

The world's oil balance

The USA has increased her output of oil and gas substantially under President Trump, and seems set to expand it further. As a result OPEC wields less power than it used to. The Cartel has had to limit output to try to keep prices up in the face of large increases in US supply. US output has risen from under 9 million barrels a day under Obama to over 12 million under Mr Trump. Oil using industries have been getting a boost from more and cheaper feedstock and energy.

Meanwhile Germany and the continental Europeans are busy making themselves ever more dependent on Russian gas, much to the consternation of the USA pledged to protect them through NATO. At a time when western countries say they are concerned about Russia's backing for Iran, her provocative cyber challenges and her special disruptive missions it is an odd idea to make the continent more dependent on Russian goodwill and supplies.

The present tensions in the Gulf over Iran threaten the supplies moving through the Straits which are largely bound for Asia and are not needed in the USA. This leads the US President to seek allies and help when dealing with rights of passage through the Gulf, pointing out that other countries need that open waterway more than the USA herself.

I was interested to see Mr Hunt offering to release the Iranian oil tanker from Gibraltar in return for promises from Iran that the cargo will not be delivered to Syria as that would break EU sanctions. Iran has in response declined any such assurances and demands the release of the tanker without any conditions. It is difficult to see how Gibraltar could ensure the oil did not end up in Syria if they let the tanker go. So far the Captain and senior crew of the tanker have not been charged with any offences. Meanwhile the UK is sending a destroyer to the region a little ahead of schedule to strengthen the UK's naval presence there. Mr Hunt says he wants to reduce tension with Iran, who dislike the western naval build up.

What is the UK's national interest in all this? How should the UK make itself secure over energy?