



## **STEP – TSR**

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**Global Petroleum Show 2017  
June 13-15, 2017  
Calgary, Alberta**

# **TRIP REPORT**

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## Overview/ Mission Description

STEP led a trade mission to attend the 2017 Global Petroleum Show which was hosted in Calgary, AB, June 13<sup>th</sup> to 15<sup>th</sup>. This event has been a consistent trade mission for STEP in recent years, and our top Oil & Gas (O&G) sector event. STEP again partnered with the Saskatchewan Ministry of the Economy to host a “Saskatchewan Zone” pavilion at the trade show. The Global Petroleum Show is Canada’s leading exhibition for oil and gas, with a focus on both the western Canadian market and the international market too. With the continued challenges for the O&G industry, attendance both by exhibitors and industry attendees was down noticeably from previous years. Overall the show remains a top North American Oil & Gas sector trade show, with incoming international delegations attending and industry sessions provided. As such it continues to be an important show for anyone selling to the industry, including many STEP Members. The show has become an annual event in recent years, but the show is traditionally larger in attendance on the even years.

The Saskatchewan pavilion had 15 organizations (12 exporters) from the province exhibiting, with several other members being represented at the STEP counter and using the pavilion space for meetings. Other STEP members were at the show exhibiting on their own, or walking the show as well.

**GPS by the Numbers:** Despite the mood of restraint seen in the industry, official show numbers were 47,529 attendees, 20,116 companies doing business and 115 countries represented. The conference attracted trade commissioners from a number of posts including: East Africa, Kuwait, Hungary, Pakistan, United States, India, Chile, Saudi Arabia and others.

## Summarized Agenda

- June 13, 2017
  - Move-in and registration
- STEP & Provinces host Canadian Suppliers Opportunities Forum
  - 7:00am to 9:00am
    - JWN Energy Group, SRC, Questere Energy, CAPP present
    - B2B meetings organized with TransCanada, Husky Energy, and Questerre Energy
  - Trade show hours: 10:00am to 6:00pm
- June 14, 2017
  - Trade show hours 10:00am to 6:00pm
    - Meetings with Pakistan, Hungary trade commissioners
  - Saskatchewan Business Reception at Hyatt Hotel 5:30pm to 8:00pm
- June 15, 2017
  - Trade show hours 10:00 am – 5:00 pm

## Market Information

Information highlighted during the Canadian Suppliers Opportunities Forum by Behmal Mehta, Senior Vice-President Energy Intelligence, JWN Energy included the following:

- Oil and Gas capital investment in Alberta is off significantly, with oil sands investment being similar to 2010 levels and conventional oil and gas numbers continuing to decline and being 40% off 2010 levels.
- Many countries though have seen less of a decline in investment and activity than the Canadian industry.
  - Drilling has declined (measured by active rigs) in 2016 vs. 2015 by 18% internationally whereas in North America it declined by 48% in North America.
  - Also there is a growing market for oilfield equipment with 2016 having a market value of \$180 billion USD which was flat with 2015 (\$179 billion USD), and forecast to reach \$215 billion USD by 2018.

A report commented on by Mehta highlighted the following markets which had been analyzed for export opportunity in the O&G sector: Australia, China, Indonesia, Iran, Norway, Qatar, Russia, Saudi Arabia, U.A.E, U.K along with Western Hemisphere markets of the U.S., Mexico, Argentina, Brazil, Colombia, and Peru.

The **best opportunity market** was based on high potential return opportunities associated with low risk. Factors contributing such were, established and strong working relationships with Canada, and being a market suitable for all exporters including small, first time exporters. The country that did best in this regards was the **U.S.**

Countries that ranked high as **low-risk/high-return markets** were: **Australia, Mexico, U.A.E. and Colombia.** The rankings were based on countries with established and strong working relationships with Canada, and being a market suitable for all exporters that are small, relatively new to exporting, which can differentiate themselves. It was noted companies should be financially healthy and large enough to battle for market share.

**High-risk/high-return markets** were: **Argentina, China, Russia, Indonesia, Iran, Qatar, and Saudi Arabia.** Each offers significant opportunities but has political or market risks. These markets are suitable for well-established, adventurous companies with experience exporting. Companies engaging in these markets also need strong financials and the ability to take on extra risk – with the reward being a first mover advantage into these markets.

Markets identified as **low-risk/low-return** were **Norway, U.K. and Peru.** Each has an established and strong working relationship with Canada. Also each market is suitable for all exporters with a niche product or technology. They're low risk as they typically saturated with competition.

Finally identified as a **high-risk/low-return** market was **Brazil.** It has low potential return opportunities and has high risk because of political and market challenges. Only well established companies with experience in exporting should consider the market.

Noteworthy is that enhanced oil recovery (EOR) , onshore heavy oil, shale oil and gas, coal bed methane, and primary onshore oil production are all areas of immediate or long term opportunity in Mexico, U.S. and Colombia in the western hemisphere.

