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You will remember that last year our predecessors published &/6 a White Paper entitled "The Challenge of North Sea Oil" (Cmnd 7143) which described the benefits which North Sea oil and gas had already brought to the economy and discussed the way in which the additional revenue flowing from the North Sea would be used to further the Government's objectives.

- 2. In the White Paper the last Administration also undertook to present an annual progress report to Parliament, giving details of the Government take from the North Sea and indicating how the resources of the North Sea were being deployed to the nation's longer-term advantage. The first report in the series, covering the financial year 1978-79, was to have been published this summer and we now need to decide whether we want to produce a similar document ourselves.
- My own view is that this would be a mistake. Unlike our predecessors, we do not accept that it is a proper function of Government to attempt to define a set of objectives towards which our North Sea resources should be directed. Our own progress report would therefore necessarily be confined to a general discussion of the economic benefits to be derived from North Sea oil. Moreover, I fear that we could find it embarrassing to produce an annual report in the period before our own economic policies bear fruit. In practice, I suspect

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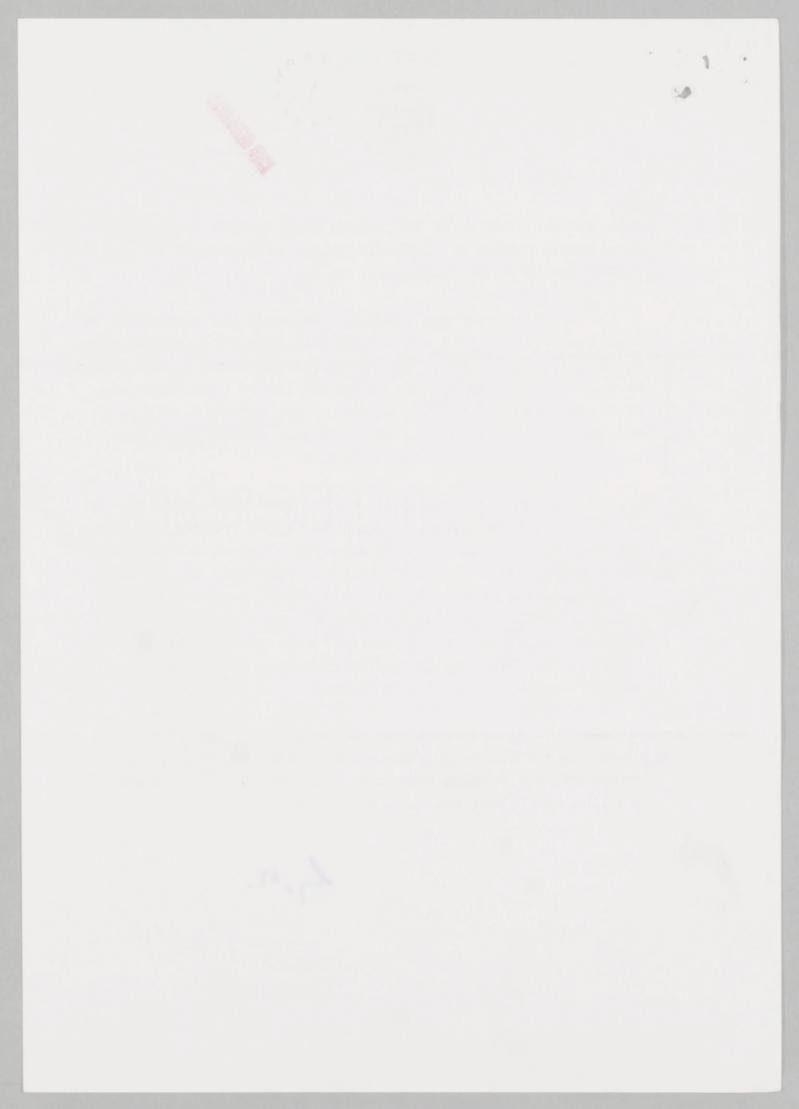


that the publication of the report might simply serve to highlight a number of difficult policy issues which we should prefer not to expose publicly.

- 4. Subject to your own views and those of the colleagues to whom I am copying this minute, I would therefore propose that we regard the commitment to the production of an annual report on the use of North Sea oil as having lapsed with the change of Government. If this is agreed, there may be advantage in announcing this in low key in due course perhaps in reply to an arranged Parliamentary question.
- 5. I am, however, well aware of the immense public interest in quantifying the economic benefits we derive from the North Sea and in the whole range of statistics associated with North Sea oil production. My officials are currently considering with others the form in which estimates of Government take from the North Sea should be presented publicly and we shall, as in the past, continue to publish detailed articles on the contribution which our North Sea resources are making to the overall development of the economy.
- 6. I am copying this minute to the Secretaries of State for Energy, the Environment, Employment, Industry, Trade, and Transport, the Foreign Secretary, the Secretaries of State for Scotland and Wales, and to Sir John Hunt.

L.n.

(G.H.) **%** June, 1979



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From the Private Secretary

11 June 1979

The Prime Minister has considered the Chancellor of the Exchequer's minute of 8 June in which he proposed that the previous Government's commitment to produce an annual report on the use of North Sea oil should be allowed to lapse. The Prime Minister has noted the points in the Chancellor's minute and agrees that it would be better not to produce an annual report.

I am sending copies of this minute to the Secretaries of State for Energy, the Environment, Employment, Industry, Trade and Transport, the Foreign Secretary, the Secretaries of State for Scotland and Wales, and to Sir John Hunt.

T. P. LANKESTER

A. M. W. Battishill, Esq., H.M. Treasury.