



# Resilience in energy

## Collective action to weather the storm.

### Regina Mayor | Global Leadership

No matter the industry, the novel COVID-19 (coronavirus) is making an impact. Governments are intervening and countries are declaring national emergencies – disrupting global markets. It's true that the negative impact on global growth brought on by this virus will be substantial – though we won't know to what extent until COVID-19 runs its course.

In the energy sector, COVID-19 is creating a remarkable demand destruction event: supply chains halted as the need for oil dropped significantly amid travel bans and local quarantines. In addition, a geopolitical firestorm erupted between OPEC and non-OPEC producers, which led to a burgeoning oversupply of crude oil. Coupled together, these two events are resulting in a very imbalanced supply/demand scenario and a massive selloff in oil markets – Brent crude is down more than 50% from January highs – just two months ago.

The shock of the oil market collapse is forcing global leaders to consider new ways to adapt to the needs and safety of their people, adjust

business operations and models, and satisfy evolving customer demands so that they can ultimately return to stability, and even growth. At this moment, executives are prioritizing safety, business continuity and job security. Industry leaders are working quickly to mitigate risk, manage costs and preserve cash, and test technology capacity in order to manage remote workforces. At KPMG, we are talking with many of you as we work together to navigate this difficult time.

Eventually, supply chains will start to move, travel restrictions will lift and demand will come back. We'll see a turning point and a shift to proactive planning when leaders begin to stress test internal operations, examine the agility of supply chains and upgrade technology so that when another unforeseen event arises, organizations will be even more resilient than they are today.

The energy industry, specifically, has proven time and again that it is incredibly resilient. So, let's stay the course, work as partners, and weather this storm together.

## Contacto local



**Diego Calvetti**  
**Socio Líder de Energía y Recursos Naturales**  
**KPMG en Argentina**