

Atlantic Canada Market Overview

Description

Atlantic Canada is the region of Canada comprising of four provinces located on the Atlantic coast: the three Maritime Provinces of New Brunswick, Prince Edward Island, and Nova Scotia and the easternmost province of Newfoundland and Labrador. The population of Atlantic Canada in 2016 was about 2.3million. Atlantic Canada is well connected to major North American markets by road, sea, air and rail.

Economic Overview

The Canadian economy has grown solidly since the turn of the century and is the 12th largest exporter in the world. The level and increases in GDP per capita have been similar to rates for the median of the most affluent OECD countries; labour productivity, however, remains lower in Canada .Canada also recovered more strongly from the global financial crisis than most other OECD countries, helped by the impressive rise in commodity prices that was sustained until mid-2014.

Canada is America's largest supplier of energy. That includes oil, gas, uranium and electric power. Canada has benefited greatly with the discovery of oil sands in Alberta. That gave Canada the third largest oil reserves in the world (173.1 billion barrels).It ranks ninth in the world in recoverable shale oil. It's fifth in shale gas, according to the U.S. Energy Information Administration. Canada is now the fifth largest oil exporter. It ships 1.576 million barrels a day.

The Atlantic economy is very much in transition. Traditional resource-based manufacturing, while still an important component of the region's industrial structure, is giving way to a more diverse, knowledge-based economy.

The main industries of Atlantic Canada are:

- Aerospace and defence
- Agriculture and agri-food
- Aquaculture
- Biotechnology
- Construction
- E-Business
- Energy
- Environmental technologies
- Information and Communications Technology
- Ocean Technologies
- Seafood

Province or Territory	GDP (million CAD\$ 2015)	Population (2015)
New Brunswick	33,052	754,309
Prince Edward Island	6,186	146,736
Nova Scotia	40,225	943,373

Newfoundland and Labrador	30,100	528,676
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Halifax

Halifax is the capital city of the province of Nova Scotia and it is the primary economic engine for Atlantic Canada, contributing 20% of the region's GDP. Halifax has a diverse economy powered by growing industry sectors such as financial services, transportation and logistics and ocean technology. The city's manufacturing sector has also been thriving ever since Irving Shipbuilding started work on the \$3.5 billion contract under the National Shipbuilding Procurement Strategy to build combat ships for the Royal Canadian Navy.

Key Opportunities

Key opportunities for Aberdeen companies in Atlantic Canada are in the oil and gas sector. Newfoundland has 30% of Canada's remaining conventional oil reserves. There have been 17 discoveries on the 'Grand Banks', currently 4 producing. Additionally there are a number of future developments planned to come online:

- Hebron (Exxon Mobil) - up to 1bn recoverable barrels (producing by 2017)
- Bay du Nord (Statoil) - up to 600m recoverable barrels
- Mizzen (Statoil) - up to 200m recoverable barrels
- Harpoon (Statoil) - up to 200m recoverable barrels

There are opportunities within this market as the local market has a lack of supply chain experience and capacity and relatively high costs for offshore production. Therefore efficiencies used offshore in the UKCS could be transferred to the Canadian market.

Existing Contact

Aberdeen City Council currently has a Memoranda of Understanding with Halifax which was signed in 2013 and is due to be renewed in 2017. Calgary, Halifax and St John's are all fellow members of the World Energy Cities Partnership, a multinational partnership, comprised of 19 of the world's leading energy capitals. The Annual General meeting of the WECP shall be held in Halifax in October this year. This shall involve an outward visit to Halifax by the Lord Provost and an Aberdeen City Council Officer.

Recent inward visits include a visit from the Mayor of Halifax in April 2016, Mike Savage and a delegation from the Halifax Partnership UK in November 2015. The most recent outward visit to Halifax was in June 2014 by the Depute Lord Provost, John Reynolds on a trade mission led by Scottish Development International.

Resources

- <http://www.rbc.com/newsroom/news/2016/20160311-factsheet.html>
- <http://www.acoa-apec.gc.ca/eng/ImLookingFor/Pages/AboutAtlanticCanada.aspx>
- <http://www.international.gc.ca/investors-ininvestisseurs/cities-villes/halifax.aspx?lang=eng>
- <http://www.oecd.org/eco/surveys/Canada-overview-OECD-economic-survey-2016.pdf>
- <http://canadabusiness.ca/business-planning/market-research-and-statistics/canadian-economy/>

Houston, USA Market Overview

Description

Founded in 1836, the City of Houston had a population of nearly 2.3 million as of July 1, 2015, making it the fourth most populous U.S. city. Houston has been Texas' most populous city since 1930. The state of Texas has the second largest concentration of Fortune 500 companies in the US after New York with 54 companies. The key industry in Texas is Oil and the state oversees all parts of the production process being home to mining and crude oil companies, equipment companies, pipeline companies and petroleum companies. The activities for this industry are focused in Houston, the U.S. energy headquarters and a world centre for virtually every segment of the oil and gas industry including exploration, production, transmission, marketing, supply and technology.

