

EIC Releases 6th Survive and Thrive Report on State of Energy Industry

EIC's supply chain insights report is the result of 63 interviews with energy industry executives. It reveals their preferred growth strategies for the year.

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/EINPresswire.com/ -- Investment and innovation are returning to the oil and gas industry in 2022, following heavy focus on diversification and energy transition over the past two years, according to the Energy Industries Council's (EIC) sixth Survive and Thrive Report, launched on Tuesday.



Stuart Broadley, CEO of the Energy Industries Council

The finding is based on 63 interviews with CEOs and senior executives of energy companies from around the world, covering the industry's supply chain in sectors ranging from oil and gas to power and renewables.

EIC is one of the world's leading energy trade associations and the purveyor of world class industry data, events, and insights.

The report shows that a trend toward diversification and energy transition seen in the past two years, including a drive for renewables, has been receding this year in favour of a shift to investment in oil and gas.

This is a result of recent geopolitical events, including the war on Ukraine, and challenges with delayed energy transition projects as well as wider margins from oil and gas projects, which have been growing around the world on the back of sustained elevated oil and gas prices.

EIC's Chief Executive Officer Stuart Broadley said, "We've seen more companies drift back to oil and gas to take advantage of current favourable price conditions and in support of energy security needs. But these companies are acutely aware that they cannot ignore transition altogether, given global commitments to net zero."

Survive and Thrive 2022 shows that innovation is back on the agenda of many companies in 2022, with 51% of surveyed executives saying that innovation (including investment in technology and digitalisation) is a key part of their business strategy, up from 31% in 2021. That is still down, however, from a high focus on innovation in 2017 when it reached 73%.

“The drive toward innovation in oil and gas and the energy industry’s appetite for more investment in the area is not without hurdles,” Broadley said. “The oil and gas service sector is largely cut off from government support. This is especially the case for exports.”

But energy industry exports are also facing issues from within. For the sixth year in a row, executives interviewed for Survive and Thrive continued to see developing new overseas markets as the hardest and least attractive growth strategy. Only 13% of surveyed executives said they incorporated new exports as part of their growth strategy. This is down from 15% in the previous year.

“The EIC was established to help energy companies to expand into global markets, and this remains a key part of what we do,” Broadley said. “Energy businesses need to explore more opportunities globally, but they should be able to get all the support they need from government agencies too.”

The need to wean European energy markets off Russia’s oil and gas is driving companies away from the diversification strategies of the past couple of years in favour of expanding back into oil and gas, our sixth Survive and Thrive report shows.

“Following the 2014-15 oil price crash, companies were forced to introduce ruthless cost efficiency measures and diversification plans to cut losses and bring in new opportunities. 2020-21 saw companies look seriously at sustainability and energy transition in response to COP26 and global concerns for the health of our planet,” Broadley said. “I think companies are still very keen on building on these efforts into 2022, even as they refocus on oil and gas for the time being.”

To access the full report, please visit: <https://www.the-eic.com/MediaCentre/Publications/SurviveandThrive>

Get the conversation going, use the hashtag: #EICSurviveandThrive

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Notes to editors:

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Dubai, Houston, Kuala Lumpur, and Rio de Janeiro, EIC members enjoy access to world class products and services: EICDataStream is an unparalleled database of in-development energy projects worldwide. Our EICAssetMap provides comprehensive information on operating assets globally. EIC's event solutions feature conferences, training courses, industry awards, and networking events. Our expert analysts and consultants are spread across four continents, producing insightful reports and bespoke market intelligence for member companies and outside clients.

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