SSDA News

Service Station Dealers of America and Allied Trades

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Government Affairs Update

By Roy Littlefield

As the COVID-19 pandemic continues on, SSDA-AT continues to respond to member requests on a daily basis. As we adapt to this new reality, we continue to update members on federal legislation and new regulations.

In June, infrastructure funding discussions were back on the table and SSDA-AT remained heavily involved. During the month, we had a conference call with Terry VanDoren, Policy Advisor, Majority Leader McConnell to discuss state DOT relief and the Highway Bill. Mr. VanDoren was sympathetic to our concerns and to the threat of industry taxes.

In addition, SSDA-AT also signed onto a letter to President Trump on emergency DOT relief. In the letter, SSDA-AT respectfully urges support of an immediate $49.95 billion infusion of federal funding for state departments of transportation (DOTs) as the administration and Congress work on the next COVID-19 response legislation.

Providing state DOTs with an immediate infusion of funding is not unlike action taken in prior COVID-19 response legislation, which compensated aviation, transit, and passenger rail sectors for reductions in ridership and revenue. This urgently needed funding will prevent disruptions to planned transportation projects and allow state DOT employees and transportation construction workers essential to planning and delivering these projects to remain on the job. This action to preserve core state DOT capabilities is absolutely critical in order for states to carry out a robust, bipartisan, and long-term surface transportation legislation later this year that can serve as our national platform for economic recovery and growth.

At the beginning of the month, SSDA-AT supported legislation to fix the PPP loan program passed. The bill, called the Paycheck Protection Flexibility Act, would ease restrictions on the popular program, known as PPP. It comes after the program was scrutinized for providing aid to unintended recipients, such as large publicly traded companies, and many businesses around the country complained that they either could not tap into loans or did not receive adequate funds to keep their businesses afloat and their employees on the payroll.

Under the bill, businesses would have more time to use their loan money beyond the initial eight-week timeline - which some local businesses that are prohibited from opening their doors have said did not work for them - and still qualify for loan forgiveness. It would also expand how much of the money would have to be spent on payroll costs.

There are a numerous pieces of legislation that are a must pass and have looming deadlines in the fall including the National Defense Authorization Act, a surface transportation package, the Water Resources Development Act, and spending bills to keep the government open past September 30th.

SSDA-AT plans to remain involved in the fury of action expected from Congress in the coming months and we will continue to update you.

How to Stay Connected During the COVID-19 Outbreak

The COVID-19 outbreak is unlike anything we have experienced in the past. Trying to stay up to date with changing protocols and suggestions by our industry experts and government officials can be taxing. While this is true, as a small business owner, it is even more important to keep up with relevant news and make decisions for your business accordingly. Taking this one step further, it is imperative that you communicate these business updates to your customers as soon as possible to keep them informed.

Where to Get Your Information

In times of uncertainty such during the age of social media and meme culture, it is important that you get your news and information from reliable resources. The Center for Disease Control (CDC) website has a very comprehensive section dedicated to Covid-19 covering topics such as signs and symptoms and how to prevent getting sick, as well as up to date numbers of current cases across the country and world. You can also check your state and local municipality websites and social media pages for updates on where travel is restricted, where stay-at-home warnings are in place, and more. We have also compiled a comprehensive list of resources to help you and your business stay informed.

How to Relay Information to Your Customers

If your business hours and/or practices are going to be impacted, it is important to get this information to your customers as soon as possible. The changes you make to your business may affect their ability to get around in their vehicles. One of the simplest ways to do this is to stay active on social media. Customers are turning to social platforms like Facebook to get up-to-date information on small businesses in their area. Once you have your updates complied, you should then craft a statement to put out on your social platforms.

How to Craft a Statement

When crafting the statement, you are going to send to your customers via social platforms, you want to be clear and concise and include all the information about your business that could potentially affect them.

NET DRIVEN

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NET DRIVEN

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If You Plan to Close Completely

- Your statement should state that for the health and safety of your staff and customers, you will be ceasing operations.
- Be sure to explicitly state the date you will be stopping operations as well as what to do if customers have appointments set up already.

If You Plan to Update Your Hours and/or Procedures

- Start by assuring your customers that you will be staying open for the time being, as well as the updated hours (if applicable).
- Be sure that your customers know what sort of precautions you are taking if remaining open to keep them, your staff, and their vehicles safe. These precautions can include things such as letting them know your waiting room will be closed, you will be sanitizing all tools and equipment used, you are offering pick-up and drop off of vehicles, and stating that you will be following CDC guidelines.

