relationship to prices is the most significant distinction between it and energy independence. In an energy security strategy, the true origin of supplies/delivery is irrelevant; what matters is finding the most efficient supplier, which is usually the cheapest. Countries attempting to achieve energy independence, As a result, it has the potential to either increase inflation or destabilize a country's balance of payments. As a result, it's no surprise that the majority of countries seeking energy independence are authoritarian regimes, or at the very least those with heavily regulated domestic economies and managed foreign policy. Commerce Private Corporations, particularly large multinational oil corporations, have consistently opposed energy independence, often at the expense of their smaller domestic competitors [3].

The United States has pursued opposing goals, which is unsurprising. On the one hand, decision-makers have frequently relied on consumer demands for low-cost products. On the other hand, they bemoaned the US government's reliance on foreign suppliers, which the US government has identified as a national security risk since World War. As a result, the federal government caved in to political pressure from domestic oil producers, who demanded tax breaks and import quotas to protect themselves from low-cost imported oil. The pursuit of self-sufficiency and low oil prices did not guarantee security or independence in the decades that followed. Only high prices (or higher profits as a result of tax cuts) can stimulate the search for new sources of supply and new technologies, whereas low prices may result in a reduction in long-term deliveries. Future price increases will be at the mercy of consumers. Energy independence is a mirage that will leave the US vulnerable to rising oil prices. Despite the fact that the United States has recently become a net exporter of crude oil and LNG as a result of massive reserves in the Permian Basin (Texas), this is a one-time occurrence; Imports will continue to meet the needs of consumers and businesses in the United States, whether for domestic consumption or re-export. This means that oil prices in the US are still linked to those in other countries, and a shortage in one country will drive up prices elsewhere, either by raising import costs or by encouraging producers to sell overseas if they can get a better deal. The only way to avoid this would be for the US government to take drastic measures that would be politically unthinkable in peacetime [4].

2.2. OPEC is the main actor on oil market

Who will ensure that oil prices remain stable, which is essential for any energy strategy? OPEC has been the dominant player in the market since the 1970s. OPEC is despised by large consumers as much as it is despised by OPEC. they should be aware that no one in the oil market is able to promote price stability outside the cartel. In mid-March 2019, a group of OPEC officials warned the directors of shale oil companies at the IHS Clearweed Conference in Houston that NOPEC legislation under debate in the

([3]) . International Energy Agency (2019), Oil Market Report,Highlights, 15 March.
([4]) . International Energy Agency (2020), Oil Market Report, Highlights, December.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

US Congress could lead to much higher levels of OPEC production, which would collapse international prices. They made it clear that without the ability to coordinate production and supply levels, it would occur at peak levels in both the US and OPEC and price pressure would increase considerably [5].

Since 2017, OPEC+ has dominated the oil market. OPEC + is an alliance/group made up of 13 OPEC members and ten non-OPEC members that control over half of the world's crude oil supply and about 90% of certain oil reserves. When a slight downward trend in oil prices became apparent in early February 2020, Russia refused to agree to the alliance's proposed reduction. An additional 600,000 barrels per day will be produced. When the effects of the coronavirus pandemic became apparent in early March, OPEC proposed a 1.5 million barrel per day reduction in OPEC + supply, which Russia rejected, causing oil prices to plummet. Russia believed the oil market was trapped in a demand trap, meaning that any supply cut would be ineffective in lowering prices given the sharp drop in global oil demand. It was an oil price war between Saudi Arabia and Russia, with both countries announcing significant increases in oil production, which had an impact on oil prices, stock and commodity exchanges, and oil exporters' financial situations. The drop in crude oil prices has hit US shale oil producers particularly hard, prompting the US administration, led by Trump, to intervene, attempting to persuade Russia and Saudi Arabia to agree to a 10-15 million barrels per day reduction in supply.

