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Who really influences the price of oil?

Opec, the Organization of the Petroleum Exporting Countries, has certainly had its share of criticism over many years. President Trump recently accused the group of "ripping off the rest of the world" and keeping oil prices "artificially high". It has sometimes been charged with holding the world to ransom - notably in the mid-1970s when it cut supplies and the price tripled. But as Opec energy ministers meet in Vienna, does the group really wield that much influence any more? They are being joined by some non-member oil-producing countries, notably Russia.

The group wants to stabilise or increase crude oil prices, which turned sharply downwards in early October.

The main tool it has is to manage its own production levels - either by cutting if it wants prices to rise or increasing supplies if it wants them to fall, at least to a point that would not cause prices to collapse. Opec's presence in the market is certainly big enough to make an impact. It accounts for more than 40% of global crude oil production.

It was higher - more than half in the early 1970s - but the current figure is still a substantial share. But the other 60% of the industry also matters. Two non-Opec countries are especially important in different ways: Russia and the United States. Russia has contributed to Opec's current effort to move prices higher. It began in 2016 with an Opec decision "to implement a production adjustment", which means a cut of 1.2 million barrels a day. Crucially, Russia and a number of other non-Opec members joined in the effort with their own commitments to restrain production.

Following that, prices did gain with the main international price, Brent Crude, reaching $86 (£67) a barrel in early October - it was below $50 a barrel in the period before that decision. That is not to say the decision by Opec and partners was the only factor. Political turmoil in Opec countries Venezuela, Libya and Nigeria has made it impossible for them to produce the amount of oil that in theory they could.

Iran has been hit by the reimposition of US sanctions over its nuclear programme. The possibility that Iran's oil might be unavailable to the global market - or that there would be less of it - has been an important factor pushing prices higher this year. Iran is continuing to sell oil to some countries. But some of Iran's biggest customers - China, India and Japan - have been given temporary exemptions and can continue to buy Iranian oil for now without being hit by US action. As a result, prices actually turned down as there was less demand for oil from other producers than had been expected. According to estimates from the International Energy Agency, Saudi Arabia accounts for more than a third of Opec's total production capacity and more than half of the group's spare capacity.

That is an indicator of the extent to which production is being restrained.

There is a third very large player in the global business; the United States, currently the biggest producer of all. The US is a very different beast from the others. Oil is produced by private industry making decisions on the basis of what is profitable. American oil producers do not co-operate with Opec to manage prices, because that would be illegal under US anti-trust or competition law. But something has happened in the US in the last decade or so that has transformed the global industry - the rise of shale oil.

One possible reason Opec did not respond sooner than it did was a desire on the part of some members, notably Saudi Arabia, to see US shale producers squeezed by lower prices.

UK must forge 'closest possible' relationship with EU, says OECD

Britain needs to forge a deal with the European Union that brings the closest possible relationship or risk an economic downturn, the Organisation for Economic Co-operation and Development (OECD) has warned in its latest health check on the global economy. The thinktank, which advises 34 of the world's richest countries, appeared to support Theresa May's deal with the EU, or an even closer alternative, as the best way to avoid harming the UK economy and placing extra strain on global growth.

The warning comes a year after the Paris-based organisation pointed out the benefits of a second referendum and a vote to remain in the EU to save the UK from a severe economic shock

In its latest quarterly report, the OECD side-steps the potential gains from a fresh vote, but argues that the UK must maintain the highest levels of cooperation possible with Brussels.

It also repeated its warning made last year that the failure to come to a withdrawal agreement with the European Union is “by far the greatest risk in the short term”. It said a no-deal scenario could subtract more than 2% from real GDP over two years, amounting to £40bn

“Brexit is an important source of political uncertainty. It is imperative that the EU and the UK manage to strike a deal that maintains the closest possible relationship between the parties,” the OECD said.

“The global economy looks set for a soft landing, with global GDP growth projected to slow from 3.7% in 2018 to 3.5% in 2018-20. However, downside risks abound and policy makers will have to steer their economies carefully towards sustainable, albeit slower, GDP growth,” he said. In a veiled attack on the US president, Donald Trump, Boone said: “We urge policymakers to restore confidence in international dialogue and institutions. This would help strengthen trade discussions in order to tackle critical new issues and to address concerns with the rules and processes of the existing trading system.”

These are the warning signs that signal a new global economic crisis

Just because the IMF has been wrong in the past does not mean it is wrong now. This is a warning to take seriously, albeit with caution .A collapse in the Chinese yuan would be one indicator that the world economy was on the cusp of a new crisis. The International Monetary Fund (IMF) has sharply downgraded its world growth forecasts, and warns that risks are rising. It is worried that a trade war might knock near half a percentage point off growth in the long term, and it thinks that a return to quantitative easing (printing money to you and me) may be needed if there is another crisis.

The fund has published two reports to coincide with its annual meetings. One is the World Economic Outlook, its twice-yearly assessment of the global economy; the other the Global Financial Stability Report, which has just taken a look at the past decade since the financial crash of 2008 and the subsequent global recession. Well, the IMF does not carry quite the cachet it did a decade or more ago. Its annual meetings are shorter events and commercial bankers no longer flock there in the numbers they once did; instead (ahem) they go to Davos.

The reputation of the IMF has suffered too. It still gives one of the best snapshots of what is going on, but it has had a run of serious misses. It failed to catch the Great Recession of 2009 – a failure that led to its current scrutiny of financial stability. Since 2012 it has been far too optimistic about world growth, repeatedly predicting a much faster pickup than took place. Only once was it too pessimistic, in October 2016, and only once was it more or less right, in October last year. On average, over the past decade, its predictions have been 0.5 per cent too high. That is huge.