In the end, the important part of your statement to your customers is letting them know that whatever decision you are making is to ensure safety for them and your staff. In these times of uncertainty, most people just want to be sure that they are as safe as possible, and it is up to you to gain their trust and earn their business.

We want you to know that Net Driven is there for you every step of the way during these hard times. Be sure to reach out if you need a helping hand. We are all in this together.

This article was created by the team at Net Driven. Learn more about Net Driven digital marketing solutions by visiting www.netdriven.com.

API Data Show Weekly U.S. Crude Supplies Up Nearly 4 Million Barrels, Sources Say

The American Petroleum Institute reported that U.S. crude supplies rose by about 3.9 million barrels for the week ended June 12, according to sources. The API data also reportedly showed gasoline stockpiles rose by 4.3 million barrels, while distillate inventories climbed by 919,000 barrels. Crude stocks at the Cushing, Okla., storage hub, meanwhile, fell by 3.3 million barrels for the week, sources said. Inventory data from the Energy Information Administration will be released soon. The EIA data are expected to show crude inventories declined by 3.5 million barrels recently, according to analysts polled by S&P Global Platts. They also forecast a supply decline of 2.2 million barrels for gasoline and an increase of 3.1 million barrels for distillate inventories. July West Texas Intermediate crude cln20 was at $37.92 a barrel in electronic trading. It settled at $38.38 on the New York Mercantile Exchange.

U.S. Liquefied Natural Gas Exports Have Declined By More Than Half So Far in 2020

Daily natural gas deliveries to U.S. facilities that produce liquefied natural gas (LNG) for export were a record 9.8 billion cubic feet per day (Bcf/d) in late March 2020, but deliveries fell to less than 4.0 Bcf/d in June, according to data by IHS Markit. A mild winter and COVID-19 mitigation efforts have led to declining global natural gas demand and high natural gas storage inventories in Europe and Asia, reducing the need for LNG imports. Historically low natural gas and LNG spot prices in Europe and Asia have affected the economic viability of U.S. LNG exports. Trade press reports indicate that more than 70 cargoes were canceled for June and July deliveries, and more than 40 cargoes were canceled for August deliveries. In comparison, 74 cargoes were exported from the United States in January 2020.

In 2019, on an annual basis, the United States became the world's third-largest LNG exporter; only Qatar and Australia exported more LNG. Several U.S. LNG export facilities became operational in 2019. Most recently, in May 2020, the third train at Freeport LNG in Texas began commercial operations. Later this summer, the third train at Cameron and three of Elba Island's small-scale moveable modular liquefaction system units are expected to come online, bringing U.S. total liquefaction capacity to 8.9 Bcf/d of baseload LNG export capacity and 10.1 Bcf/d of peak export capacity.

In January 2020, 74 LNG export cargoes were loaded in the United States, and LNG exports totaled 8.1 Bcf/d—both record highs. LNG exports were only slightly lower from February through April, but they started to decline in May. The U.S. Energy Information Administration (EIA) estimates that 62 cargoes were loaded in April and 52 cargoes were loaded in May. In its latest Short-Term Energy Outlook, EIA estimates that gross U.S. LNG exports in April and May totaled 7.0 Bcf/d and 5.8 Bcf/d, respectively. EIA forecasts that gross U.S. LNG exports will fall to a low of 3.2 Bcf/d in July 2020 before increasing in each of the remaining months of the year.

Global spot and forward LNG prices in Asia (such as the JKM price benchmark representing spot LNG prices in Japan, South Korea, Taiwan, and China) and natural gas prices in Europe (such as the TTF price benchmark in the Netherlands) have been at historical lows in recent months, which has affected the economic viability of U.S. LNG exports. U.S. LNG exports are priced at a premium to Henry Hub, in addition to tolling fees and transportation costs to destination markets. Higher spot and futures prices at Henry Hub compared with TTF prices in Europe since early May contributed to some cargo cancellations from the United States this summer. Based on the number of canceled cargoes, EIA expects U.S. LNG export capacity will be utilized at less than 50% during June, July, and August 2020.

Trump Signs Order to Waive Environmental Reviews for Key Projects

President Trump signed an executive order instructing agencies to waive long-standing environmental laws to speed up federal approval for new mines, highways, pipelines and other projects given the current economic "emergency."