Economic Overview

Houston's economy has a broad industrial base in energy, manufacturing, aeronautics, and transportation. Leading in health care sectors and building oilfield equipment, only New York City is home to more Fortune 500 headquarters within its city limits. The Port of Houston ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled.

Over the last five years Houston has enjoyed 5 years of unprecedented growth, despite the recent downward trends in oil prices. Growth has occurred across all sectors of the economy, with energy, advanced manufacturing, and construction leading the way. This has resulted in Houston's GDP growing more than \$125 billion since 2010.

Key Opportunities

Oil and Gas-U.S. crude oil production averaged an estimated 8.9 million barrels per day (bbl/d) in '16 and is forecast to average 9.0 million bbl/d in '17 and 9.5 million bbl/d in '18, according to the STEO. The expected boost in production reflects increases in federal offshore Gulf of Mexico production. Rising tight oil production, which results from increases in drilling activity, rig efficiency, and well-level productivity, also contributes to forecast U.S. production growth (Great Houston Partnership)

Renewables- Ernst & Young ranked Texas No. 3 in the nation in its U.S. Renewables Attractiveness Indices in August 2013. A variety of factors are used to determine a state's ranking, and in Texas' case, relied primarily on wind and solar resources, followed by biomass and lastly geothermal resources. Texas ranks No. 1 in the nation for wind energy capacity and biodiesel production. If Texas were a country, it would be ranked no.6 globally for installed wind energy capacity (Texas wide open for business, 2014).

Other opportunities lie in the following sectors:

- Biotechnology & Life Sciences
- Information and Computer Technology
- Petroleum Refining & Chemical Products
- Financial Services

Existing Contact

As fellow founding members of the World Energy Cities Partnership, Aberdeen and Houston have strong links and are very active in organising a two-way programme of inward and outward visits. When considering inward visits, each year as part of the Aberdeen Houston Gateway the Council supports the hosting of a delegation from Houston and the most recent outward visit was a trade development visit to Houston, Atlanta and Louisiana. Karen Bell, Consul General for Houston recently visited Aberdeen City Council in December 2016. The visit included hosting a local company business seminar detailing opportunities in the Southern State of the USA, meetings with both the University of Aberdeen and Robert Gordon University and a dinner held by the Lord Provost.

Resources

[The Economy at a Glance Houston, February 2017, Greater Houston Partnership](#)

[Houston Metro Export Plan, Global Cities Initiative Produces,2016 by the Greater Houston Partnership](#)

[The Texas Renewable Energy Industry, 2014, Texas Wide Open for Business](#)

[Overview Of the Texas Economy: Current State Economic and Demographic Trends, 2014, Texas Wide Open for Business](#)

Kazakhstan Market Overview

Description

Kazakhstan is a Central Asian country and former Soviet republic which extends from the Caspian Sea in the west to the Altai Mountains at its eastern border with China and Russia.

Kazakhstan has a land area equal to that of Western Europe but one of the lowest population densities globally. Strategically, it links the large and fast-growing markets of China and South Asia and those of Russia and Western Europe by road, rail, and a port on the Caspian Sea. The population of Kazakhstan is around 17.7 million (2015) with a GDP of \$120bn.

Aberdeen City Council has developed a longstanding relationship with Kazakhstan, the ambition on both sides being to maintain an open dialogue for exploring how businesses can be supported in developing trade opportunities.

Economic Overview

The country's proven oil reserves are the ninth largest in the world, and hydrocarbon output was the equivalent of nearly 18% of GDP and about 60% of exports in 2015. Kazakhstan has transitioned from lower-middle-income to upper-middle-income status in less than two decades. The country moved to the upper-middle-income group in 2006.

Kazakhstan has been seriously affected by external shocks, including lower oil prices. GDP growth slowed from 4.1% in 2014 to 1.2% in 2015 and 0.1% during the first half of 2016. Falling oil prices led to a large terms-of-trade shock, while China's growth slowed further and Russia's recession continued, weakening both external and domestic demand.

Key Opportunities

The opportunity in Kazakhstan for Aberdeen companies is primarily in the energy sector. Kazakhstan will be hosting Expo 2017 and promotion opportunities for UK companies are expected in relation to its theme, 'Energy of the Future'.

