

PRIME MINISTER

NORTH SEA GAS PRICES AND JOBS

This arose out of your trip to Scotland and the North East, when it was represented to you that employment in the offshore construction industry would be encouraged by early development of more North Sea gas fields. This needed higher prices to be paid by BGC and permission for gas to be exported.

Department of Energy comments are at Flag A and Policy Unit comments at Flag B.

There seems to be agreement that the problem is not one of price.

On exports, there is to be a discussion at E(A) in early November, as part of the run up to BGC privatisation. This will give an opportunity for further testing of the arguments.

Agree to note the Department of Energy letter, and that the Secretary of State will be bringing forward proposals on gas exports and ~~imports~~ imports to E(A) in the privatisation context?

DKW But I promised to write to Denis Rooker about this matter to tell him. The companies do not yet know what price he will pay.

"said to be prepared to pay"

is not enough. The shipyard

are linked in the N.E. needs

more orders soon
out

David Norgrove
2 October 1985