Declaring an economic emergency lets the president invoke a section of federal law allowing "action with significant environmental impact" without observing normal requirements imposed by laws such as the Endangered Species Act and the National Environmental Policy Act. These laws require agencies to solicit public input on proposed projects and analyze in detail how federal decisions could harm the environment.

In the order, the president said setting aside these requirements would help the nation recover from the economic losses it has suffered since the outbreak of the coronavirus: "Unnecessary regulatory delays will deny our citizens opportunities for jobs and economic security, keeping millions of Americans out of work and hindering our economic recovery from the national emergency."

It is unclear how the directive will affect individual projects, especially since developers are often wary of legal challenges they could face from environmental or public interest groups. Jason Bordoff, founding director of Columbia University's Center on Global Energy Policy, said in an email that "companies would be reluctant to rely on such an executive order," knowing they would later have to prove that they were operating in an emergency.

Jason Redd, an engineer in the power sector based in Alabama, tweeted: "Project developer here...there is *NO WAY* I would turn a shovelful of dirt based on this Order."

Trump's desire to weaken the National Environmental Policy Act predates the eruption of the pandemic in the United States. In early January, the president proposed fundamental changes to 50-year-old regulations to narrow its scope. Those changes would mean that communities would have less control over some projects built in their neighborhoods. Environmental groups, tribal activists and others have used the law to delay or block infrastructure, mining, logging and drilling projects

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Trump Signs Order to Waive Environmental Reviews for Key Projects

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since it was signed by President Richard M. Nixon in 1970.

Those proposed changes are under review by the White House Office of Management and Budget and could be finalized within weeks. In addition, earlier this week the Environmental Protection Agency finalized a rule making it harder for states, tribes and the public to block pipelines and other projects that could pollute their waterways.

The order will also accelerate civil works projects overseen by the U.S. Army Corps of Engineers and instruct the Interior, Agriculture and Defense departments to use their authorities to speed up projects on federal lands.

Just in the past month, Trump signed an executive order instructing agencies to ease regulatory requirements whenever possible to bolster the economy. The energy industry has argued these steps will provide critical aid to businesses during the current downturn.

"Removing bureaucratic barriers that stifle economic growth is paramount to getting American energy workers back in their jobs and spurring business investment that gets our economy moving again," said American Exploration and Production Council chief executive Anne Bradbury, whose group represents the country's shale industry and large producers of oil and gas. "We value the importance of these reforms now, and underscore the need for finalizing rules across regulatory agencies that will implement permanent reforms."

American Gas Association President Karen Harbert said the directive "rebalances the permitting process to consider environmental impacts and the need for infrastructure, jobs and affordable energy."

But Thomas Jensen, a partner at the firm Perkins Coie, said in an email that any decisions made in response to the executive order could be challenged in court. He noted that the National Environmental Policy Act was enacted 50 years ago partly to prevent arbitrary federal decisions such as building highways through parks and communities of color and that the current administration cannot simply set aside laws aimed at protecting vulnerable Americans or the environment.

"I will not be surprised to see many observers comparing this move — declaring an emergency to shield agency decisions from the public — to the order to clear Lafayette Square," Jensen said, referring to actions in a Washington park this week. "It's just one more face of authoritarian ideology, with a clear link to issues of race and equality and government accountability."

The Big Oil Turnaround: From Negative Prices to a Bull Market

Every day, traders in London congregate at 4 p.m. to buy and sell North Sea oil for half an hour. The window, as it's known in the industry, is where competition between the most powerful players in the market sets the price of Brent crude.

Two months ago, every trader wanted to sell cargoes and none were keen to buy. Now the window has transformed into a bull market, where bids outnumber offers 10 to one and prices are surging.

"The physical market is strong," said Ben Luckock, co-head of oil trading at Trafigura Group.

The turnaround reflects the most torrid period in the history of oil.

First, the coronavirus outbreak obliterated demand in China and shattered the oil alliance between Moscow and Riyadh. Next, the global epidemic and destructive Saudi-Russia price war pushed the market to the brink of disaster. The collapse brought the rivals back together for the biggest production cut on record, just as the pandemic ebbed.

Mirror Image

The renewed strength of the "physical market" for crude -- where actual barrels change hands between producers, refiners and traders -- is driving a surge in the much larger Wall Street world of oil contracts traded on exchanges in London and New York.