In April, OPEC and its allies agreed to a joint reduction of 10 million barrels per day for the months of May and June, after which they would be reduced. Although the United States, Canada, and Mexico have all reduced production, the agreement is still insufficient to meet a drop in demand of 20-30 million barrels per day. In April, high price volatility worsened, and the WTI price on the New York Exchange (NYMEX) plummeted on April 20, using a negative margin is a good idea. In one day, the price fell by 55.90 $/barrel to -37.63 $/barrel, but the spot price remained unchanged. What happened was not only a one-of-a-kind occurrence, but also a sign of a market dominated by oversupply that was hit by a double shock: demand collapsed quickly, followed by supply, but not to the same extent. The medium- and long-term consequences of current low prices can be disastrous; a string of bankruptcies and financial disasters creates the conditions for a large supply shortage and significant price increases in the future [6].

Following negotiations between Saudi Arabia and the other OPEC members, as well as Russia, Kazakhstan, and Azerbaijan, the OPEC + agreement was extended in the third and fourth quarters, but some OPEC states did not comply with the reductions. Russia and Saudi Arabia agreed in mid-October to continue their cooperation and implement the OPEC+ agreement, with the goal of balancing supply and demand and maintaining price stability. Because the pandemic in Europe and the United States has worsened, preventing a supply increase of 2 million barrels per day from January 2021, the agreement was extended in the first quarter of 2021, with an additional cut of 1 million barrels per day from Saudi Arabia.

2.3. What are the short and medium term prospects for oil prices

In the year 2020, there was a demand and supply shock in the oil market. When global demand falls sharply, any reduction/restriction of supply is unable to offset the price decline. This is known as the demand trap. When we look at the structure of global oil demand in early 2020, we can see that 50% of it went to road transport. 8% went to air transportation, 14% to the petrochemicals sector, 9% to the residential, commercial, and agricultural sectors, 15% to various industrial activities, and 4% to other fields. The pandemic had a significant impact on the first two, as well as some areas in the petrochemical, commercial, and industrial sectors. In the short term, three factors will influence the oil market and oil prices: the first will be outbreaks of infection, the second will be the development of vaccines and mass vaccination, and the third will be the emergence of a conflict in the Middle East (Trump has threatened to attack Iran on several occasions).

Many oil exploration and exploitation projects have been abandoned, and all major financial institutions no longer finance fossil fuel projects, as a result of the pandemic's economic recovery. Crude oil production has been significantly reduced in shale (Permian Basin) and asphalt sands (Canada), as well as in Russia (Siberia) and the Middle East.

Oil became a hot commodity once more after Brent surpassed $65 per barrel in mid-February 2021, and WTI surpassed $60 for the first time in a year (Irina Slav, 2021). This sharp rally casts doubt on OPEC+'s commitment to maintain the current level of

([5]). Irina Slav, 2021, Can OPEC+ maintain order as oil price rise?, Oiprice.com. 20 February.

([6]) . Oilprice.com (2018, 2019, 2020), Intelligence Reports, admin@oilprice.com.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

production cuts. Oil demand had been steadily recovering even before the United States lost 40% of its oil production due to the Arctic cold wave that swept the country [7].

Oil demand in the United States is rebounding, possibly as a result of the December vaccination campaign. Refineries have increased fuel production since then, and gasoline stocks have risen in recent weeks, but production has also increased.

While demand for oil in the world's largest consumer, the United States, improves, production remains flat. According to the EIA, US oil output will remain below 12 million barrels per day next year. There is already a schism within OPEC+. Last time OPEC+ made a production decision, it was a compromise that took Russia's and Saudi Arabia's interests into account. Saudi Arabia is now planning to end its one-million-barrel-per-day voluntary additional cuts, which helped to support higher oil prices.

"In recent months, we've seen low volatility "In mid-February, Russia's Deputy Prime Minister Alexander Novak described the oil market as "rebalanced." This indicates that the market is in equilibrium, and current prices reflect the current market situation." Russia remains one of the few OPEC+ members who is barely adhering to the agreement. In fact, like Iraq, Russia has been producing more than its quota.

