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Two main takeaways emerged out of COP 27.

One was how the energy transition will be financed and especially how countries that are suffering from climate change will be compensated. That was a huge step and probably necessary, to hold this whole process together because so many countries were demanding something be done or they were going to walk out. The second issue which crept up on the meeting was what the role of fossil fuels is going to be in the energy transition and whether they should be phased out completely. That never got across the finish line. The EU tried very hard, getting a coalition of almost 100 countries together that said they will establish this loss and damage fund in exchange for language that would indicate a phase out of all fossil fuels. But that messaging was adamantly opposed by countries like Russia and Saudi Arabia, and even the US which came in with a final offer to phase out 'unabated' fossil fuels. It will be an interesting year now for Europe to show that it can walk the walk and go into the next COP meeting showing that it has managed to get through the crisis period of this year and keep its energy transition, including phasing out gas, on track. If they can start to show that is beginning to happen, they would come in to COP 28 with a lot of clout.

India seems to be defying the outlook for a global economic downturn?

We're starting to see significant growth driven by domestic demand. India has probably gotten over the worst of the shocks from the different crises of the past two years – energy, food and COVID – though it still has a huge amount of underlying structural issues that need to be addressed over the longer term.

Will OPEC+ continue to defend a \$90 price and clash with the US point of view?

Their ability to enforce some of the existing or even possible new cuts and bring supply off the market is limited. But in any case, my guess is that the US and Saudi will work to avoid a public collision again, especially since the Biden administration made the decision last week on granting immunity in court to MBS. That was a big sign that the US does not want to see a giant rupture in this relationship, and Saudi Arabia would probably take the same view. ■

**Paraphrased Comments*