West Texas Intermediate futures rose above US$40 a barrel on Friday. That's a mirror image of two months earlier, when the U.S. benchmark made an unprecedented plunge into negative pricing as storage tanks came close to filling.

Beyond the symbolism of that number for the American market, the oil price curve for Brent -- the range of futures contracts covering the coming months -- shows the international market has transformed too.

It flipped last week into so-called backwardation, with crude for immediate delivery trading at a premium to forward contracts. That shape is a telling sign that refiners that saw demand for their products disappear during the lockdown, are now willing to pay top dollar to secure supplies for their facilities.

Leaving Lockdown

"You can see demand ramping up every week," said Marco Dunand, co-founder of major oil trading house Mercuria Energy Group Ltd.

In China, oil consumption is now back to pre-pandemic levels, according to official data. It's still down in countries like Italy and Spain, which were badly affected by the coronavirus, but rapidly recovering in others, including India, Japan, France and Germany.

Global demand fell as much as 30 per cent in late March and early April, when governments locked down entire countries. The scale of the rebound is still hotly debated, but most say consumption is now 10 per cent to 15 per cent below normal levels.

"Our short-term tracking of demand confirms a healthy recovery from the lows of April," said Giovanni Serio, chief economist at Vitol Group, the world's largest independent oil trader.

Vitol estimates that oil demand is rising by about 1.4 million barrels a day every week in June -- that's roughly equal to adding the whole consumption of the U.K. to the market, weekly.

Second Wave

The Big Oil Turnaround: From Negative Prices to a Bull Market

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The market isn't out of the woods yet. In many countries, the first wave of the pandemic is still accelerating, while China had to take drastic measures this week to avoid a second wave taking hold in Beijing.

The continuing influence of the virus on daily life is visible in the uneven nature of the oil recovery. Gasoline is leading the rebound as people choose to drive their cars and avoid public transport. For the first time since the pandemic, the fuel is more expensive for immediate delivery in the U.S. wholesale market than forward contracts, a sign of demand strength.

"We see a V-shape recovery for gasoline," said Chris Midgley, head of analytics at S&P Global Platts and a former head of oil markets analysis at Royal Dutch Shell Plc.

Yet, diesel, a fuel more closely linked to the business cycle because it powers industries and freight movements, is lagging as the world's economy tips into recession. Demand for jet fuel remains almost as depressed as it was during the peak of the coronavirus crisis.

Historic Cuts

Oil consumption doesn't have to come back in full as long as Saudi Arabia, Russia and the rest of the OPEC+ alliance are cutting production sharply. The group has removed about a 10th of supply from the market, while U.S. and Canadian output has also fallen sharply.

The scarcity created by the Organization of Petroleum Exporting Countries and its allies has pushed prices to unusually high levels even in Europe, a continent only tentatively emerging from lockdown.

Urals, Russia's flagship export blend, was selling at a US$4.60-a-barrel discount to Brent in northwest Europe in late March. Now, refiners are buying the grade at a US$1.55 premium, the highest in almost 10 years. Saudi Arabia's Arab Light crude will sell at a premium of 30 cents a barrel in the region in July, up from a discount of US$10.25 in April.

Balanced Market

The steep OPEC+ cuts mean that even a weakened global economy is probably consuming roughly as much crude as it's producing right now. That's a massive turnround from the March-to-May period, when traders put about a billion barrels of unwanted oil into tanks, underground caverns and even ocean-going tankers.

If OPEC+ manages to make every country stick to its output quotas and demand keeps rising, the world could soon start consuming more oil than it produces.

"There have been encouraging signs of recovery in demand and a rebalancing of global oil markets," Saudi Energy Minister Prince Abdulaziz bin Salman told a gathering of some OPEC+ ministers last week. "The world economy has embarked on the long journey of easing the lockdowns, but there will inevitably be setbacks and reversals."

The shrinking of bloated stockpiles can often be a catalyst for rising prices, but it could be a slow process. Additional demand could just as easily be met by just-in-time supplies -- a combination of OPEC+ tapering off its output cuts and U.S. shale output recovering.

Not many traders expect to see US$50 a barrel this year. Still, even fewer of them believe that a return to the ultra-low prices of April, when Brent fell to US$15.98 a barrel, is likely.

"The oil market is now, for the first time in several months, finding its stability," Luckock of Trafigura said in an interview. "At $40 a barrel, we can trade a few dollars higher and a few lower. But for the first time in a few months, you can see a range."