Recommendations for any potential exporters were to take the following 6 steps.

1. Know your core competencies and competitive advantages
2. Do your homework on potential export markets
3. Build and leverage your networks
4. Understand your competition
5. Limit your market entry risks
6. Seek expert advice on regulatory requirements and financial considerations.

## Results

The traffic experienced at the 2017 GPS certainly seemed much lighter than recent years from comments by exhibitors across the board. The price of oil certainly affected this, with oil prices at the time of the show hovering around a 7 month low in the neighborhood of \$44 USD/barrel WTI. Also many international oil and gas firms have exited, or scaled back their operations in the western Canadian market. With oil and gas prices low, capital expenditures and new projects or expansions have been shelved. Resulting in spending at lower levels, not seen in years in western Canada. This of course has reduced the number of opportunities for suppliers in the market. On the bright side though, there are a number of new fields coming on stream, and early development activity happening in international markets. Many of these opportunities had previously had been closed off due to state owned enterprises exercising a monopoly or technology not available to make the projects feasible. This has changed, and many governments are looking to capitalize on natural resources, and want Canadian expertise in order to bring the projects to fruition - making international opportunities plausible for the Saskatchewan exporters in the sector. Many Saskatchewan exporters spoken to after commented on the opportunity and time being attractive for an increased effort in these new export markets for oil and gas.

STEP in conjunction with the Saskatchewan Ministry of the Economy set up a "Saskatchewan Zone" for participating companies. The pavilion was a 1500 sq. ft. space located in an ideal location in Halls ABC on the trade show floor. The space has booths around the outside and a meeting space in the middle which was available for companies to use. The pavilion set up worked well, with the meeting space being used sparingly by exhibitors in the pavilion. Lower traffic levels were likely the reason for this though. The quantitative results below are estimates only as companies are still reporting their actual results and are expected to over the next 6 months.

Although the show and auxiliary event are well executed, the reality is that oil prices touched a 7 month low during the time of the show and other dynamics such as fewer buyers in the market, created a difficult dynamic and depressed conditions.

### Quantitative Results

Trade Leads: 66

Deals in New Markets (DINM): 6

Deals in Established Markets (DIMES): 7

# of Companies Participating: 12

# of Companies Represented: 2

## Recommendations

Although the Global Petroleum Show has been in a decline with traffic since the boom days of oil at \$100/ barrel, it is still recommended STEP arrange for a presence and a Saskatchewan pavilion in 2018.

Companies attending have indicated they will attend again or consider attending again. Simply put, the GPS show continues to be a well done show but market dynamics have affected general traffic at the show in recent years. The western Canadian oil and gas market will continue to be the top market for most Saskatchewan exporters in the sector though, with other international markets offering added opportunity. Exhibiting at the show, offers an opportunity to sell to both of these markets. Looking ahead, the future price of oil could change the mood and attendance for the show significantly to the upside in 2018. As well, STEP in coordination with the government of Saskatchewan thru the Saskatchewan Zone pavilion offers companies a high value, low cost way to exhibit at the show – which many want to continue to take advantage of. Business to business (B2B) opportunities are also highly valued by STEP members and in 2018 STEP can build off of and expand on the B2B offering from 2017, with

collaboration with partners such as the Trade Commissioner Service, Export Development Canada, and STEP's buyer contacts.

### **STEP Contact for Further Information**

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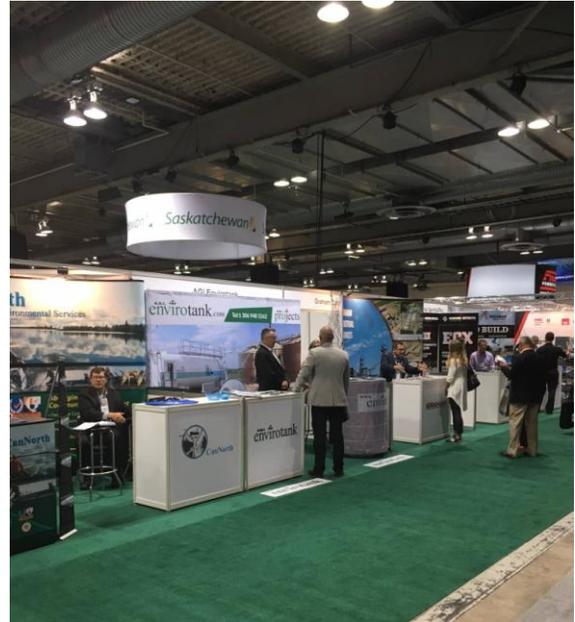
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**Photos**

**Saskatchewan Pavilion front side**



**Saskatchewan Pavilion back side**



**Canadian Supplier Opportunities Forum**



**STEP counter**