New technology solutions are required as the 13 billion barrel Kashagan field is 15,000 feet below the sea bed, with reservoir pressure exceeding 10,000 pounds per square inch and lethal levels of hydrogen sulphide. Thus, traditional fixed or floating drilling platform designs are not suitable and therefore there are significant opportunities for innovative subsea technology companies of which Aberdeen has a high concentration.

Benefits for UK businesses exporting to Kazakhstan include:

- Gateway to the markets of the Eurasian Economic Union
- Wide range of opportunities as economy diversifies
- Gateway to central Asian markets

Strengths of Kazakhstan's market include:

- Stable economy
- Easy to start a business
- Strong regulatory environment for companies
- Developing a transparent and effective business culture
- Tax and other preferences for investors

Existing Contact

Aberdeen nominated and supported the successful application of Atyrau as a new member of the World Energy Cities Partnership (WECP) in 2008.

The city has strong working relationships with the regional governments, with personnel of the Department for International Trade in Kazakhstan and with the Kazakhstan Embassy in London which all serve to support and facilitate the entry of UK /Scottish /Aberdeen companies into this market.

In recent years there has also been a busy programme of inward and outward visits including the visit of the Deputy Prime Minister to Aberdeen in 2013 and most recently the Ambassador of the Republic of Kazakhstan to the United Kingdom, His Excellency Erzhan Kazykhanov who met with the Lord Provost and local businesses in October 2015. The most recent outward visit took place in April 2016 where the Depute Provost participated in the Global Oil & Gas Atyrau Conference where he spoke at the Plenary Session and met with Mr Nurlybek Ozhayev, Akim of Atyrau City.

Resources

<https://www.gov.uk/government/publications/exporting-to-kazakhstan/exporting-to-kazakhstan>

<http://www.worldbank.org/en/country/kazakhstan/overview>

<https://www.gov.uk/government/world-location-news/uk-companies-meet-key-decision-makers-in-kazakhstan>

<http://www.focus-economics.com/countries/kazakhstan>

Pemba, Mozambique Market Overview

Description

Pemba is a port city in Mozambique. It is the capital of the province of Cabo Delgado and lies on a peninsula in Pemba Bay. The Town was founded by the Niassa Company and has a population of over just over 140,000.

Economic Overview

Over recent years Mozambique has been ranked among the world's fastest growing economies and bilateral trade with the UK is growing rapidly with trade in visible goods increasing by 14% in 2013 to over £150 million. UK export of goods was worth £45 million and UK foreign direct investment totalled USD 1.2 billion. DIT has designated Mozambique as a High Value Opportunity market, meaning they target resources towards developing trade activity between the UK and Mozambique. Mozambique has raised substantial interest and expectations in the global oil and gas industry due to recent major offshore discoveries and the country hopes to harness its vast natural gas reserves to potentially become the world's third largest LNG exporter, behind Qatar and Australia.

With some of the largest gas fields in the world, no supply chain and an immediate, significant demand for skilled workers, there are vast areas of opportunity for oil and gas companies in the energy supply chain to export their products, services and expertise.

Strengths in the economy :

- High GDP growth rate, low inflation and relatively stable currency
- Extensive mineral and hydrocarbon deposits, significant foreign direct investment
- Geographically well positioned to export to Asian markets
- UK-Mozambique High-Level Prosperity Partnership focuses on extractives, agriculture, financial services and the business environment

Mozambique's energy potential is one of the highest in Africa , with installed generation capacity of around 2,475mw and substantial energy resources , ranging from fossil fuels (natural gas and coal) to renewables (solar, hydro, wind , geothermal and tidal sources of power) since 2000, annual energy production has increased by approximately 6%. This expansion is largely driven by developments in the natural gas and electricity markets.

Key Opportunities

Particular areas of opportunity include:

- Subsea engineering, procurement, installation and commissioning
- Original equipment manufacturers of drilling and subsea systems
- Offshore support
- Manpower services

FDI and government spending in major infrastructure projects are the main causes for growth in the country. According to the World Bank, in 2013 Mozambique was the second highest recipient of FDI in Africa. The most dynamic economic sectors are: extractives, financial services, construction, transport and communication.

- Eni an operator in Area 4 and Anadarko an operator in area 1 of the Rovuma basin –have stated they are strongly committed to their \$15 Billion LNG project but like Eni with its floating LNG export terminal they are still weighing their final investment decision. If these projects proceed then both Pemba and Palma could turn into large LNG hubs with many investment opportunities presented by new operators entering the country such as ExxonMobil.
- There are many opportunities for UK companies in the oil and gas sector in Mozambique including: subsea engineering, procurement, installation and commissioning (epic), original equipment manufacturers (OEM) of drilling and subsea systems, offshore support and man power services.