Japanese Fear the Future and Blame Robots

With Japan possessing the world's third-largest economy and being seen globally as a place that nurtures innovation, one would think the public mood in the country would be relatively upbeat.

Yet while the Japanese are displaying growing confidence in the country's economy, many say their lives today are worse off than before the Great Recession, a new report shows. Additionally, they say future generations will fare no better, in large part because of the rise of automation.

The report, from the bipartisan Pew Research Center, shows the majority of respondents believe a reliance on robots and computers is pushing people out of jobs and will lead to greater economic inequality. Nearly 9 in 10 of the 1,016 Japanese respondents, or 89 percent, say robots and computers will take over much of the work that humans now engage in during the next half-century.

"And Japanese do not foresee that work environment as necessarily positive," say the authors of the report. "More than 8 in 10 (83 percent) fear that such automation will lead to a worsening of inequality between the rich and poor, and more than 7 in 10 (74 percent) think ordinary people will have a hard time finding jobs."Overall, the Japanese say they think their economy is doing better than during the height of the global recession. Positive views of the country's economy is up 34 percentage points from 2009, when only 10 percent of respondents said the economic situation in the country was good. Yet while more than 40 percent of those surveyed today say the current economic situation in the country is good, 55 percent say it's bad.

Additionally, 4 in 10 Japanese say average people are doing financially worse than two decades ago, while only around a quarter of those surveyed say they are experiencing a better life.

The Japanese are also not convinced brighter days are coming, reporting the lowest levels of optimism about the status of future generations among 27 countries surveyed by Pew in 2018.

"Only 15 percent of the public believes that children today in Japan will grow up to be better off financially than their parents, while 76 percent expect they will be worse off," the report says.

With a population of 127 million that's projected to shrink to 88 million by 2065, Japan's leaders are struggling with an aging workforce and restrictive migration policies. Although the majority of the Pew survey's respondents say immigrants make Japan a better country through more work and talent, 58 percent say the East Asian nation should preserve its current immigration levels and not welcome more people. Only 23 percent percent say Japan should be more welcoming to immigrants.

Globalization 4.0 – what it means and how it could benefit us all

After World War II, the international community came together to build a shared future. Now, it must do so again. Owing to the slow and uneven recovery in the decade since the global financial crisis, a substantial part of society has become disaffected and embittered, not only with politics and politicians, but also with globalization and the entire economic system it underpins. In an era of widespread insecurity and frustration, populism has become increasingly attractive as an alternative to the status quo.

But populist discourse elides – and often confounds – the substantive distinctions between two concepts: globalization and globalism. Globalization is a phenomenon driven by technology and the movement of ideas, people, and goods. Globalism is an ideology that prioritizes the neoliberal global order over national interests. Nobody can deny that we are living in a globalized world. But whether all of our policies should be “globalist” is highly debatable.

After all, this moment of crisis has raised important questions about our global-governance architecture. With more and more voters demanding to “take back control” from “global forces,” the challenge is to restore sovereignty in a world that requires cooperation. Rather than closing off economies through protectionism and nationalist politics, we must forge a new social compact between citizens and their leaders, so that everyone feels secure enough at home to remain open to the world at large. Failing that, the ongoing disintegration of our social fabric could ultimately lead to the collapse of democracy.

Moreover, the challenges associated with the Fourth Industrial Revolution (4IR) are coinciding with the rapid emergence of ecological constraints, the advent of an increasingly multipolar international order, and rising inequality. These integrated developments are ushering in a new era of globalization. Whether it will improve the human condition will depend on whether corporate, local, national, and international governance can adapt in time.

Meanwhile, a new framework for global public-private cooperation has been taking shape. Public-private cooperation is about harnessing the private sector and open markets to drive economic growth for the public good, with environmental sustainability and social inclusiveness always in mind. But to determine the public good, we first must identify the root causes of inequality.

For example, while open markets and increased competition certainly produce winners and losers in the international arena, they may be having an even more pronounced effect on inequality at the national level. Moreover, the growing divide between the precariat and the privileged is being reinforced by 4IR business models, which often derive rents from owning capital or intellectual property.

Strengthening Multilateralism and WTO

Director-General Roberto Azevêdo joined world leaders in Paris on Sunday 11 November to mark the centenary of the World War One Armistice and to take part in the first Paris Peace Forum, an event dedicated to the idea that "international cooperation is key to tackling global challenges and ensuring durable peace". Speaking during the Peace Forum, the Director-General urged leaders to "roll up their sleeves" and transform the current crisis of multilateralism into an opportunity to strengthen and improve it, including by reinforcing the WTO. DG Azevêdo participated in public and private discussions with President Emmanuel Macron, UN Secretary-General Antonio Guterres, IMF Managing Director Christine Lagarde, World Bank Group President Jim Yong Kim, ILO Director-General Guy Ryder, UNESCO Director-General Audrey Azoulay and OECD Secretary-General Angel Gurría. DG Azevêdo congratulated President Macron for his leadership on this initiative and for his outspoken support for multilaterals.

Parties to Government Procurement Pact Approve UK's Terms of Participation Post-Brexit

At a meeting of the WTO's Committee on Government Procurement on 27 November 2018, parties to the Government Procurement Agreement (GPA) approved in principle the United Kingdom's final market access offer to take part in the GPA, in its own right, following its departure from the European Union. Parties to the Agreement are now deliberating on the language of a decision to be put for formal acceptance at a later stage. Australia also announced that ratification of its GPA accession is under way.