

Speech: Exchequer Secretary's speech at the Offshore Europe Conference

It's great to join you all in the Granite city for my first Offshore Europe conference – and many thanks to SPE for inviting me along here today.

Our thoughts are inevitably with the people of Houston, Aberdeen's sister city at this time.

The links between the two cities and their people have been forged through this industry.

So I know I speak for everyone here in wishing them strength in the days and weeks ahead.

For now, let's return to the focus of this conference, which is to look to the future of this industry.

And what I want to do is contribute to those discussions and shed some light on the government's perspective on an industry of such importance to the UK's economy.

Challenges

Our starting point, then, is one of real optimism.

Undoubtedly, this has been a challenging time for the industry – we all recognise that.

And that's not just been our experience here in the UK – though we of course have our own challenges with such a mature basin.

But these have been challenging times the world over for the oil and gas industry, its workers and their families.

Here in the UK though, we've responded strongly.

The government has taken unprecedented measures to back the UK's industry – with over £2 billion of support in the last couple of years – boosted further by an already competitive tax and business environment.

We've also been pleased to see the industry itself responding so effectively to difficult conditions.

The progress you've achieved in terms of improving efficiency and competitiveness has been impressive as we've seen operating costs come tumbling down in this time.

Over the last couple of years, the average cost for a barrel has almost halved – from around \$30 to \$15.

Those are productivity gains I'd like to see all our industries making in Britain!

Confidence

What we've seen more recently, therefore, has been encouraging signs of growing confidence.

We started the year with asset and corporate deals worth almost \$4 billion.

And high profile deals investing in the UK Continental Shelf have continued to be announced since then.

But as confidence returns, there is still no room for complacency – in industry, or indeed in government.

Commitment

That's why I've come here today to confirm – once again – our commitment to this sector.

The principles we set out for the UK's oil and gas fiscal regime – in our paper [Driving Investment](#) – they are principles that remain firmly in place.

Because we fully understand the importance of certainty and predictability in the taxes you pay. You can expect a competitive and stable environment in which to plan your investments.

And, as we promised in the [Spring Budget](#), we are investigating whether we can make our tax system better to encourage investment in our older oil and gas assets. I am talking about transferable tax history here.

We will be reporting back in a few months' time at the Autumn Budget.

But it is worth pausing on the age of our basin in the UK, because that clearly brings challenges, as well as opportunities.

There is, of course, still a lot of life left in the UK Continental Shelf.

With up to 20 billion barrels still to be recovered, we still need to get new investment coming in.

Decommissioning

But we must also recognise that the UK is a mature basin, and decommissioning will feature much more heavily in its future.

We've already seen around 10% of North Sea facilities decommissioned.

Over the next decade we're set to see another 100 offshore platforms fully or partially removed, and 1,800 wells plugged.

And such a clean up mission will come at some cost.

Earlier this year, the Oil and Gas Authority produced a new estimate of how much it might be in total – around £60 billion between now and the 2050s.

Bringing the Costs Down

That amount won't all need to be found by the industry – we estimate about £24 billion will be met by the Exchequer through 'decommissioning tax relief'.

So we have a shared goal in making sure those costs fall further!

The Oil and Gas Authority has set an ambitious target to bring the total cost down to less than £39 billion.

That will call for big changes to the way we do things – with better skills and more innovation and technological advances.

But we've already seen what the industry can do in making big efficiency gains.

And we're also seeing our top academic and training centres rallying to meet this challenge.

Over the last half a century, they've been instrumental in training generation after generation of skilled experts for the industry, and working hand in hand with the sector to research tomorrow's technologies.

Now we're seeing them lead the way in decommissioning – with Aberdeen's new Oil and Gas Technology Centre teaming up with Aberdeen University and Robert Gordon University to set up a dedicated Decommissioning Solution Centre.

This multimillion pound venture will bring together academic researchers with industry and business experts to build new expertise, research new technologies and support a world-class supply chain that can help meet the global demand for decommissioning.

Window of opportunity

This joint effort between industry and academia is so important.

Right now we have a huge window of opportunity to become pioneers in decommissioning.

We were the first to try new technologies and methods to overcome the inhospitable waters of the North Sea, so many decades ago.

Now, as the North Sea becomes the first major production basin in the world to reach maturity and start large scale decommissioning, we have the chance to once again make ourselves the go-to global experts.

That means thousands of highly-skilled job opportunities, it means export opportunities, and it means British businesses taking their place in a worldwide, world-class supply chain.

The North Sea decommissioning industry is already worth £2 billion a year – I hope we'll start to see that grow rapidly and I know that ideas about how we do that and make our mark on the global stage will be a big part of this conference.

Conclusion

So thank you all for listening – and if there are two things I hope you take away from what I've said today, it's first that the government remains fully committed in its support of the UK's oil and gas industry.

But second, that we're excited about the opportunities for its future.

I wish you all a good conference.

