

THE IMPACT OF THE COVID-19 HEALTH CRISIS ON THE ENERGY SECTOR

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ABSTRACT

The world is now living at the rhythm imposed by Covid-19. This unknown virus, detected from November 2019 in the city of Wuhan, China, spread to most countries in the world within a few weeks, triggering a pandemic with unique implications.

Stock markets experienced a black Monday on March 9, 2020. The fear of the economic impacts of the Coronavirus was felt. In the space of a few hours, the CAC40 lost 8.4% of its value, the S&P500 lost 7.2%, etc... Economic analysts revised downwards the growth prospects, some of them even announcing a period of recession. The Coronavirus epidemic has impacted all continents. In one way or another, it is believed to have affected almost all economic sectors, with the transport and trade sectors heavily impacted. In this article, we focus on the impacts of Covid-19 on the energy sector. We explore some of the possible impacts, direct or indirect, negative or positive, on fossil fuels, renewables, and energy production and consumption.

China, where Covid-19 originated, is still the primary focus of the epidemic. The measures taken to counter the virus have had a strong impact on the Chinese industry. China is the largest importer of crude oil and natural gas (15.5% and 9.8% respectively of world imports in 2018 - source: International Energy Agency). To maintain a balance between supply and demand, production should be in line with lower demand and market uncertainties. The major oil exporters then came together to find a compromise on production.

The negotiations took place in Vienna. OPEC, the cartel of major oil exporters, on the one hand, and Russia on the other. The aim was to agree on a reduction in production in response to falling demand, to keep the price per barrel at the desired level. The negotiations failed:

- Russia's refusal to cut production to put pressure on the US and to meet its budget targets...
- Fall in the barrel price, which loses more than 30%, caused by the change in Saudi Arabia's strategy: significant drops in prices to its customers and an increase in production.
- In the United States, strong impacts on the production of expensive shale oil requiring continuous investment.

A case to be closely monitored given the prominent place that black gold still occupies in the world economy.

The renewable energy sector is also beginning to be impacted by the slowdown in the Chinese economy linked to the Coronavirus crisis. Some producers are already anticipating delays in many wind and solar projects.

Indeed, China is once again emerging as the world's workshop, concentrating a majority of the key suppliers of various renewable energy projects around the world. For example, Chinese companies manufacture many solar panels, batteries, silicon components, and raw materials related to these technologies. A number of these manufacturers have been affected by the coronavirus and have had to partially or stop production for several weeks. At present, workers are slowly returning, but it will take some time before they can return to full capacity. Battery production is also expected to be affected, as China is also the largest producer.

On the wind energy side, a similar situation is expected. Indeed, China is home to more than half of the world's top 15 wind turbine producers.

Regarding the consumption of fossil fuels, the fall in gas and crude oil prices should be felt by end consumers, whether it be the prices at the pump at gas stations or the regulated gas sales tariffs calculated by the state. However, there is a time delta between the fall in crude oil prices and the actual impact on the purchasing power of the final consumer.

As far as fossil fuel consumption is concerned, the fall in gas and crude oil prices should be felt by end consumers, whether it be the prices at the pump at petrol stations or the regulated gas sales tariffs calculated by the state. However, there is a time delta between the fall in crude oil prices and the actual impact on the purchasing power of the final consumer. The production and consumption of electricity are expected to be impacted as well.

The Journal of the International Academy of Case Studies (JIACS) encourages researchers to contribute their views on this timely topic. JIACS believes that a volume devoted to COVID-19 and its impact on energy would be very important for researchers, policy-makers and students. The purpose of these special issues is to present and critically discuss cases related to the above issues.

This is a call for papers on "the impact of the health crisis on the energy sector". The Journal of the International Academy for Case Studies (JIACS) welcomes articles on the above theme and falls within the objectives and scope of JIACS, including all key areas such as the Energy-Growth, the Dynamics of Renewable Energy Consumption and Economic Growth, the macroeconomic impact of the Covid-19 pandemic and its impact on the energy sector, the strategic long-term energy security, the short-term and longer term implications of energy sector for job creation, economic growth and energy security, etc.