Letter to the Editor

Dear SSDA-AT,

Practical, safe, and responsible offshore energy development doesn't just create jobs and power our lives – it also funds America's largest federal conservation program. For decades, the natural gas and oil industry has directly contributed to outdoor recreation and environmental conservation, thanks to a long-standing law that would be strengthened by legislation that is up for a vote in the U.S. Senate.

Senators will soon vote on S. 3422, the Great American Outdoors Act, a bipartisan bill that would codify a permanent funding stream for the Land and Water Conservation Fund (LWCF) and address a considerable maintenance and construction backlog on public lands.

Since 1965, LWCF grants have provided more than $4.4 billion for over 40,000 projects, supporting resource management, habitat restoration, and outdoor recreation such as hiking, hunting, and fishing. Offshore natural gas and oil royalties provide the primary source of funding for all LWCF projects, from the Grand Canyon National Park to community basketball courts.

As summer starts and the coronavirus limits the nation's ability to convene inside, outdoor activities are more important than ever. Last month, API was happy to see the Interior Department announce a $227 million LWCF distribution to all 50 states, five U.S. territories, and the District of Columbia for specified park and outdoor recreation and conservation.

But we won't stop there. Energy producers are proud to grow the economy, create good-paying jobs, and invest in projects that enhance America's natural beauty. Offshore energy revenues are essential to conserving the LWCF itself.

Sincerely,

Mike Sommers
President & CEO
API

API Seeks US Intervention in Mexico Discrimination Against US Fuel Companies

The American Petroleum Institute has asked the US government to urge Mexico to uphold its commitments to the United States-Mexico-Canada Agreement and to stop discrimination against US companies in Mexico's fuel market.

In the June 11 letter, API CEO Michael Sommers complained that US companies are facing new regulatory actions which undermine the framework that allows the continued trade flows and capital investments in energy between Mexico, the US and Canada and encourage the US "to use diplomatic channels to engage with the president of Mexico" to solve this issue.

These regulations are either inconstantly applied or are inconsistent with past practice and include difficulties in getting permitting approval for new or rebranded fuel retail stations; arbitrary shutdowns at pumps for minor or non-existent infractions; new storage capacity requirements, and delays or rejections for gasoline and diesel import permits, Sommers said.

Mexico's Energy Regulatory Commission has "opaquely" removed asymmetric regulation applicable to Pemex which allows the state oil and gas firm "to unfairly and opaquely undercut the pricing of foreign competitors, giving the company a significant advantage in downstream pricing," Sommers said.

The government actions likely contravene Mexico's commitments to national treatment investment protection in the investment chapters of both NAFTA and USMCA, Sommers said. They also likely contravene Mexico´s commitment to non-discriminatory treatment in the state-owned enterprises and designated monopolies chapter of USCMA, with regards to state-owned Pemex, he said.

The letter was sent to US Secretary of State Michael Pompeo; Commerce Secretary Wilbur Ross; Energy Secretary Dan Brouillette and US trade Representative Robert Lighthizer,

Neither API nor Pemex responded to requests for comment.

The complaints by API members are in line with those by companies in other segments of the energy sector, like electricity generators and developers of pipeline infrastructure, which have voiced similar complaints regarding permits and regulations.

Mexican President Andres Manuel Lopez Obrador took office in 2018 with a campaign promise to strengthen former monopolies Pemex and CFE, the state utility, and ultimately gain sovereignty and independence in fuel and electricity generation.

North American Oil Pipeline Projects Push On, Despite Market Crunch

Despite construction and market disruptions caused by COVID-19 as well as continuing opposition, the Canadian government-owned Trans Mountain oil pipeline expansion project began work this month on the $9.5-billion project's key British Columbia link.

Crews began work on a 7-kilometer first stretch around the city of Kamloops, B.C., of what will be 185 km of parallel pipeline built to the port of Burnaby, B.C., on the Pacific coast, continuing the expansion in its Alberta section.

Surerus Murphy Joint Venture is overseeing work on this section of the pipeline project.

The entire Trans Mountain expansion, intended to boost capacity of the original pipeline built in 1953, is tentatively set for completion in December 2022. An initial crew of 30-50 workers will swell to 600 when construction peaks in the late summer and early fall, Trans Mountain said in a press release, noting it has been working with local hotels on COVID-19 cleaning and safety measures.

