ISSN 2229-5518

Oil Price Crisis

Hussain Aldoshan

Abstract The world today is continually becoming competitive and more knowledgeable when it comes to energy and its sources. The economic state of the world at the moment is quite shaky concerning to the falling oil prices. Countries in the Middle East and Russia and some in Africa are struggling with oil production at the time since industry prices have fallen a little too low threatening their economies.

Introduction The world has come to understand that countless threats have been posed by the continuous use of non-renewable sources of energy. Across the last ten years, there has been a considerable drop in the prices of oil across the globe. Despite the fact that the global warming crisis can be attributed to being caused by the utilization of non-renewable sources of energy, this is may be only the tip of the iceberg. Numerous factors need to be considered when dealing with such a sensitive matter. On Jarunee Wonglimpiyarat (2009), global oil production might lead to an unprecedented problem especially when it comes to energy needs of the world. It is especially a matter of great concern given the fact that the dwindling oil prices have led to lower production of petroleum products that are commonly used as energy sources in majority countries around the world.

Oil prices have continued to go lower since June 2014 according to Clifford Krauss from the *New York Times* (2016). An estimated 250,000 employees have also lost their employment positions as the oil prices dropped about seventy percent over the last two years. The oil market prices are too low for the countries that are producers, and this has ultimately culminated in a crisis for countries especially those in the Middle East as well as African nations such as Nigeria.

Krauss attributes these trends to the rise in the number of countries that are seeking alternative forms of energy (2016). At the same time, Wonglimpiyarat believes that countries such as the United States are slowly edging towards bio-fuels that are likely to become a replacement for oil-based fuels (2009). These alternative fuels have been associated with cheaper production as well as lower costs of processing. It ultimately leads to a reduced preference for oil products and fuels.

The largest consumers of oil and petroleum products in the world include Russia, the United States, China, India, and Japan. These countries have not had a substantial increase in their economic status, and this has led to a decrease in the demand for oil. It has resulted in lower prices for the same bringing the prices down for the producers according to Sara Zevros, a contributor to *Forbes Magazine*.

Thoughts/Recommendations

Also, according to Francisco Parra, there is the probability that the oil producing countries may have to avoid instances of interventions from other superior countries (2004). In essence, the future is quite simple to illustrate. Once the oil producing companies make an allowance for intervention from countries such as the United States, there is the likelihood that the host state will be pushed away from the business. In other words, these countries that have continually serviced the world, and its energy needs should continue to operate independently without any external influences.

References

Mitchell, T. (2011). *Carbon Democracy: Political Power in the Age of Oil*: Verso Books.

Parra, F. (2004). *Oil Politics: A Modern History of Petroleum*: I.B.Tauris.

Wonglimpiyarat, J. (2009) 'Security and sustainability strategies for energy innovation systems', *Int. J. Business Continuity and Risk Management*, Vol. 1, No. 1, pp.78–90.

Krauss, C. (March 25, 2016). 'Oil Prices: What's Behind the Drop? Simple Economics': *The New York Times*.