

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

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The submarine cable systems market is expected to grow at a CAGR of 10.5% over the forecast period. Increasing demand for high-speed internet in emerging economies, growing telecom subscriptions, and rising investments in renewable energy sources, particularly in offshore wind power, tidal, and wave, are among the significant factors driving the growth of the submarine cabling systems market.

Key Highlights

A submarine cable network installed on the seafloor aids in transmitting telecommunication transmissions by utilizing optical fibre equipment. The telecom and broadband services businesses are quickly growing as the usability of smartphones relative to traditional desktop computers have improved, driving telecommunication and online subscriptions. According to India's Telecom Regulatory Authority, broadband Internet customers climbed to 778.09 million in 2021. As a result, the increase in telecom and internet subscribers propels the telecommunication and internet subscriptions industry.

Considering the high cost involved, telecom and large tech companies generally own submarine cable networks, which usually form a consortium of all parties interested in using the cable. For instance, the Hong Kong-America Cable System (HKA) is a 6-fiber-pair submarine cable directly connecting the United States to Hong Kong, with an initial design capacity of 12.8 Tbps per fiber pair, using 100Gbps coherent DWDM technology. The HKA Consortium comprises companies such as China Telecom, Facebook, China Unicom, Tata Communication, RTI Express, and Telstra.

Sea-separated regions can interact and eliminate their separation by building cables connecting their telecommunications and electricity networks. If present construction trends are sustained, submarine cables will constitute a widespread feature of the power distribution environment. The requirement for undersea power lines to carry electricity across long ranges and large and deep ocean bodies necessitates the incorporation of renewable energies.

However, High repair and maintenance expenses and fishing and shipping activities are expected to hinder the global submarine

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cable network business. Natural disasters and entry barriers for small businesses and new enterprises might hinder development throughout the predicted period. For example, during Tonga's substantial volcanic eruption in January 2022, there was two undersea cable breakage on the Tonga Cable and its national extension. SubCom's cable repair ship, CS Reliance, had been deployed to repair. As such repairs are costly, such factors challenge the growth of the studied market. Post-covid, the market is growing primarily due to businesses restarting procedures and adjusting to the new normal while healing from the COVID-19 consequences, which had previously resulted in constrictive countermeasures and the closing of business activities, resulting in operational obstacles and reduction in new investments. Moreover, authorities are taking steps to reconstruct the economy in the aftermath of the COVID-19 outbreak, which is expected to support the studied market's growth during the forecast data.

Submarine Cabling Systems Market Trends

Offshore Wind Power Investments Will Drive the Market's Growth

Submarine power cables are critical for offshore wind power generation since these cables transport electricity from the turbines to the offshore substation and then to the terrestrial connection. As the need for renewable power sources grows, the requirement for increasingly specialized technology for wind turbines, underwater power lines, and substation elements is also expected to grow, boosting the studied market's growth.

Further, due to increased carbon-neutral efforts, growing demands for offshore wind energy are likely to drive investments, partnerships, and collaborations to facilitate further innovation. For instance, in February 2022, Sumitomo Electric Industries with Seaway 7 inked an agreement to supply subsea cable design, sourcing, assembly, and commissioning solutions for offshore wind developments in Japan and other Asia-Pacific nations. The effort was intended to help Japan meet its offshore wind capacity objective. Thus, with such significant investments in new projects, the submarine cabling systems market is expected to rise. The necessity to minimize carbon emissions, the exhaustion of fossil fuels and climate change have all contributed to a dramatic movement in the energy industry favoring renewable and sustainable energy. Several government measures are in place to help the renewable electricity project. Numerous global corporations are taking steps to reduce their carbon emissions to promote a greener world and long-term sustainability.

For instance, in December 2022, The UK government established a contract with a group that included the European Commission to build offshore renewable developments in the North Sea. The United Kingdom intends to fivefold the capability of offshore wind output to 50 gigawatts by the decade's conclusion. The partnership aims for the industry to generate zero net emissions by 2050. Thus, these developments in the offshore wind power sector are expected to contribute to submarine cabling systems market growth over the forecast period.

Asia Pacific to Hold a Significant Market Share

Over the projected period, the increased demand for offshore wind energy from Asia Pacific nations will drive market expansion. The offshore wind energy sector is poised for significant development as part of the effort to enhance the usage of renewables while reducing its carbon footprints. It is likely to drive significant investments during the forecast period as well.