Prince Abdul-Aziz bin Salman, Saudi Arabia's oil minister, cautioned against complacency, citing the high level of uncertainty and the need for cartel members to exercise extreme caution. Uncertainty remains high, and there's a chance that U.S. producers will succumb to WTI's allure at over $60 a barrel. If you're tempted, you might find it difficult to resist, and OPEC's worst nightmare scenario might repeat itself: As a result of OPEC+'s efforts to keep prices high enough to make it profitable, US producers are increasing output. For the time being, there is no indication that OPEC+ will abandon its current policy of keeping cuts at 7.2 million bpd until April. "Those who are trying to predict OPEC+'s next move, I say, don't try to predict the unpredictable," Saudi Arabia's top oilman said.

2.4. Iraq situation of oil production and industry

Iraq's oil and gas sector remained the main driver of growth, but future expansion would be contingent on increased oil investment. With 141.4 billion barrels of proven crude oil reserves, Iraq ranks fifth in the world. Following a rapid with an increase in production in 2015 and 2016, the country is now the third largest oil exporter in the world and the second largest in OPEC. Iraq has the world's twelfth largest natural gas reserves, which are largely untapped, with proven reserves of 130 trillion cubic feet Ira is now the world's third-largest oil exporter and the second-largest in OPEC. Iraq is home to the world's twelfth-largest natural gas reserves, which are largely untapped. In 2014, q was the fourth-largest natural gas consumer in the world, trailing only Russia, Iran, and Venezuela. [8].

It burned more than half of its natural gas production in 2017. The country is working to reduce combustion by using natural gas for power generation and re-injection into wells to increase oil extraction. The oil sector dominates the economy even by regional standards. Despite unstable security conditions, oil production has tripled since 2003. The sector accounts for nearly all of the country's exports, accounting for more than 65% of GDP, 90% of central government revenue, and nearly all of the country's revenue [9].

The conflict has had only a minor impact on oil production because the southern oil fields account for more than 90% of production. Iraq produced 4.6 million barrels per day on average in 2016, up 900,000 barrels per day from 2015. The Kurdistan Regional Government was responsible for 490,000 barrels per day in 2016, accounting for 11% of total oil production. As a result of the OPEC + agreement to cut production until the end of 2018 in order to raise global oil prices, and to cut production in Kirkuk in the fourth quarter of 2017 as a result of the transfer, oil production is expected to fall by 3.5 percent in 2016 and 2017. The Kurdistan Regional Government, which reports to the federal government, is in charge of it (Figure 8).

Lack of water supply and gas injection, as well as lengthy bureaucratic procedures, are the main roadblocks to expanding oil production plans Despite strong growth in production and exports, the drop in oil prices has reduced Iraq's oil revenues significantly. Iraqi oil prices dropped from $ 96.5 per barrel in 2014 to $35.6 per barrel in 2016, before rising to $ 48.7 per

([7]), DANIEL P. MURPHY, LUTZ KILIAN, THE ROLE OF INVENTORIES AND SPECULATIVE TRADING IN THE GLOBAL MARKET FOR CRUDE OIL, JOURNAL OF APPLIED ECONOMETRICS J. Appl. Econ. 29: 454–478 (2014).

([8]). Iraq Economic Monitor From War to Reconstruction and Economic Recovery With a Special Focus on Energy Subsidy Reform, World Bank ,Spring 2018, page 4-5.

([9]) . 1. BP Energy Outlook (2020), 14 September, https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-energy-outlook-2020.html.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

barrel in 2017. (See Figure 9) In 2016, oil revenues fell by 53% to US $ 40 billion. Then, in 2017, it increased by 46% to US $ 59 billion (Figure 10). As a result of the Iraqi government's move to extend its authority in all disputed areas, the volume of oil exports and revenues in the Kurdistan region are estimated to have decreased by 55 percent in the last quarter of 2017Since mid-2014, the Kurdistan Regional Government has been in charge of the oil production area. He defended ISIS's takeover attempt in Kirkuk. Kirkuk's exports accounted for 250,000 barrels per day of the KRG's total. On average, the Kurdistan region produces 310,000 barrels of oil per day. Local refineries will receive 40,000 of these. Following the federal government's takeover of Kirkuk, the KRG's oil exports decreased from 520,000 to 270,000 barrels per day. In addition, the Kurdistan Regional Government asserts, The total revenue from these exports and refining activities will be $ 420 million per month, but net oil revenue from payments to international oil companies, debt service, and pipeline payments will only be $ 230 million per month, which will be used to fund budget expenditures [10].

