Managing in the COVID-19 Era

Exclusive: Former BP Chief Executive – and Chair of the Francis Crick Institute – Lord John Browne on the Oil Industry’s Post-COVID-19 Future; How Pandemic Has Led to a Greater Realization of Climate Change Impacts and Why Government is “Back, Big Time”

The former head of BP and current member of IHS Markit board of directors speaks with chairman and CEO Lance Uggla for the CERAWeek Conversations series – available exclusively at www.ceraweek.com/conversations

WASHINGTON, D.C. (April 30, 2020) – John Browne (The Lord Browne of Madingley), the former chief executive of BP—and current chair of the Francis Crick Institute for biomedical research in London—discusses how the COVID-19 era has impacted his views on the future of the oil industry, climate change and the energy transition in an exclusive interview as part of the CERAWeek Conversations series.

In a far ranging discussion with Lance Uggla, chairman and CEO, IHS Markit (NYSE: INFO), Lord Browne talks about the parallels between past and present crises for the oil and gas industry; the intersection of COVID-19, climate change and the energy future and the biggest surprises to expect from the business world going forward.

Selected excerpts:

(Edited slightly for brevity only)

- On parallels between past and present crises for the oil and gas industry:

  “In the words of Mark Twain, history doesn’t repeat itself but it sure does rhyme. I think the rhyming is between 1985 and 1986 and what happened to the oil markets after that.”
“I see the futility of very strong control of the market through supply management. And I see today a lot of weakness in demand. It will take some time for that demand to be restored. And it may not be restored to the levels that we’ve seen in the past.”

- The impact that the current oil market shock will have on independent players:

“I would expect significant restructuring of the (U.S.) independent sector. The assets don’t go away. They are just put into the hands of people with better finances or better financial management. And that will either be the majors or some entrepreneur who figures out a different way of extracting just enough oil so that they don’t need to borrow money to do that. It’s a financial self-sufficiency that will take place.”

- On how international oil majors might adapt to a post-COVID-19 world:

“When they look at the future, they obviously look at themselves and say: we need to be appealing to our investors. Which means that we not only have to have great financial returns but also do things that society really wants them to do—not produce so much carbon dioxide, reduce their carbon footprint, reduce their methane emission footprint.”

“I expect they look at oil in particular and oil products and say to themselves: maybe this is an area where I won’t actually be able to grow. I might just extract some cash and I’ll let the state companies who, after all, produce most of the oil in the world, take on that business.”

- On the linkages between the pandemic, climate change, and the energy transition:

“People are beginning to think that nature and what it can do to human beings is far more powerful than any president, prime minister, or army. It is a gigantic force.”

“We have to think very carefully about resilience in the face of nature doing some pretty extraordinary things, especially if we induce them by the activities that we’ve done, which is namely putting a lot of CO2 in the atmosphere and creating a change in climate.”

“Climate change is man-made, and it will be something that nature will reinforce and cause problems. I think that’s beginning to be realized. If anything, that’s being reinforced by the COVID crisis.”

“The energy transformation is alive and well. I do think that governments will think very hard about moving backwards before they take any change. In these transitions that we see today certainly government is back big time. So stand by for regulation and taxes.”

- On the future energy mix:

“We won’t eliminate all hydrocarbons. What we will do is reduce their contribution, their percentage contribution to the world of energy. A lot of that will come by reprocessing
hydrocarbons to get rid of the carbon as well as adding new energy sources.”

- **On the application of data and technology that will drive change in the energy industry:**

  “At the board level, today this is all part of the ESG activity that will become even more important for boards and investors. People really want to know whether what companies are saying is actually what they are really doing when it comes to everything else except generating this quarter’s earnings per share.”

- **On the biggest surprises he expects in the world of business post-COVID-19:**

  “A different view of efficiency when it comes to business: ‘Just-in-time,’ spare inventory, extended supply chains are all very important. And they’ve done great things for the world. But they’re not necessarily as robust as we need them. I think there will be a change in the way people think about business. If you can manufacture it locally you probably should do that, provided you can do it at an effective cost.”

Watch the complete video at: [www.ceraweek.com/conversations](http://www.ceraweek.com/conversations)

**About CERAWeek Conversations:**

*CERAWeek Conversations* features original interviews and discussion with energy industry leaders, government officials and policymakers, leaders from the technology, financial and industrial communities – and energy technology innovators.

The series is produced by the team responsible for the world’s preeminent energy conference, CERAWeek by IHS Markit.

New installments will be added weekly at [www.ceraweek.com/conversations](http://www.ceraweek.com/conversations).

Recent segments also include:

- **Innovation Midst the Pandemic** – Jason Illian, managing director, Koch Disruptive Technologies, and Atul Arya, senior vice president, energy, IHS Markit

- **Energy in Nigeria: Hedging Against the Virus** – Mele K. Kyari, group managing director, Nigerian National Petroleum Corporation (NNPC), and Carlos Pascual, senior vice president, global energy, IHS Markit
• **Energy Policy in Colombia: Creating Confidence Amid Uncertainty** – HE María Fernanda Suárez, Minister of Mines and Energy, and Carlos Pascual, Senior Vice President, Global Energy, IHS Markit

• **Leadership Dialogue: Sanjiv Singh** – The chairman of the Indian Oil Corporation (IOCL) speaks with Atul Arya, senior vice president, energy, IHS Markit

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world’s leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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