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Subsea Systems Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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Report description:

The global subsea systems market is expected to record a CAGR of more than 6.1% throughout the forecast period 2022-2027. The outbreak of COVID-19 in Q1 2020 had a negative impact on the global subsea systems market as lockdown restrictions imposed by governments worldwide lowered the demand and production of oil and gas. For instance, to mitigate lower oil demand following the COVID-19 pandemic, OPEC+ countries reduced oil production by 9.7 million barrels per day between May and July 2020. Factors such as the increase in oil prices after the downturn period and growing investments in the offshore oil and gas sector are expected to be major drivers for the offshore oil and gas equipment and services market and, in turn, the subsea systems market during the forecast period. Moreover, the improving viability of offshore projects and rising activity in deepwater and ultra-deepwater reserves are likely to boost the market. However, the high installation cost of subsea equipment and risks associated with offshore drilling and production are expected to hinder the growth of the subsea systems market.

 The subsea production segment is expected to dominate the market, owing to increased offshore activity and declining offshore production cost, which is expected to drive offshore drilling during the forecast period.

 Increasing deepwater activities in countries like Brazil, Egypt, the United States, Iran, and Qatar is likely to create several opportunities for the subsea systems market players.

 South America is expected to be the largest and fastest-growing market for subsea systems. The majority of the demand comes from Brazil due to its recent activities in deepwater and ultra-deepwater and several upcoming projects.

Subsea Systems Market Trends

Subsea Production Segment to Dominate the Market

 With the rising number of maturing onshore oilfields in recent years, there has been growth in offshore exploration and production (E&P) activities. For instance, in the Permian Basin, the most critical basin in terms of crude oil production, the production from old wells has started to decline, and there is little scope for discovery in these areas.

 Global conventional resource discoveries and exploration spending of total upstream investment reached 9% in 2020. It decreased in recent years, but exploration spending is expected to grow significantly as more offshore discoveries are being made in recent years. For instance, in August 2020, Barron Petroleum announced a new significant discovery in the Permian Basin. The recent discovery is estimated to hold 417 billion cubic feet or 74.2 million barrels in oil and gas reserves. This discovery will need advancements in the subsea control for high-pressure environments and is expected to drive the subsea systems market during the forecast period.

 With the increasing deepwater and ultra-deepwater activities in the South American, North American, and European regions, the deepwater fields' production is expected to reach 7.6 million barrels per day by 2025 and 9 million barrels per day by 2040. Hence, the demand for subsea production systems is expected to increase and further drive the market.

 Therefore, the oil and gas industry is shifting toward deeper regions searching for oil and gas to meet the increasing demand. Hence, the subsea production systems share is expected to be the largest among subsea system segments and drive the market.

South America to Dominate the Market

 As the energy demand increases rapidly, various countries and major companies and investors are shifting their interest toward deep water, as it holds the potential for a guaranteed supply of oil and gas for a few decades. However, this requires employing technology to produce oil and gas reserves buried thousands of meters deep in the ocean floor. This has increased the need for subsea systems to improve recovery and reduce overall costs.

 In 2020, Brazil produced an average of 2.94 million barrels per day of crude oil and condensate, representing an increase of more than 150,000 barrels per day on average compared with 2019. According to EIA, Brazil is a global leader in the development of deepwater and ultra-deepwater projects. In recent years, the change in government policies, such as liberalization in the oil and gas sector, attracted foreign investment.

 Libra oil field in Santos Basin in Brazil is an ultra-deepwater basin and the largest oil field in Brazil. It was completed in 2021. Such projects are likely to positively impact the subsea systems market during the forecast period.

 Similarly, Argentina's state-backed energy company YPF expects its first offshore project to produce up to 200,000 barrels per day, which would drive the demand for subsea systems in the country as production resumes.

 Hence, the upcoming projects in deepwater and ultra-deepwater are likely to drive the growth of the subsea systems market during the forecast period in the South American region.

Subsea Systems Market Competitor Analysis

The subsea systems market is moderately consolidated. Some of the key players in the market include Subsea 7 SA, TechnipFMC PLC, Akastor ASA, National-Oilwell Varco Inc., and Baker Hughes Co.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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