



Scottish Council for
Development and Industry

PRESS RELEASE

SCOTTISH OIL AND GAS SUPPLY CHAIN SALES 2009/10

10 June 2011

Scotland's oil and gas supply chain continued to post record revenues during the recent global recession, with total sales rising by 3.7% to £15.9bn in 2009, according to a new survey published jointly today by Scottish Enterprise and the Scottish Council for Development and Industry (SCDI).

This was driven by international sales which increased by 10.4% to £7.2bn. Sales to the UK, the largest market, were resilient during the year and stood at £8.7bn.

The Scottish Enterprise survey of International Activity in the Oil and Gas Sector, which was carried out by SCDI, showed:

- In 2009, Scottish-based service / supply companies generated a record £15.9bn in domestic and international sales. This compares with total sales of £15.4bn in 2008
- International activity accounted for 45.4% of the Scottish supply chain sales total at £7.2bn. This figure was comprised of sales from subsidiary companies, £4.7bn, and direct exports from Scotland, £2.5bn. International sales activity was reported in 107 different country markets
- North America remained the top international market, accounting for almost a third of total international sales with sales remaining strong. The African market showed strong growth, with total international sales into the area rising by 17.9% from £1bn in 2008 to £1.2bn in 2009. Sales into countries of the former Soviet Union and Eastern European markets showed growth of 3.6%, from £580m to £601m
- The top five total international markets, combining direct and subsidiary exports, were the United States, Canada, Angola, Norway and Australia. International sales into Australia rose by 83% from £276m in 2008 to £504m in 2009. The largest international markets for direct exports were Angola, Norway, the USA and Nigeria
- Supply chain sales to the domestic market remained resilient during the year, standing at £8.7bn in 2009 compared with £8.8bn in 2008
- **In terms of supply chain sales into non oil and gas sectors, the power generation sector dominated accounting for £669.4m. Sales into the renewable energy sector increased from £17.9m to £23.3m in 2009, an increase of 31%, and are anticipated to grow as business opportunities, particularly in the offshore wind sector, emerge and develop in the next five years.**



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David Rennie, director of oil and gas, thermal generation and carbon capture and storage at Scottish Enterprise said:

"The results from this latest survey clearly demonstrate the continued value and importance of the oil and gas sector to the Scottish economy. The Scottish oil and gas supply chain has a truly international reach and these results show that overseas sales accounted for almost half of total sales from the sector.

"The welcome trend in international sales is built on a strong domestic market. The North Sea remains vital to the Scottish economy, both in its own right and also in helping to develop international opportunities.

"These figures demonstrate the real value that the oil and gas supply chain can make to these efforts. This is likely to continue, particularly as opportunities for diversification open up in emerging markets such as offshore wind.

"We know that increasing Scotland's exports is going to be vital in helping to accelerate Scotland's economic recovery as well as our long-term growth. Both Scottish Enterprise and Scottish Development International are helping companies to explore new opportunities both at home and overseas."

Commenting on the results, SCDI North East Manager Ian Armstrong, said:

"These positive results, achieved during a global recession, demonstrate the strength and international diversification of the Scottish based oil and gas supply chain. Its growth will be key to the new Scottish Government's target of growing Scotland's exports by 50% by 2017.

"In turn, the oil and gas supply chain is looking to Government to deliver the transport infrastructure and global connectivity which will enable it to compete for global opportunities.

"During the economic slowdown, the sector took a less knee jerk approach than in the past to retaining skills, and it is now better positioned for the upturn in activity. Going forward, the industry and Government are working to ensure that its growing skills needs can be met, and that young people and those moving from other industries are able to access opportunities.

"The slight dip in domestic sales recorded, shows the sensitivity of activity in the mature North Sea basin to uncertainty and changes in profitability. While investment is forecast to increase, this underlines the risks of recent tax increases, and it must be hoped that appropriate incentives and regulators are now agreed to mitigate against the potential economic damage.

"Sales growth into renewables continued and is expected to accelerate. A wider low carbon energy supply chain survey will be a key part of the annual Low Carbon Energy Review which SCDI, the Fraser of Allander Institute and Scottish Renewables are publishing later this year."



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For a copy of the full report click here

http://www.scdi.org.uk/sr/Docs/Oil_and_Gas_Report_09_10.pdf

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Press enquiries for SCDI should be directed to Gareth Williams (07917 103 997/ gareth.williams@scdi.org.uk). For other enquiries, please contact Ian Armstrong, SCDI North East Manager (Tel: 01224 263380, Mob: 07824619328, Email: ian.armstrong@scdi.org.uk) or Yvonne MacArthur, SCDI Business Information Manager (Tel: 0141 352 8543, yvonne.macarthur@scdi.org.uk)

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Notes to Editors

1. The survey highlights Scotland's contribution to the global oil and gas industry, and examines the value and destination of international sales achieved by Scottish service/ supply companies.
2. SCDI is an independent membership network which strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity, with offices in Aberdeen, Inverness and Glasgow. Our membership is drawn from Scottish business, trade unions, public agencies, educational institutions, local authorities, voluntary sector and inter faith groups. It has been undertaking research into Scottish exports since 1961.
3. [Scottish Enterprise](#) is Scotland's main economic development agency and aims to deliver a significant, lasting effect on the Scottish economy. Our role is to help identify and exploit the best opportunities for economic growth. We support ambitious Scottish companies to compete within the global marketplace and help build Scotland's globally competitive sectors. We also work with a range of partners in the public and private sectors to attract new investment to Scotland and to help create a world-class business environment.

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