

Moonilal says oil price spikes not a certainty



Minister in the Ministry of Energy, Ernesto Kesar, left, with Minister of Energy Roodal Moonilal, executive director at Global Petroleum Group Eduard Vasilyev and finance and corporate affairs officer at GPG Leonid Mironov. PHOTO COURTESY MINISTRY OF ENERGY AND ENERGY INDUSTRIES

AKASH SAMAROO SENIOR REPORTER AKASH.SAMAROO@CNC3.CO.TT

As the global prices of oil fail to surge, Minister of Energy and Energy Industries, Dr Roodal Moonilal, says a spike in prices was never a certainty.

After tensions rose and military action intensified between Israel and Iran last week, some experts had predicted a sharp rise in oil prices, given that Iran is one of the world's leading oil producers and any disruption to its exports could negatively impact global supplies.

In the Lower House on Monday, Moonilal said this could lead to huge financial benefits to this country but lamented that a massive financial windfall was hindered by the previous administration's failure to keep oil production up.

However, at midday yesterday, WTI (West Texas Intermediate) and Brent crude had a per barrel price of US\$65.42 and US\$68.14 respectively.

Before the conflict escalated on June 13, the prices were US\$68.00 (WTI) and US\$69.65 (Brent).

But Moonilal told Guardian Media he never said in Parliament that a price increase was certain, as it would always depend on several factors outside of this country's control.

"I was very clear about that in my presentation. I made the point that the expectation of high oil prices has to do with the conflict and the buildup of that conflict between Iran and Israel and the positioning of the United States and other Western allies. One has to monitor on a daily basis, I believe, the price of oil and gas emanating from this matter, as we all know there are serious issues of blockage and the issue of the closure of the Strait of Hormuz and now there is some disruption in the Red Sea. So, one monitors that," the minister explained.

Moonilal added, "It's not that one can anticipate with 100 per cent accuracy what will be the price of oil tomorrow. Nobody knows that. And that was the point I was making, that it is volatile and unpredictable."

Several factors have prevented a sustained price increase, the most significant being the rapid de-escalation and a reported ceasefire between Iran and Israel.

There has also been no direct impact on oil flows. A major concern was the potential for Iran to block the Strait of Hormuz, a critical chokepoint through which a significant portion of the world's oil passes. However, Iran did not disrupt the flow of oil through the strait, largely because it also relies on this waterway to export its own crude. The absence of such a disruption alleviated fears of a severe supply shock.

Meanwhile, former Energy Minister Stuart Young told Guardian Media that T&T is a price taker and therefore has no influence over global oil prices.

Young then sought to clarify the claim that the former administration was unable to keep oil production levels high. Moonilal chastised the former government for that, saying there was a 37 per cent decline during the People's National Movement's (PNM) almost 10-year term.

Young said, "The PNM administration did not 'cut back' on oil production. Unfortunately, a combination of factors, including being a mature province, has led to oil production decline since 2010. We had consistently instructed Heritage to seek to increase oil production and had worked on farming out fields to independent producers in an effort to increase oil production.

Minister Moonilal talks a lot but produces very little and I expect that to be his scorecard. Nevertheless, as a citizen, I would be happy to see oil production increase."

He said he expects offshore oil production to increase due to work the PNM did with Perenco and EOG.

But as Minister Moonilal continues to meet with international energy companies to fulfil his mandate of making this country the energy hub of the region, Young offered some cautionary advice.

"I see Minister Moonilal is meeting with Russian companies and that has serious implications in Washington DC."

To this, however, Moonilal replied, "The companies we met are companies that are involved in Grenada. The company is actually registered in Grenada and that is the company doing the exploration work off the coast of Grenada, which is close to Trinidad and Tobago waters as well.

And we have interest, of course, in partnering with Grenada on that significant endeavour."

Moonilal sought to point out what he called the hypocrisy of Young's warning.

“I find it strange that such a comment came from former Minister Stuart Young, who was, you know, frolicking with persons who were sanctioned by the United States and encouraged and welcomed a person who was sanctioned by the US on a sanctioned jet as well. So, Mr Young really has no moral authority to speak about implications of actions in terms of Washington, DC.”