

POST COVID-19: CHALLENGES AND OPPORTUNITIES FOR THE CAMCA REGION

We asked several experts to briefly comment on what short and long-term impacts they predict the coronavirus pandemic will have on the countries of the CAMCA region. The insights included below reflect a range of opinions from professionals with varying expertise and areas of interest in order to provide as comprehensive of an outlook as possible.



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Epidemics are not new to the CAMCA region and historical accounts document many of them. In Genghis Khan's main code of laws, *Yasa*, public health infractions, such as polluting or urinating in rivers, are major crimes, underscoring the importance attached to preventing disease. COVID-19, like other epidemics and pandemics, has affected the CAMCA region; still as in the past, the region will rebound, most likely without significant changes.

The same is true of international energy prices. They can be expected to rebound quickly following a pattern more similar to that of the post-9/11 period or after a major natural disaster than the drawn-out recoveries that typically follow economic recessions. This spring's downturn in global energy prices did not result from an economic crisis, but from the decisions by most countries to impose lockdowns. As these restrictions have begun to be lifted, energy demand is recovering. Indeed, China's oil demand is already back to pre-COVID-19 levels. Large volumes of stored oil will help maintain moderate oil prices for the next couple months, aiding the global economic recovery. However, this will not last for long, and prices are likely to increase sharply in the [third](#) and fourth quarters of 2020.

To be sure, the pandemic has impacted energy consumption trends. Coal is a big loser. With the dip in demand for electricity, coal use has been scrapped first, with more power coming from natural gas and renewables. Demand for liquefied natural gas (LNG) has been suffering as well from the drop in electricity demand, and delivered cargos are trading at very low prices. The low-price environment threatens many LNG producers, especially in the United States. If American LNG export capacity declines, this will have geopolitical implications for many countries that depended on these supplies for diversification. It will also create greater demand for pipeline gas supplies, such as from the Caspian. The pandemic has had a mixed impact on renewables. As stated, with electricity demand down, the proportion of renewable generation grew in many markets. However, global investment in renewables capacity and infrastructure has dropped during the lockdowns. Yet, European investment in renewables may soon revive thanks to the launching of a stimulus package with significant subsidies for renewable energy projects.

When it comes to oil and transportation trends, driving miles are likely to increase. Demand for public transportation is down and likely to stay there, with lingering fears of crowded areas. The general ability of people to "work from home" is overstated, since most of those that write the assessments have jobs of that type, unlike the average worker. Most in the CAMCA region cannot conduct their work from home or via Zoom. These trends will lead to continued demand for oil and thus return of much of the same from the pre-COVID-19 world.

The major energy infrastructure and production projects launched in the region will proceed without disruption despite COVID-19. The Southern Gas Corridor should open in late 2020 as planned. Gas flows have already reached the pipeline sections in Greece and Albania and the completion of the Italian sector is advancing. In the coming years, we are likely to see much more development of energy resources for use in the region and not just for export, as the CAMCA region's GNP and population grows. Energy companies in the region, such as national oil and gas companies, are [becoming investors](#) in the CAMCA region, and are no longer just recipients of foreign investment. This is a major development in CAMCA.