

SUBJECT

cc: Martin Self Records

NOTE FOR THE RECORD

The Prime Minister held a meeting with the Secretary of State for Energy at 1400 hours on Wednesday 6 June 1979. The following are the main points which were discussed.

This item  
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Apts.

Chairmanship of BNOC

Mr. Howell said that Lord Kearton intended to resign as from 30 June, though he had asked him to stand ready to stay on for a few weeks after that until the Government's ideas on the future of BNOC were a little clearer. The Prime Minister said that, in her view, Sir Frank MacFadzean would be an ideal successor. He had resigned from British Airways for personal reasons, not because of ill health; and he was very keen to take on a new executive responsibility. Irrespective of the future structure and activities of BNOC, he would be an excellent choice. If necessary, he would have no objection to presiding over the running down of BNOC. If Mr. Howell regarded him as an acceptable choice, she thought the sooner he took over the better.

Mr. Howell replied that he would be extremely happy for Sir Frank to be appointed. The Prime Minister said that she would accordingly sound him out on the possibility.

Oil Situation

Mr. Howell said that the current oil shortage was certainly serious. On current price levels, demand exceeded supply by about 7 per cent. On the other hand, supply in the current quarter was about the same as it had been in the same quarter last year. The shortages were so far manifesting themselves mainly at the petrol pump, though lower fuel deliveries were likely to reduce British Rail's services next week, and the farming community were complaining about shortages of diesel fuel. The Department of Energy were coming under great pressure, as were energy departments in all other Western countries, to intervene in the market and allocate supplies. But he was very much against giving in to such pressure unless the shortages got significantly worse. There was some scope for leaning on the oil companies to allocate their supplies as between different types of customer. However, they had their own legal obligations not to discriminate; and in any case, it would be counter-productive to try to take over the allocation of supplies from the companies.

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