Ian Anderson, president and CEO of Trans Mountain Corp., called the Kamloops section of the project “a key milestone” in the pipeline’s 600-mile route from oil fields near Edmonton, Alberta to Burnaby, B.C.

The firm is owned by the Canadian government, which bought the pipeline from Houston-based Kinder Morgan for $3.4 billion in 2018 to complete construction that had faced numerous delays.

The project, which was hit earlier this year with a 70% price increase, also has had a mix of financial and legal challenges and fierce opposition from some First Nations groups.

Canada’s Federal Court of Appeals earlier this year rejected environmental challenges from First Nations groups who live in the territory through which the pipeline is routed.

The court ruling is considered the last major legal/regulatory hurdle for the project, which was first approved by the federal government in 2016.

The pipeline expansion is expected to triple its capacity to 890,000 barrels per day, up from 300,000 barrels currently.

A recent first-quarter earnings report indicated that the pipeline shipped an average of 297,000 barrels per day in the first three months of this year, below capacity, and also noted a steep drop in the price of western crude oil due to the pandemic and oil production competition between Russia and Saudi Arabia.

A Trans Mountain spokesman told CBC that while shipping requests are reduced, the pipeline remains at full capacity based on shipments of both light and heavy crude oil. It is the only North American pipellne that can ship both.

Meanwhile, an effort to expand the 1,172-mile Dakota Access pipeline, which extends from North Dakota to southern Illinois, gained some ground June 4 when Illinois regulators rejected a request from opponents to delay a decision on state permits for the proposed project because of the pandemic.

Environmental groups also argued that the COVID-19 impact on global oil use should negate the expansion. But Dakota Access developers said the situation is temporary, with demand to increase as world economies revive.

A final decision still is to come from the state Commerce Commission.

The expansion is set to boost capacity from 570,000 barrels of oil per day to 1.1 million and has already received approvals from North Dakota, South Dakota and Iowa.

Dakota Access still faces legal issues, with a U.S. District Court judge in Washington, D.C., set to rule on whether it can still operate while the U.S. Army Corps of Engineers completes a more detailed environmental study, based on a separate court ruling, of the pipeline's water-crossing permit.

The Standing Rock Sioux tribe, along with environmental groups and 36 House and Senate Democrats, have argued that the permit should be vacated, while 14 states have filed briefs claiming the move would cause severe project delays and economic harm.

BP to Write Down Up to $17.5 billion in Second Quarter, Lowers Oil Price Expectations to 2050

Energy giant BP announced it had lowered its oil price expectations through to 2050, saying the aftermath of the coronavirus pandemic was likely to accelerate the transition to a lower carbon economy and energy system.
The U.K.-headquartered oil and gas company said it had been reviewing its portfolio and capital development plans as part of its ambition to become a net-zero company by 2050 or sooner.
It now expects international benchmark Brent crude futures to average around $55 a barrel from 2021 through to 2050, with Henry Hub gas prices forecast to average $2.90 over the same period.
Henry Hub is a natural gas pipeline located in Louisianna and serves as the official delivery location for futures contracts on the New York Mercantile Exchange.
BP's forecasts for Brent futures and Henry Hub gas prices are down roughly 27% and 31%, respectively, when compared to those cited in the group's annual report at the end of 2019.
As a result of its long-term strategic planning and continued focus on capital discipline, BP said it expected to incur non-cash impairment charges and write-offs in the second quarter, estimated to be in an aggregate range of $13 billion to $17.5 billion after tax.
The company said it was unable to precisely determine the impact of the revised impairment testing price assumptions on the group's financial statements.
Instead, further information would be provided in the firm's second-quarter results, which are expected to be released on August 4.
Shares of BP dipped around 4% during early morning deals.
Brent crude futures traded at $38.11 a barrel on Monday morning, around 1.6% lower, while U.S. West Texas Intermediate crude futures stood at $35.20, down almost 3%.
Earlier this month, BP said it would cut 10,000 jobs from the current 70,100 in response to the coronavirus crisis, with the majority of those affected leaving by the end of this year.