CONCLUSIONS

1. There are a set of factors that affect world oil prices, the most important of which are the global supply of oil, global demand for oil, world oil reserves above ground, and the Kilian index of real global economic activity.
2. The most important factor among the factors affecting oil prices is the global oil supply, which is controlled by the Organization of Petroleum Exporting Countries (OPEC).
3. Despite many research attempts by senior researchers in order to prove that there are other factors, other than the global supply of oil, that affect oil prices, such as the attempts of Daniel P. Murphy and Lutz Killian, there is evidence that transformations Speculative demand has not been the decisive factor in determining global crude oil prices, as OPEC has played an active role in influencing global oil supplies.
4. Stabilizing global oil prices is a goal at the heart of oil-producing and oil-consuming countries, and in mid-March 2019, a group of OPEC officials warned managers of shale oil companies at the IHS Clearweed conference in Houston that the NOPEC legislation under discussion in the US Congress could lead to Much higher levels of OPEC production, which may lead to a collapse in international prices, which leads to the ineffectiveness of extracting high-cost shale oil.

RECOMMENDATIONS

1. The strengthening of constructive cooperation between the oil-exporting countries (OPEC) and the producing countries outside (OPEC) will have a significant impact on the stability of world oil prices through joint action and control over global oil supplies in proportion to the global demand for oil.
2. Cooperation between oil-exporting countries and oil-consuming countries enables access to a (fair price) that guarantees the benefit of all. There is no harm to oil-exporting countries, and no harm to oil-consuming countries.
3. It is in the interest of both parties to the oil market to trade according to long-term contracts. Such contracts secure for consuming countries the quantities of oil they need and the exporting countries have specific and non-volatile revenues (depending on the fluctuations in the oil price) in addition to this type of contract that works to stabilize prices.
4. OPEC countries should reconsider their production and marketing policies after the transfer of the concentration of oil demand to the group of developing countries, especially Asian ones, which have become a major and important outlet for the oil trade.

REFERENCES

1. Anand Toprani (2019), A Primer On the Geopolitics of Oil, Commentary, January 17,
2. Irina Slav, 2021, Can OPEC+ maintain order as oil price rise?, Oiprice.com. 20 February
3. Oilprice.com (2018, 2019, 2020), Intelligence Reports, admin@oilprice.com;
4. International Energy Agency (2019), Oil Market Report,Highlights, 15 March;
5. International Energy Agency (2020), Oil Market Report, Highlights, December;
6. Global Oil and Gas price and production data analysis, WTRG Economics, at: http://wtrg.com/energyeconomics.html
7. Iraq Economic Monitor From War to Reconstruction and Economic Recovery With a Special Focus on Energy Subsidy Reform, World Bank ,Spring 2018.

([10]). 9. BP Energy Outlook (2019), 14 February, ttps://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-energy-outlook-2019.html.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 10 May 2022,
ISSN: 2749-3628

8. DANIEL P. MURPHY, LUTZ KILIAN, THE ROLE OF INVENTORIES AND SPECULATIVE TRADING IN THE GLOBAL MARKET FOR CRUDE OIL, JOURNAL OF APPLIED ECONOMETRICS J. Appl. Econ. 29: 454–478 (2014).
9. BP Energy Outlook (2019), 14 February, ttps://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-energy-outlook-2019.html;
10. BP Energy Outlook (2020), 14 September, https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-energy-outlook-2020.html