Existing Contact

In recent years there has been significant activity between Aberdeen and Mozambique to build links and lay the foundations for UK companies to enter this market. A high profile visit to Aberdeen from the President of Mozambique in 2013 was followed by a visit by the Energy Minister in February 2017. There have been further outward visits leading to the development of a proposed MOU between Aberdeen and Pemba to give a more formal framework to the cooperation which proposed to be signed by the end of March with the date still to be confirmed. If delivered by committed partner organisations in both cities, an MOU can provide focus and credibility to trade development activity.

Resources

[African Economic Outlook 2016, OECD, 2016](#)

[Scottish Development International: Business Opportunities in Mozambique \(2016\)](#)

[Department of International Trade: Doing Business in Mozambique: Mozambique Trade and Export Guide](#)

Northern Norway and Stavanger Market Overview

Description

Norway is the largest oil producer and exporter in Western Europe. The population of Norway is 5.2million with GDP \$524 billion (2015) and an average growth rate of 1.6%.

Around 55% of the oil and gas resources on the Norwegian continental shelf are yet to be produced, and of that 40% lie in the Barents Sea, according to an estimate by the country's petroleum directorate.

The sudden drop in the oil price mid-2014 along with increased cost levels resulted in decreased activity on the Norwegian continental shelf. As a result, increased access to the major resource areas of Northern Norway has become increasingly important with global contractors following the oil and gas industry and establishing offices in the north. The far North is viewed as an international opportunity and Aberdeen companies are well positioned to establish a presence in the region.

Northern Norway

Arctic Europe, including Northern Norway and the Murmansk region (Russia), is a growing frontier region for Oil & Gas exploration and production. An estimated 25% of the world's undiscovered petroleum resources are attributed to being in the Arctic.

Stavanger

Stavanger is a city and municipality in south-west Norway. The oil industry is a key industry in the Stavanger region and the city is widely referred to as the Oil Capital of Norway. Similar to Aberdeen, Stavanger is the 'onshore hub' for the Norwegian oil industry with the majority of companies working offshore Norway based in this city.

Economic Overview

The Norwegian economy is a prosperous mixed economy, with a vibrant private sector, a large state sector, and an extensive social safety net. The government controls key areas, such as the vital petroleum sector, through extensive regulation and large-scale state-majority-owned enterprises. The country is rich in natural resources - petroleum, hydropower, fish, forests, and minerals - and is highly dependent on the petroleum sector, which accounts for the largest portion of export revenue and about 30% of government revenue. Norway is the world's third-largest natural gas exporter; and seventh largest oil exporter, making one of its largest offshore oil finds in 2011.

Key Opportunities

With its considerable mineral resources, the Norwegian mining industry has excellent opportunities for growth. At the present, the industry has a few relatively large companies, primarily dealing in the extraction of iron ore, certain industrial minerals and coal.

Mineral exploration in particular has increased dramatically in the recent years. In addition, the Government of Norway is determined to be an attractive country for mining and political goodwill towards the activity exists. The similar geophysical traits shared by Scotland and Norway presents a host of opportunities for Scottish oil and gas companies with key opportunities including:

- Offshore field life extension technologies

- Enhanced/improved oil recovery (IOR/EOR) technologies
- Renewable technologies
- Energy efficiency and smart meters
- Quality consumer goods
- Security including civil and defence technologies, cyber security and physical security
- Medical and healthcare services and research

Existing Contact

The similarities between Aberdeen and Stavanger mean that strong links have been developed between the cities. Stavanger and Aberdeen are both members of the World Energy Cities Partnership (WECP) and are both also on the Economic Development Committee for the WECP. In addition to meeting at WECP events, the cities also often meet at regular Oil and Gas events such as Offshore Europe, Offshore Northern Seas and those organised by the Aberdeen Norway Gateway. Northern Norway and Stavanger are key markets for Aberdeen companies and therefore have developed a strong relationship over a number of years.

During an inward visit in November 2016, meetings took place between representatives of Aberdeen, Stavanger and Northern Norway to discuss how we can increase cooperation throughout 2017. This will be done through seminars to share market information, through inward government and business delegations and also a trade mission from Aberdeen to Norway in 2017.

Resources

- <https://www.gov.uk/government/publications/exporting-to-norway/exporting-to-norway>
- <https://www.gov.uk/government/world-location-news/opportunities-for-uk-mining-companies-in-the-arctic-region#Norway>
- <https://energycities.org/>