

# AIA | ABERDEEN INTERNATIONAL ASSOCIATES

## Atlantic Canada Exploratory Business Development Session

Barranquilla, Colombia Feb 18 – 23 2019



### Executive Summary



Atlantic Canada  
Opportunities  
Agency

Colombia has been highlighted in the Canadian Global Markets Action Plan as one of five target markets for export. The Atlantic Trade and Investment Growth Strategy (ATIGS) was developed to deliver on this opportunity. In 2017, an industry-government Pan Atlantic Oil and Gas Team (one of ten industry sectors) was put in place to design and manage projects to increase exports of goods and services from Atlantic Canada based on the region's world class oil and gas supply chain.

Sector analysis indicated Colombia as a primary target for emerging opportunities in Oil and Gas, and led to a recent market visit to Barranquilla that included representatives from the Atlantic Canada Opportunities Agency, The Maritimes Energy Association and Nova Scotia Department of Energy and Mines on behalf of the energy industry in Atlantic Canada.

The primary objectives were to engage with key stakeholders in Colombia, learn more about current/future projects, and identify gaps in the supply chain/opportunities for Atlantic Canada with a view to subsequently developing a wider programme of activity between the regions.

There has been an active upstream onshore oil and gas sector in Colombia since the early twentieth century. While unconventional plays are now an emerging factor, the main opportunity for Atlantic Canada lies in the rapidly accelerating offshore sector where there is a lack of expertise available at present.

Proven reserves in Colombia amount to 1.7 Bboe and 100 bcm gas and a resurgence in production levels in recent years has resulted in new exploration projects becoming a priority – Ecopetrol (predominantly government owned) estimates potential Colombian reserves to be in the region of 47 Bboe of which 12 Bboe lies offshore in the Caribbean Sea.

Twenty offshore blocks have been awarded to Ecopetrol and other majors including Anadarko, Shell, Repsol and Petrobras, many of which have already yielded discoveries, and more drilling is planned. Recent announcements all point towards the reactivation of the Oil and Gas Industry in Colombia, particularly in the Offshore Caribbean where it is expected that 9 contracts will be awarded this year. An example of the increasing levels of confidence and investment is the announcement from Shell and Noble Energy in March 2019 that they have signed a contract to explore two blocks in the Caribbean with a commitment to invest \$100m US in phase one that could rise to a total of \$650m US with additional exploration. Ecopetrol and Petrobras have also recently announced new investments totalling \$390m US in two other Caribbean blocks.

The ANH (National Hydrocarbons Agency) recently opened a permanent bidding process that will initially offer twenty new blocks (two offshore) for E&P.

Barranquilla is already well positioned as the Energy Capital of Colombia, situated near the mouth

of the Magdalena River that connects the Caribbean to the interior. The City is undergoing a period of significant investment in infrastructure to reflect that – new roads, pipelines, upgraded port facilities, supply bases and a Deep Water Port are all being developed along with new Industrial Parks.

Barranquilla is also a member of the World Energy Cities Partnership (WECP) and is therefore a natural partner for the Industry in Atlantic Canada given both Halifax and St. John’s are long standing members of the organization.

Underpinning the investments are an array of business support organisations that are working closely with the Mayor’s office to develop the Offshore Industry in Barranquilla whilst forging International partnerships and alliances that they recognise will be pivotal to achieving this ambition. Examples include Pro Barranquilla, Barranquilla Chamber of Commerce, ANDI, and the Association of Ports.

Both National and Regional Governments have also been working to attract foreign companies to the market and there are now incentives such as tax exemptions in exchange for employing locals and/or contributing to educational funds, whilst there are additional benefits to be garnered via ‘Free Trade Zones’. Canada is a major investor in Colombia already and has a Free Trade Agreement in place.

The supply chain at present is underdeveloped which presents opportunities for companies from Atlantic Canada across the spectrum - areas of immediate interest the scoping session identified in relation to Oil and Gas include:

- Anchoring Equipment
- Drilling
- Engineering
- EOR Technology
- HVAC
- Port Services
- Training & Education
- Underwater Vehicles and Ocean Technology
- Dredging Equipment
- Drilling Equipment and Related Services
- Environmental Services
- HSEQ Consultancy
- Inspection Services
- Tank Cleaning Services
- Tugs & River Barges
- Vessels

Beyond Oil and Gas, the session identified opportunities in Renewable Energy, Energy Efficiency and the wider Education sector that could warrant further investigation as part of the follow up to this first visit.

The next step is to host two workshop sessions in Atlantic Canada in May 2019 to educate

companies and Institutions on the opportunities in Colombia, the intricacies of doing business there, learn about support available, introduce them to key contacts, and to promote opportunities for visiting the market later this year as part of the ongoing relationship between the two regions.

In conclusion, it is apparent that the oil and gas and energy industry in Colombia is starting to experience significant levels of investment and locals are highly confident that Barranquilla will be the epicentre of the Energy sector for many years to come – the organisations there are open to collaboration with experienced International partners such as Atlantic Canada and this presents an immediate opportunity to access an up and coming export market from the outset.