
Focus on the Energy, Aviation, Tourism Nexus

IEF Virtual Expert Roundtable Session on COVID-19 Impacts

Thursday, 8 October 2020

at 5:00pm Riyadh-Athens | 4:00pm Madrid | 9:00am Houston | 10:00am New York

- **HE Harry Theoharis**, Minister of Tourism, Greece
 - **Mr. Zurab Pololikashvili**, Secretary General, UN World Tourism Organization (UNWTO)
 - **Mr. Steve Sear**, President of Delta Airlines International
 - **Ms. Ann-Louise Hittle**, Vice President, Oils Research, Wood Mackenzie
 - **Ms. Joanne Shore**, President, Downstream Petroleum Markets, LLC
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The Secretary-General of the International Energy Forum, Mr Joseph McMonigle is pleased to invite you to a moderated virtual session of the IEF Energy Dialogue taking place on Thursday, 8 October 2020 at 5:00pm Riyadh from 5:00 pm to 6:30 pm (Riyadh time) to discuss COVID-19 impacts on demand and safe and sustainable recovery strategies for the aviation industry.

Senior representatives from the energy, aviation, and tourism industry will share their views on the short and long-term impacts of the COVID-19 pandemic on commercial air travel and jet fuel demand, how recovery strategies can enhance demand resilience and improve safety and sustainability for energy, aviation, and tourism to gain new heights.

Dialogue findings will help to make global economic trends, industry strategies, and oil product demand scenarios more transparent and inform future IEF Dialogue sessions including in the context of the IEA-IEF-OPEC Trilateral Work Programme, and the 17th International Energy Forum Ministerial hosted by Saudi Arabia, with Morocco, and Nigeria as co-host in 2021.

The event will be livestreamed although questions will be limited to registered attendees and participation is by personal invitation only.

Agenda

- 5:00 AST **WELCOME AND OPENING REMARKS**
- **Joseph McMonigle**, Secretary General, International Energy Forum
- 5:05 **PERSPECTIVES OF KEY MARKET STAKEHOLDERS**
- **HE Harry Theoharis**, Minister of Tourism, Greece
 - **Mr. Zurab Pololikashvili**, Secretary General, UN World Tourism Organization (UNWTO)
 - **Mr. Steve Sear**, President of Delta Airlines International
 - **Ms. Ann-Louise Hittle**, Vice President, Oils Research, Wood Mackenzie
 - **Ms. Joanne Shore**, President, Downstream Petroleum Markets, LLC
- 5:45 **MODERATED DISCUSSION WITH IEF MEMBER COUNTRIES**
- 6:25 **CLOSING REMARKS**
- **Joseph McMonigle**, Secretary General, International Energy Forum

Key Questions

1. *How does the pandemic affect jet fuel demand, international travel, and tourism at present and in short, and medium-term forecasts globally and across world regions?*
2. *Are storage and refinery configurations sufficiently resilient across scenarios, what levers exist to cushion impacts and manage bottlenecks?*
3. *How does the pandemic affect aviation and refining industries balance sheets, their ability to invest, and overall market structure?*
4. *How will COVID-19 impact sustainability and emissions reduction goals in the energy, aviation, and tourism sector?*
5. *What government and industry measures will accelerate a swift, safe, and sustainable recovery for energy and international travel?*

Session Introduction

The impact of the novel coronavirus pandemic on air travel, tourism and jet fuel demand has been instant and large after public health restrictions almost entirely halted domestic and international air travel. Jet fuel demand dropped by one third in March 2020 compared to levels recorded for the same month in 2019 millions of jobs in the tourism sector are at risk. World jet fuel demand is expected to drop by 3.1 mb/d to 4.8 mb/d in 2020 and recover only by 970 kb/d to 5.8 mb/d 2021 according to the IEA. Regional and country specific data however show huge variation in reductions. In volumetric terms, the decline is largest in the OECD region where the IEA reported a demand drop of 2.8 mb/d to 1.5 mb/d in May 2020 compared to 4.3 mb/d May 2019. But in relative terms jet fuel demand losses were highest among non-OECD countries OPEC

data shows. The IEA notes that OECD refineries jet fuel yields further dropped to 5.2 percent in May 2020 from 6.1 percent in April 2020 and 10.2 percent in May 2019. Reductions in kerosene jet fuel demand, have prompted the recalibration of refinery slates and the subsequent redirection of middle distillate inputs into other product outputs, or moved refiners to direct kerosene to naphtha or gasoil pools increasing other product yields such as diesel. Jet fuel in onshore and floating storage reached an all-time high of 147 mb in the OECD region in April 2020 and remains at high levels according to the Joint Organisations Data Initiative (JODI).

Road and maritime transport fuel demand are making a relatively strong come back from shelter in place policies. Public health restrictions have spiked consumer preferences for new technologies including demand for electric vehicles, as health and safety considerations have sharpened collective focus on climate, clean air, and environmental and social governance standards. Restrictions on travel also keep tourism from delivering on its potential to build a better future for all and risks widening social divides between developed and developing nations.

Perceptions and realities surrounding the health risks that the virus poses in the aviation and tourism industry remain fluid. A more gradual easing of restrictions on international travel will keep passenger numbers low in the short-, to medium term. While digitalization has opened virtual options to reach out across borders and risks a structural shift in preferences over the longer term, tens of millions of jobs in the tourism industry are at risk. Freight traffic can take off faster to reconnect investment and trade in global supply chains and serve surging e-commerce, but development in rural areas will suffer if tourism fails to recover.

Aviation emissions account for around 2 percent of global carbon dioxide emissions and 12 percent of total transport emissions but may have grown faster than originally projected over the past five years. Commercial air freight and passenger movement make up 9 and 81 percent of emissions, respectively. The scale of the decline in air travel will take at least until 2023 to recover according to assessments by IATA. Although this reduces emissions volume and growth rates in the short-term, government policy and regulations as well as voluntary efforts by the aviation industry to reduce emissions have gained importance. Increased fuel efficiency and quality standards and the development of new sustainable aviation fuels and off-sets will impact future jet fuel demand and specifications differently than pre-pandemic assessments show.

Recovery in the aviation and tourism industry on which the world economy relies, will benefit from the roll-out of existing and new safety and sustainability strategies for international travel and jet fuel demand to find new heights.