



Oil and Gas – UK Industrial Strategy



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On 23 January 2017 the UK Government launched proposals for a modern industrial strategy to build on Britain's strengths and tackle its underlying weaknesses to secure a future as a competitive, global nation. The *Building our Industrial Strategy* green paper offered an opportunity for businesses to suggest how investment should be targeted. Part of the consultation focused on the delivery of affordable energy and clean growth and cited building on the strengths of the infrastructure already in place for offshore oil and gas as a key part of the strategy. The responses from industry have now been reviewed and the Industrial Strategy White Paper is to be launched on 27 November 2017.

Understandably, representatives for the oil & gas sector were keen to input into the strategy. Stakeholders believe that a purposeful collaboration between the industry and Government and a commitment to a combined effort will ensure that the infrastructure already in place can be used to benefit the UK in the future.

Green Paper

The green paper set out proposals for discussion and consideration and was an invitation to others to contribute. It did not set out an exact strategy, but instead provided a flexible framework and an opportunity for industry representatives to have their say.

The Government identified ten pillars which they believed were important to implement the industrial strategy across the entire economy: (1) investing in science, research and innovation; (2) developing skills; (3) upgrading infrastructure; (4) supporting businesses to start and grow; (5) improving procurement; (6) encouraging trade and inward investment; (7) delivering affordable energy and clean growth; (8) cultivating world-leading sectors; (9) driving growth across the whole country; and (10) creating the right institutions to bring together sectors and places. These pillars framed the Government's approach and were identified as areas that drive growth.

In particular, the Government expressed a desire to capitalise on the strengths of the energy industry and specifically referred to clusters of excellence, such as Aberdeen for oil & gas, as areas that could benefit from the new strategy. The Government was looking for suggestions as to how the strengths of the current infrastructure could be best exploited under a new collaborative framework.

Opportunities for the oil & gas sector

The oil & gas sector has been, and still is, an integral part of the UK economy. It is also clear that the Government is still committed to the sector (as demonstrated by the Government's endorsement of the [MER UK Strategy in 2016](#) and the establishment of the Oil and Gas Authority) and despite setbacks in recent years the sector has shown resilience and capacity for innovation and improvement. There are opportunities for the oil & gas sector under the proposed framework and unsurprisingly trade associations have welcomed the opportunity to influence the new industrial strategy. The industry is already determined to feature as part of a global energy industry and in Government it will be looking for a partner to endorse this ambition and, together, take steps to deliver it.

Oil and Gas UK, the UK's leading representative body for the UK



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offshore oil & gas industry, issued a response to the consultation which set out five priorities, all linked to the Government's aforementioned drivers for growth. These strategic priorities for the sector set out how Government and industry could work together to unlock the full productive potential of the sector.

Strategic policy priorities

The five strategic policy priorities proposed by Oil and Gas UK in its response were:

- A UK energy policy which realises the full benefits of its indigenous resources
- Ensuring the UKCS is globally competitive for investment
- Taking practical steps to support the supply chain
- Strengthening research and innovation in the oil & gas sector
- Creating a flexible talent pool

There are a number of emerging themes from Oil and Gas UK's response paper. Firstly, they are keen to ensure that the infrastructure and expertise in the oil & gas sector is not overlooked by the new industrial strategy, particularly when the UKCS still has a lot to offer. In this regard, Oil and Gas UK wish to ensure that the new industrial strategy should complement the MER-UK Strategy.

Connected to this is another theme, namely that the oil & gas sector should have an influential role in the Government's move

towards clean energy. Studies show that oil & gas will continue to provide more than half of the world's energy needs over the next two decades. Accordingly, energy policy should strike an appropriate balance between taking progressive steps towards clean energy and a measured economic approach which will help to sustain the UK's competitiveness in the transition. For that reason, recognition of the infrastructure, facilities and expertise available in the oil and gas sector and an appreciation of their cross-sectoral application should be reflected in future policy.

Essentially, stakeholders in the oil & gas sector are eager for energy policy to reflect an integrated policy framework whereby the infrastructure and expertise in the oil & gas sector does not fall by the wayside.

Next stage

The responses to the Consultation have now been reviewed and fed into the Industrial Strategy White Paper which will be launched on Monday. It will be interesting to see what suggestions have been taken on board in framing the future industrial strategy. You can access the *Building our Industrial Strategy* Green Paper [here](#).



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