'Build back better'

Bernard Looney, chief executive of BP, said in a statement that the coronavirus outbreak "increasingly looks as if it will have an enduring economic impact."
"We have reset our price outlook to reflect that impact and the likelihood of greater efforts to 'build back better' towards a Paris-consistent world," Looney said.
"We are also reviewing our development plans. All that will result in a significant charge in our upcoming results, but I am confident that these difficult decisions — rooted in our net zero ambition and reaffirmed by the pandemic – will better enable us to compete through the energy transition," he added.
In mid-February, Looney laid out a new direction for the company in a statement entitled: "Reimagining energy, reinventing BP." It outlined the oil and gas firm's ambition to become a net-zero company by 2050 or sooner.
BP has since doubled down on this goal. Looney told CNBC in April that there were three reasons to believe the coronavirus pandemic, which has created an unprecedented demand shock, had left the company even more committed to achieving its aims.
He explained the virus outbreak had only added to the challenge for oil outlooks in the future, and reminded people of the frailty of the ecosystem, adding that renewable stocks had become a very attractive proposition.

IEA sees largest drop of oil demand in history this year, before biggest-ever one-year jump in 2021

The International Energy Agency said that it expects the fall in oil demand this year to be the largest in history, but believes there are signs the market could reach "a more stable footing" over the coming months.
International benchmark Brent crude futures traded at $40.53 on Tuesday afternoon, more than 2% higher, while U.S. West Texas Intermediate futures stood at $37.81, up around 1.8%.
Oil prices have tumbled around 40% year-to-date, as lockdown measures designed to slow the spread of the coronavirus created an unparalleled demand shock in energy markets.
The IEA said oil demand in the second quarter, which saw the greatest impact from lockdown measures, was 17.8 million barrels per day lower when compared to the same period last year. That level of demand reduction was slightly less than the group had previously expected, although still unprecedented.
In its closely-watched oil market report, the Paris-based energy agency said that demand was expected to fall by 8.1 million barrels per day in 2020, before growing by 5.7 million barrels per day in 2021.
It means the expected drop in oil demand this year amounts to the largest in history, the IEA said, with the demand rise in 2021 forecast to be the largest one-year jump ever recorded "as activity begins to return to normal across vast swathes of the economy."
Meanwhile, the IEA's forecast for oil demand in 2020 is 91.7 million barrels per day, nearly 500,000 barrels higher per day than it expected in May, due to stronger-than-anticipated deliveries during the coronavirus lockdown.
"In sporting terms, the 2020 oil market is now close to the half time mark," the IEA said. "So far, initiatives in the form of the OPEC+ agreement and the meeting of G20 energy ministers have made a major contribution to restoring stability to the market."
"If recent trends in production are maintained and demand does recover, the market will be on a more stable footing by the end of the second half. However, we should not underestimate the enormous uncertainties," the group added.
Concerns persist
OPEC and non-OPEC allies — an oil producer group sometimes referred to as OPEC+ — agreed earlier this month to extend record output cuts of

IEA sees largest drop of oil demand in history this year, before biggest-ever one-year jump in 2021

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9.7 million barrels per day through July.

As part of the deal, key members of the energy alliance have insisted that those who have not been complying make up their commitments over the coming weeks.

The move has helped to prop up oil prices, although concerns persist over the threat to fuel demand from the resurgence of new coronavirus infections across the globe.

IEA Executive Director Fatih Birol told CNBC's "Street Signs Europe" that a modest oil market recovery was being driven by three factors: China's strong exit from lockdown measures; a "very good" compliance among OPEC+ members; and the decline of production in the U.S., Canada and other G-20 countries.

"All these three things coming together tells us that the gradual recovery of the oil market continues," he added.

To date, more than 8 million people have contracted the Covid-19 infection, with 436,899 deaths, according to data compiled by Johns Hopkins University.

WHO Director-General Dr. Tedros Adhanom Ghebreyesus said on Monday that while it took more than two months for the first 100,000 coronavirus cases to be reported worldwide, over 100,000 new cases have been reported almost every single day for the past two weeks.

It comes as cases continue to surge in countries mostly in America and South Asia, and there are concerns about a new cluster of infections in Beijing after the city went for more than 50 days without a confirmed case.

Aviation industry

One industry expected to continue to drag on oil demand through 2021 is aviation.

The IEA said that next year oil consumption would remain 2.4 million barrels per day lower than 2019 levels, "mostly because of the ongoing weakness in jet and kerosene demand."

That's because the aviation industry "is facing an existential crisis," the group added, noting jet and kerosene demand is likely to remain under pressure "well beyond" 2020.

Data from the International Air Transport Association — the trade association representing 290 airlines and 82% of global air traffic — show that passenger traffic will be nearly 55% lower than in 2019.

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