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MR. LANKESTER

cc: Sir Kenneth Berrill  
Mr. Mountfield  
Mr. Vile

INTERNATIONAL OIL ISSUES

We had intended to let you have, prior to the Prime Minister's meeting with Sir Frank McFadzean and others on Saturday, a check-list of the main extant suggestions for international action on the oil situation as background to the discussion. I understand, however, that Mr. Howell - who has been consulting Lord Carrington - is about to send the Prime Minister a comprehensive minute on the subject which will serve the same purpose. Sir Kenneth Berrill is also, I know, letting you have some points from the CPRS.

2. There are however a few additional points which I might usefully add:-

(a) Although the Prime Minister will be meeting Lord Carrington and Mr. Howell on Saturday and views will inevitably harden, there is a lot to be said for reserving final decisions until later. Sir John Hunt and Sir Michael Palliser are in Paris at a meeting of the Preparatory Group for the Tokyo Summit and Mr. Howell will be in Brussels on Monday for a meeting of the EEC <sup>Energy</sup> and ~~its~~ Council. Those concerned will therefore be able to report early next week on the latest thinking of our partners.

(b) If the Prime Minister wishes any further discussion on these international oil issues to be arranged, the briefing meeting for Strasbourg arranged for next Tuesday afternoon in preparation for the Strasbourg Summit provides one obvious opportunity. Another might be the meeting of E Committee already arranged for Tuesday morning (with Industrial Relations the only item on the agenda). Mr. Howell's minute is being copied to all members of E.

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(c) I am not sure how far it is intended that discussion on Saturday night will range. But, apart from questions of international action, the oil company guests might well be asked for their opinion on:-

(i) The chances of the US putting its energy house in order.

(ii) The outcome of the OPEC price meeting in Geneva later in the month.

(iii) The impact of present oil prices on underlying demand.

(iv) Whether present attempts to rebuild stocks internationally represent self-inflicted wounds or are justified by the longer term outlook.

3. Finally, it is worth making the point that oil company views and assessments vary widely and are, naturally, coloured by the interests of the particular company concerned. The reactions of one company to any particular question affecting them should not necessarily be taken as representing the views of the industry as a whole.



P. Le CHEMINANT

Cabinet Office  
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