

### 3.0 OUTLOOK OF THE EUROPEAN OIL AND GAS SECTOR

Although this document puts the emphasis on equipment and services, it is worthwhile to have a broad outlook of the macro situation of oil and gas production in Europe so we can assess the potential for suppliers of goods and services. The forecast for natural gas up to 2010 is quite different from the one for oil products (see graphs 2 & 3). We can see that the natural gas demand is expected to have a constant increase through the years going from 219 Mtoe in 1987 to 291 Mtoe in 2010. On the other hand, the demand for oil products is expected to decrease after 1992. The forecast is that it will be as high as 541 Mtoe in 1995 but it should go down to 493 Mtoe by the year 2010.

- Some of the reasons why such a decrease is anticipated are:
  - That power station demand for oil is declining which reflects the move towards nuclear-based electricity generation.
  - Rationalization of European production, especially in the heavy industry, as a result of the recession in the early '80s.
  - The adoption of energy conserving technology.
  - And the European energy policy which clearly states that European states should be less dependant on the international sector (imports of oil in the Community). This will be achieved by promoting internal exploration and production as well as encouraging substitution from oil to other kinds of energy such as electricity or natural gas.

The oil consumption represents about 45% of all the primary energy consumption. The European Community is importing about 71% of its total consumption in oil. The Commission feels that the dependance of the Community towards the international market is too impor-