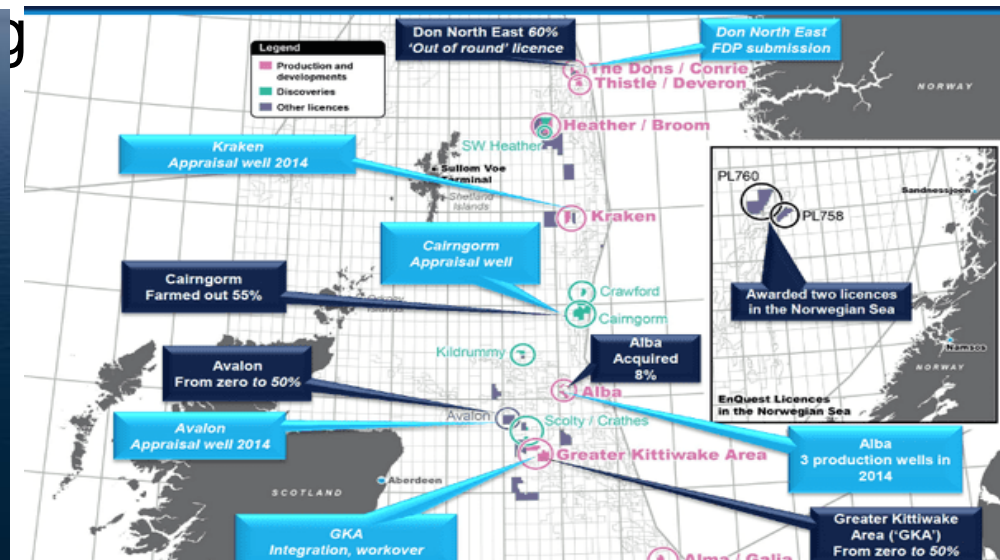
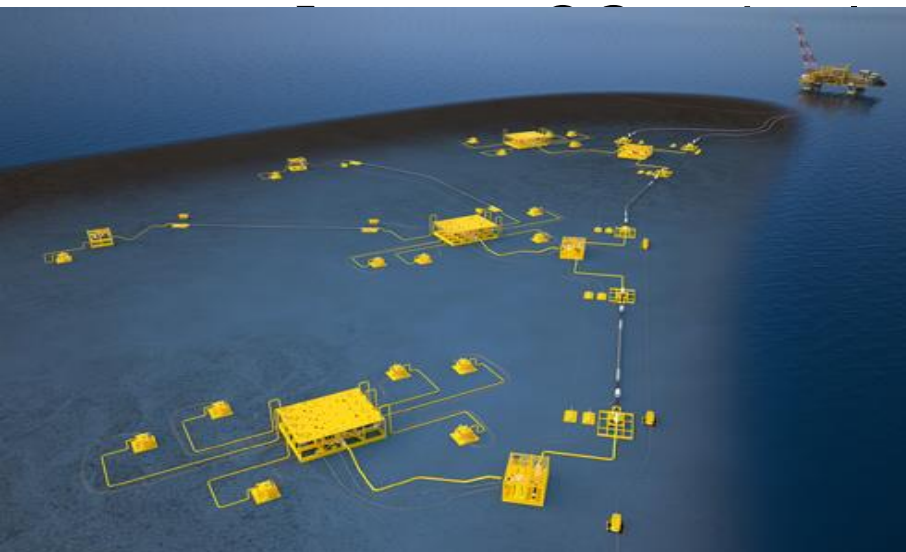


UK Local content – early phase

- Similarities and differences in the north sea:
 - United Kingdom (78% of US GDP)/ developed economy
 - Established economic and inclusive political institutions
- Geology/climate: new production frontier
- LC start: 1967-69: market based competition
 - Private ownership, British subsidiaries → fiscal contribution.
 - Utilise existing innovation system (initial clustering SE).



