

CONSERVATIVE RESEARCH DEPARTMENT

24 Old Queen Street, S.W.1.

MEMORANDUM

To Adam Ridley

From Michael Portillo

24th July 1978

Mrs. Thatcher's Sun Interview

and BNOC policy

We discussed today some of the points arising from the article by Anthony Shrimmsley based on an interview with Mrs. Thatcher and I agreed to let you have a note of some of the points that he makes that appear to be in conflict with policy statements by the Front Bench spokesmen on Energy.

Shrimmsley's assertion that BNOC "will be told to get out of the oil-producing business and stick to its responsibility for policing the activities of licensed private companies" seems to be in flat contradiction of Tom King's recent article in the Sunday Telegraph (7th June). In that article he said:

"We have already taken the view that BNOC is not a suitable body to regulate the activities of the private sector oil companies."

And:

"Furthermore, as BNOC increasingly acquires the mentality of a major oil company, its interests diverge from the national interest. We cannot entrust to it such an important part in the supervisory process."

The implication in Shrimmsley's article is that the conflict of interest would be resolved by removing from BNOC the operating function, but leaving to it the regulatory function. The implication in Tom King's article is quite the opposite. In the same article he says:

"... we have pledged that the regulatory function which BNOC has de facto, will be separated from its function as an oil company as a first step. ... What follows would depend entirely upon our review of BNOC's functions..."

continued

Indeed in a speech that was quite widely reported, Tom King went further:

"That is why Conservatives will make the clean break, and bring the task of regulation back to Government, where Parliament can control it. Because of the degree of expertise that a Government regulatory agency will need, there is a strong case for it being set up outside the Department, charged with monitoring development, depletion, safety and all other matters related to offshore development. We must be able to attract to the important work of regulation, people with real experience in the oil industry who at present flinch from the prospect of leaving their employers for such a suspect competitor as BNOC."

Unfortunately, this again seems to be specifically contradictory to Shrimley's comment:

"But she does see a future for an agency regulating oil production in the North Sea, and it seems clear that the BNOC will be allowed to carry on this function."



24th July, 1978