For instance, in October 2022, Vena Energy, a Singapore-based renewable energy producer, announced plans for a 2 GW offshore wind development in Australia. The Blue Marlin offshore wind farm is scheduled to be developed off the Victorian coastline in the Gippsland Basin. The wind farm will be developed in four 500 MW stages, every with approximately 35 wind turbines with single capacities ranging from 16 MW to 21 MW. If permitted, the project's development would begin in 2028.

The Asia Pacific region has the bulk of growing economies and a sizable untapped populace for internet services. This gives

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prominent social media companies and internet-based business suppliers ideal opportunities to capitalize on the underserved market. With the expansion of affordable smartphones and tablets, as well as the rising usage of computing equipment in homes and businesses, it is anticipated that the region's need for high-speed internet capacity will expand, which will spur market expansion by enabling the linking of terrestrial fiber connections to global broadband networks. Increasing advances by market players throughout the Asia Pacific region will likely drive market expansion in the coming years. Savills Korea, for example, announced a cooperative expansion in February 2022 by entering a deal with KT to build a significant submarine cable network. Having a total length of 9,000 km this cable network would land in six APAC nations, linking Indonesia, South Korea, Taiwan, Japan, the Philippines, and Singapore. The effort was launched in reference to the rapidly increasing need for worldwide data capacity expansion.

Submarine Cabling Systems Market Competitor Analysis

The submarine cable systems market is moderately fragmented, with several players, such as NEC Corporation, JDR Cable Systems LLC, Sumitomo Electronic Industries Ltd, Nexans SA, and Fujitsu Ltd. These players continuously invest in collaborative projects, agreements, and long-term partnerships. They are also adopting other strategies, such as mergers, acquisitions, etc., to increase revenue growth and expand their global footprints.

December 2022 - Medusa Submarine Cable System chose the modern Orange infrastructure in Marseille to lay the groundwork for a new key route between Southern Europe and North Africa. Medusa would be the Mediterranean Sea's most extended undersea cable system, connecting nine nations in North Africa and Southern Europe between 2024 and 2025. Orange will provide customers of the Medusa subsea cable with simple and secured connectivity to all Data Centers in Marseille, where it will interconnect by constructing completely new, fully independent infrastructure.

September 2022 - Google officially launched its USD 1 billion Equiano submarine cable network, which links Western Europe to South Africa. The underwater Internet cable extends 15,000 kilometers from Portugal to South Africa and has 12 fiber pairs with a design bandwidth of 150Tbps. Telecom service provider Openserve had teamed up with Google as a landing partner in South Africa for the undersea cable.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Force Analysis

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- 4.2.1 Threat of New Entrants
- 4.2.2 Bargaining Power of Buyer
- 4.2.3 Bargaining Power of Suppliers
- 4.2.4 Threat of Substitute Products
- 4.2.5 Intensity of Competitive Rivalry
- 4.3 Industry Value Chain Analysis
- 4.4 Assessment of the impact of COVID-19 on the Industry

5 MARKET DYNAMICS

- 5.1 Market Drivers
 - 5.1.1 Increasing Industrial Applications
 - 5.1.2 Increasing demand for bandwidth from content providers
 - 5.1.3 Growing Investments in Offshore Wind Farms
- 5.2 Market Restraints
 - 5.2.1 Data privacy and localization initiatives
 - 5.2.2 Geopolitical tensions limiting projects

6 MARKET SEGMENTATION

- 6.1 By Type
 - 6.1.1 Dry Plant Products
 - 6.1.2 Wet Plant Products
- 6.2 By Ownership Type
 - 6.2.1 Multiple Ownership System
 - 6.2.2 Single Ownership System
 - 6.2.3 Multilateral Development Banks
- 6.3 By Geography
 - 6.3.1 North America
 - 6.3.2 Europe
 - 6.3.3 Asia Pacific
 - 6.3.4 Rest of the World

7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
 - 7.1.1 Alcatel Lucent
 - 7.1.2 NEC Corporation
 - 7.1.3 Nexans SA
 - 7.1.4 Fujitsu Ltd
 - 7.1.5 NTT Communications Corporation
 - 7.1.6 Google LLC
 - 7.1.7 SubCom LLC
 - 7.1.8 Sumitomo Electronic Industries Ltd
 - 7.1.9 JDR Cable Systems LLC
 - 7.1.10 Amazon.com, Inc.

8 INVESTMENT ANALYSIS

9 FUTURE OUTLOOK OF THE MARKET

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