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Global oil industry investment patterns and dynamics
in light of COVID-19 and energy transition

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Reflections around the following themes:

1. Energy transition is shaping the future of O&G industry (and will continue to do so), but the transition pathways and how investors react to them differ greatly amongst players
2. Compounded disruption and investment in the Oil and Gas sector
3. Investors and financial institutions push for a climate-aligned portfolio,
4. Implementing an effective and JUST energy transition is imperative and the oil and gas sector has a role to play
5. All hands on deck are needed

REACTIVE ACTIONS

to tackle the situation

- MEET CUSTOMER'S NEEDS
- MANAGE SUPPLY CHAIN

a **SHIFT** in how we WORK!



DON'T TURN OFF !!

TRUST
TECH./DIGITAL
COMMUNICATION



What if it lasts 12 months?
RE-ASSESS your RISK
Social Distancing is a challenge
the BLACK SWAN

"MASSIVE" IMPACT on
SUPPLY/DEMAND
IMBALANCES

COVID ACT AS A TRIGGER...

- ECONOMIC SLOWDOWN
- LESS TRAVELS & PHYSICAL MOVEMENTS



What's the most ATTRACTIVE in a LOW PRICE SCENARIO?



FINANCIAL IMPLICATIONS

LOWER OPERATING COSTS: DIFFICULT
INVEST in UPSTREAM ACTIVITIES: CHALLENGING

But

a NEW GLOBAL CONVERSATION on the ROLE of ENERGY will EMERGE

STRONG INERTIA of the SYSTEM

WHERE to DIRECT STIMULUS PACKAGES



all OPTIONS are on the Table

COVID 19
CLIMATE CHANGE
COMPOUND RISKS
... but TECHNOLOGY is BETTER than EVER

DON'T TURN DOWN UNCONVENTIONAL IDEAS in these TURBULENT TIMES



WE'RE BAD at FORECASTING!

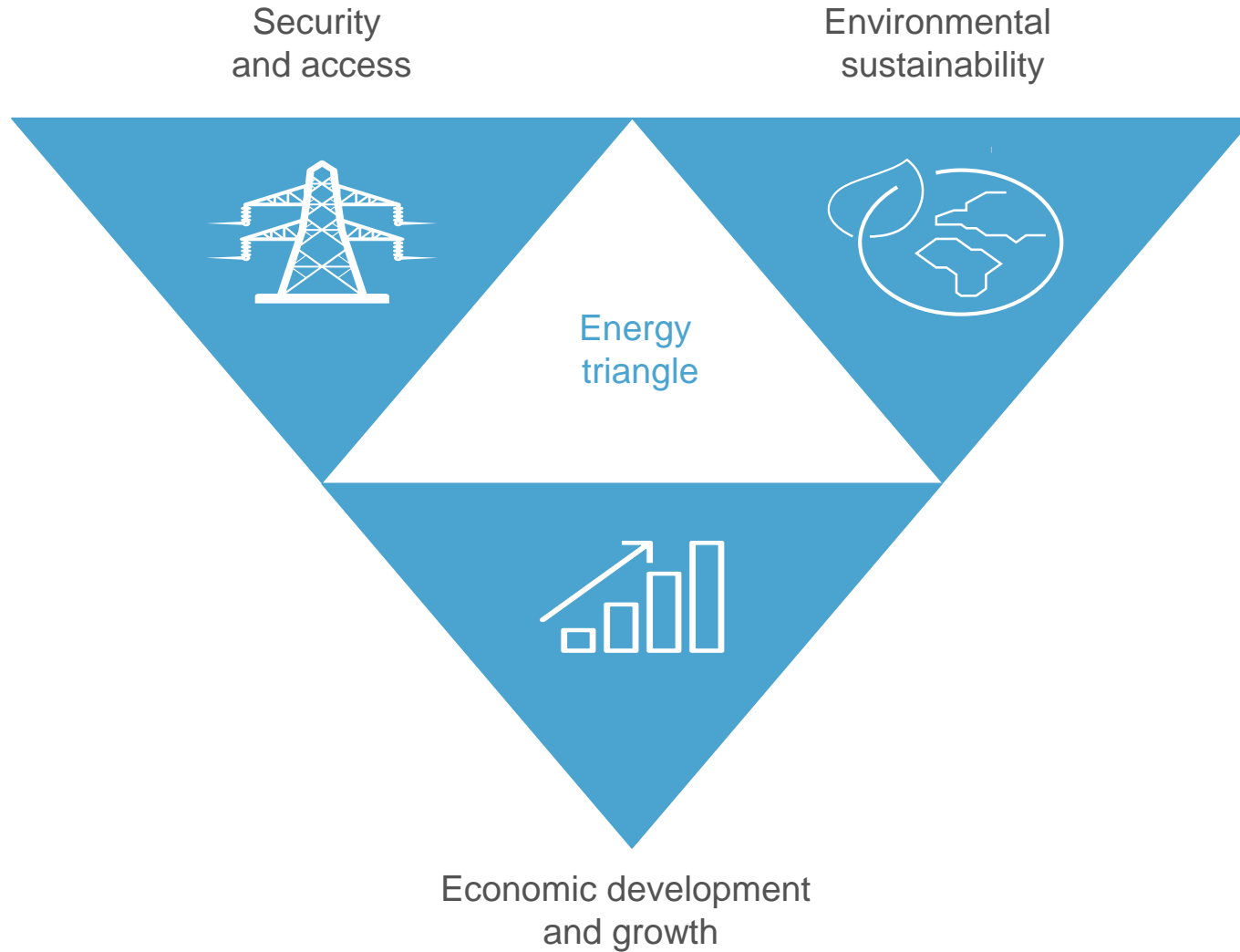
MANAGING DISRUPTION in the ENERGY SYSTEM

"in the DARK, ALL SWANS are BLACK,"



Energy transition is more than decarbonization

System performance imperatives



Key Questions

1. Will the diversification in portfolio and the decisions from investors to move away from oil and gas actually reduce the emissions stock – particularly if others take over the divested assets?
2. How will the energy transition component of stimulus/recovery packages be deployed beyond the announcements/pledges?
3. Is the shortfall of investment in oil and gas putting us in a trajectory of a very tight market that would lead to high prices?
4. Given investors and financial institutions push for climate-aligned portfolio, under what circumstances will investing in O&G be ESG-compliant?
5. If low investment levels result in a tight market with high oil price rises, will investors still stick to their O&G divestment strategy or will they reconsider their allocation of capital in the context of potential higher returns?
6. How can we design just and inclusive energy transition policies that will strengthen and incentivize multi-stakeholder collaboration between Oil and Gas and financial sectors?

Thank you