

Oil Price Dynamics and Campaign Timing

In order to wean us off our addiction to oil, we need to be smart at using the ups and downs of the oil price for our purposes. But opportune moments for different strategies are not the same everywhere. Understanding these dynamics can help us push for the right things at the right moment. Here is a rough classification.

Oil Price	Producing countries	Importing countries
High	Accumulate capital for oil-independence investments (don't spend everything!) Eliminate production subsidies	Push for clean energy, Spark or reinforce the discussion about a post-carbon society and independence from oil
Medium	Diversify the economy away from oil dependence	Invest in energy independence
Low	Cancel exploration & high-cost projects, Spark the discussion about a post-carbon society	Accumulate capital for investments in clean energy/energy independence, Key moment to escape the Energy Trap* - Avoid fossil dependency lock-in Eliminate consumption subsidies

We can see some of this in real life. Indonesia and China have used the low oil prices to reduce fossil fuel subsidies or increase taxes on them. Some high-cost extraction projects got scrapped in 2015 due to low oil prices.

* Tom Murphy's Energy Trap consists in the dynamics of fossil energy dependence. When prices are low, we don't see the point in getting independent. When prices rise, we have to spend more on fossil fuels and have less money available to invest in the energy transition. If we let enough time pass without making the necessary investments, we get trapped in a lifestyle which is highly dependent on outside energy.