- Large economy/small find;
 - Balance of payment focus/energy security.
 - Rapid development; less capacity development.
 - Brief period of state-led development (BNOC, OSO, FFO), but partly towards mitigating de-industrialisation.
- Different route, comparable outcome:
- Companies forming through ideas/solutions born out of practical expertise.



Governments and oil companies objectives

Goals that can be aligned

Company objectives

Good relationships to government
Optimize costs and performance
Meeting project schedule
Meeting technical and HSE standards
Access future business opportunities

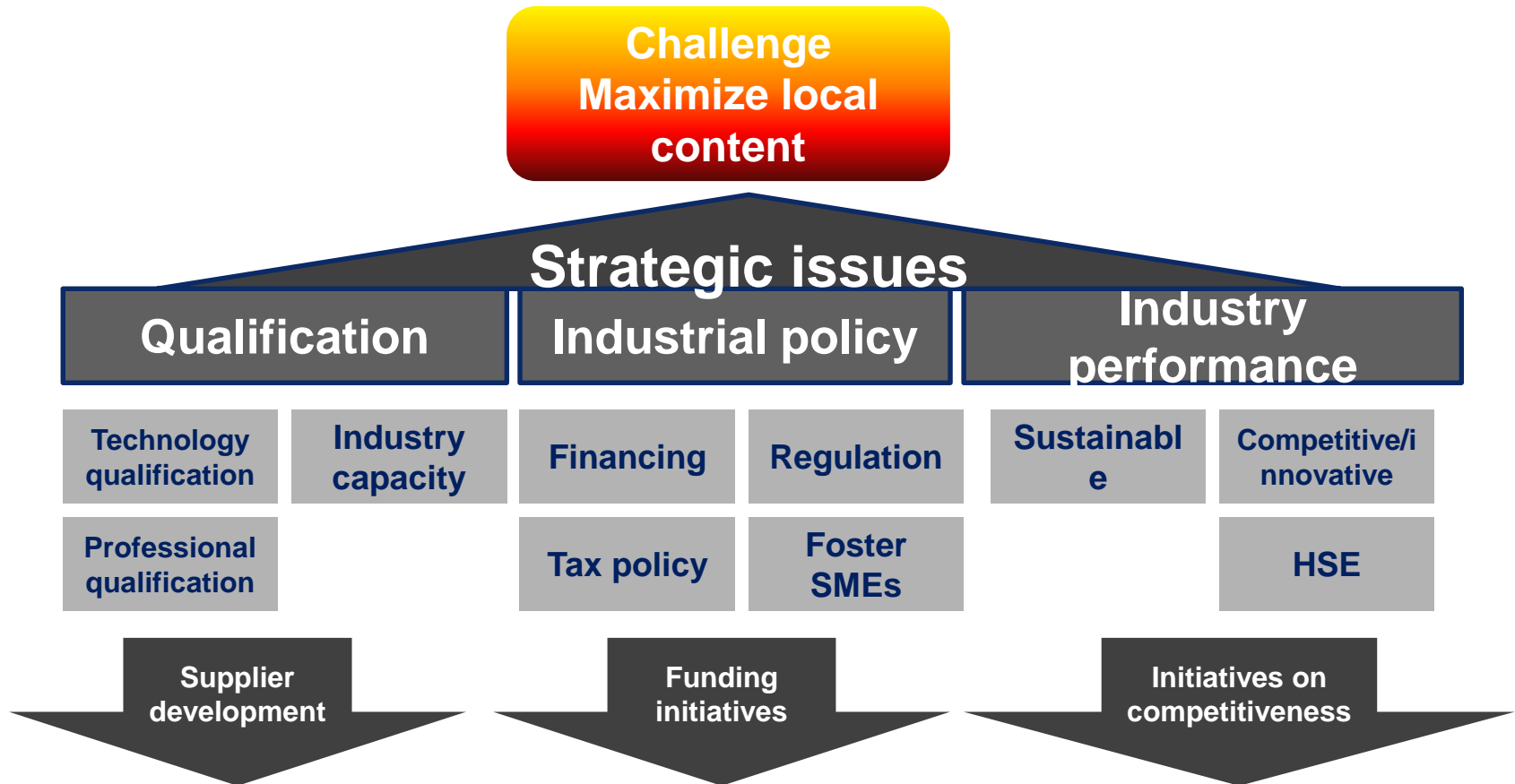
Government objectives

Sustainable economic development
Maximize employment opportunities
Maximize use of local suppliers
Develop strategic industries
Technology transfer

