# 10. CONCLUSIONS AND POSSIBLE MARKET STRATEGIES

## 10.1 Conclusions

The key conclusion reached in this study is that, for ocean industry, Europe 1992 will not likely produce a Single European Market for many years to come. Consequently, there will still be 12 single markets and any strategies will need to recognize that fact. In other words, Canadian companies selling into Europe will be dealing more or less with the same factors that exist today, including nationalistic protectionism.

Evidence of the lack of Single Market uniformity is the attitude of Member States to E.C. Directives. Although these are binding on Member States, each state is responsible for enacting domestic legislation to implement the directives. For example, the U.K. has been quick to enact the necessary legislation whereas Italy has been slow. This, to some extent, also reflects the attitudes of the countries toward imports. Some, such as the U.K., are relatively open while others, such as Italy, are more protectionist.

Although the European marketplace will not change appreciably, there are certain ongoing actions which will have an impact on Canadian market strategies. For example, the E.C. common external tariff ensures that goods imported from non-E.C. countries are subject to the same customs duties wherever they enter the E.C. Moreover, certain goods, appropriate to the Canadian ocean industry, can be imported duty-free or under a temporary suspension of duty. Another area is technical standards. An objective of the Single European Market is to harmonize standards so that any product that meets the standards in any Member State can be freely marketed in all other states.

A negative but important factor is the E.C.'s public purchasing policies that allow government purchasers to reject a tender where less than 50 percent of the value of the products is of E.C. origin.

The main observations of each of the industry market sectors are as follows:

**Offshore Oil and Gas**

- The U.K. is the leader with more than 50 percent of all European expenditures.
- The value of new projects in the U.K. North Sea sector rose by 49 percent from 1989 to 1990, to a value of $10.5 billion.
- The value of exploration rose by 27 percent, to a value of $2.5 billion.
- There is a trend toward subsea production systems, especially in deep water.
- The French and Italian offshore capability is strong and was developed with the aid of central government involvement.
- The E.C. THERMIC program has a 1991 budget of $140 million for energy research and demonstration projects including exploration and production (e.g., systems for automating offshore production plants) and subsea operating equipment.
- There is a trend toward robotics because of cost savings and improved safety.

**Ocean Sciences**

- The market pull is the development of large international scientific programs or development of enabling technologies. The main areas are AUVs, deep-towed systems, side scan sonars, expendable instruments and autonomous seabed research stations.
- AUTOSUB members in the U.K. estimate that the market in the medium- and long-term for AUV's for oceanography is 300 at $5 million each.