Shared objectives

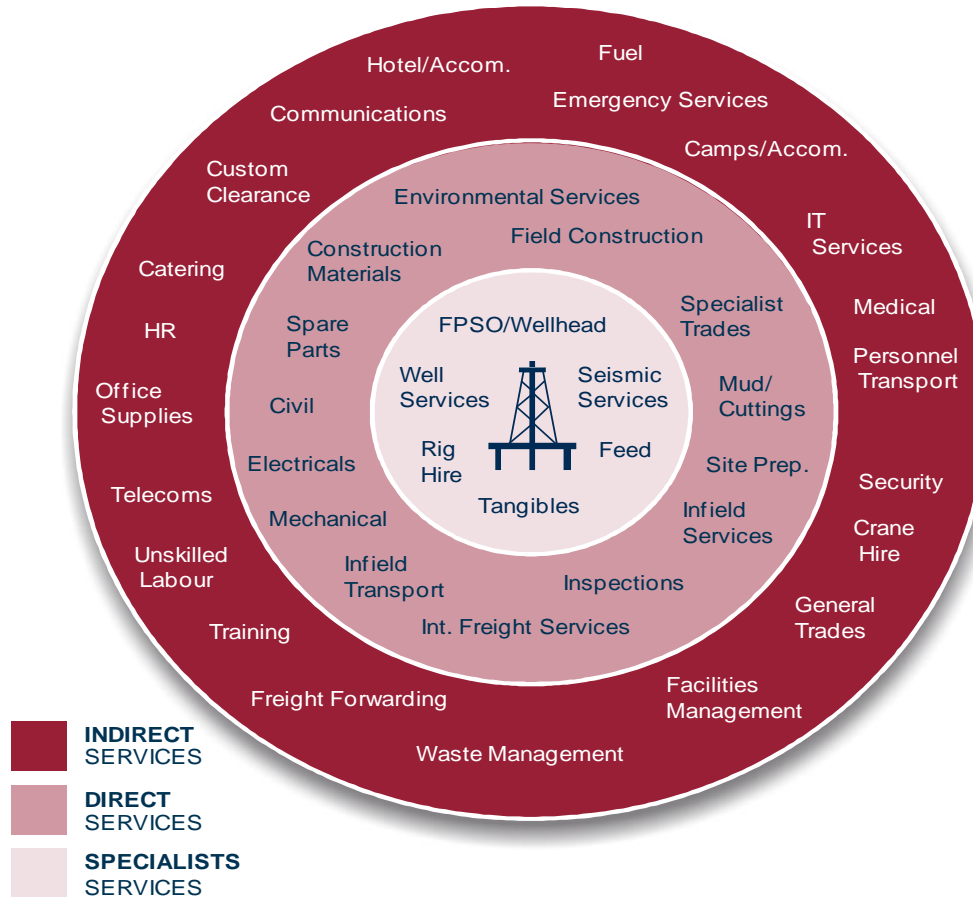
- **Maximize resource rent – but sometimes different time horizons.**
- **Reliable supply chain with a skilled workforce**
- **Improved technology base**

The strategic approach



The direct and indirect services

Where are the business opportunities?



Local content potential and results



- Local content policies have the potential to stimulate broad-based economic development
-but results in resource-rich countries have been mixed
- The industry is characterized by use of specialized input
 - Often at the high end of the technology spectrum
 - Sourced through globally integrated supply chains.
- Countries may find it difficult to develop a local supply industry at the pace, size, and quality necessary to satisfy the demand
- Too ambitious local content targets may exacerbate supply bottlenecks