News story: £8,989.70 fine imposed for fisheries offences

On 29 August 2017 the Plymouth Magistrates' Court sentenced Mr Robert Manning a self-employed fish merchant in a prosecution brought by the MMO.

The court heard how Mr Manning, a registered buyer of first sale fish had failed to submit sales notes to the Marine Management Organisation (MMO) within the 48 hour period required by EU Regulations.

Investigations by MMO Officers revealed a total of 270 sales notes, detailing purchases that Mr Manning had made between 1 January 2014 and 30 June 2016 from four vessels were not provided to the MMO. The transactions amounted to a total of 57,562kg, of scallops valued at £127,934.60.

Mr Manning entered a guilty plea to the charge and after hearing mitigation on his behalf the court ordered him to pay a fine of £1,882, the costs of bringing the prosecution of £6,937.70 and a victim surcharge of £170. A spokesman for the MMO said:

"The requirement to submit sales notes within 48 hours enables the MMO to gain an accurate picture of fish stocks on which to base its fisheries management decisions. When (as in this case) sales notes are not submitted that picture becomes partial, distorted or inaccurate. This prosecution shows that the MMO will take the appropriate enforcement action to prevent such a situation occurring."

Press release: New members of the Council for Science and Technology confirmed

The Council for Science and Technology advises the Prime Minister on strategic science and technology policy issues that cut across the responsibilities of individual government departments.

Sir Mark Walport, Government Chief Scientific Adviser said:

The 5 new members of the Council for Science and Technology bring with them a breadth of experience and expertise which will enable the Council to continue to provide excellent advice to government on science and technology opportunities and challenges. This will help ensure the UK remains at the forefront of global science.

New members

The new members are:

Professor Sir David Cannadine (ex-officio member)

David is President of the British Academy. He is an historian of modern British history from 1800 to 2000. He has published extensively on aspects of social, cultural, political and imperial history from this period. He has focused on the British aristocracy, urban development and the structure of power in British towns, issues of class in Britain and the themes of cultural expression and ceremony. He is Dodge Professor of History at Princeton University and became President of the British Academy in July 2017.

Suranga Chandratillake

Suranga is General Partner at Balderton Capital and helps to lead early-stage investments in the online media and technology sectors. He was previously an entrepreneur and engineer, and co-founded the intelligent search engine blinkx. Suranga has served as a Software Developer at Morgan Stanley, creating global risk resolution systems. He has an MA in Computer Science from the University of Cambridge and holds patents in the area of video discovery and online video advertising. He was elected a Fellow of the Royal Academy of Engineering in 2012.

Professor Dame Ottoline Leyser

Ottoline is a professor of plant development at the University of Cambridge and Director of the Sainsbury Laboratory, Cambridge. She received her BA (1986) and PhD (1990) in genetics from the University of Cambridge. Among her

honours are the Society of Experimental Biology's President's Medal (2000), the Royal Society Rosalind Franklin Award (2007), the International Plant Growth Substance Association's Silver Medal (2010) and the UK Genetics Society Medal (2016). She was appointed a Dame Commander of the Order of the British Empire (DBE) in the 2017 New Year Honours list. She is a Fellow of the Royal Society, a Fellow of Clare College Cambridge, a Foreign Associate of the US National Academy of Sciences, a Member of the European Molecular Biology Organisation, and the Leopoldina. She is Chair of the British Society for Developmental Biology and the Royal Society's Science Policy Advisory Group. She is Co-Editor in Chief of Current Opinions in Plant Biology and an Editor of Development.

Professor Max Lu

Max is a Chinese-Australian chemical engineer and nanotechnologist. He has been President and Vice-Chancellor of the University of Surrey since April 2016. Previously he was Provost and Senior Vice-President at the University of Queensland. He was appointed as an Officer of the Order of Australia for distinguished service to: education and international research in the field of materials chemistry and nanotechnology, engineering, and Australia-China relations. He has been appointed to the Boards of the National Physical Laboratory and Universities UK. He is a member of the Leadership Council of the National Centre for Universities and Business and a Deputy Lieutenant of Surrey.

Professor Joyce Tait

Joyce is Professor and Director at the Innogen Institute, University of Edinburgh. She has an interdisciplinary background, covering both natural and social sciences. She has specialised in innovation-governance-stakeholder interactions in the life sciences and related areas, including cell therapies and regenerative medicine, synthetic biology, genetic modification (GM) technologies, drug development, stratified medicine and biofuels. She is a Fellow of the Royal Society of Edinburgh.

Additionally, Lord Stern's membership has been extended beyond the end of his ex-officio term as President of the British Academy.

The Council for Science and Technology works on cross-cutting issues of strategic importance, taking a medium to longer-term approach. In developing its advice, it takes into account the cultural, economic, environmental, ethical and social context of developments in STEM.

Notes to editors

- 1) [Find out more about the work of the council.](#)
- 2) The appointments were made in accordance with the Office of the Commissioner for Public Appointments' [Code of practice for ministerial appointments to public bodies.](#)
- 3) [Members of the Council for Science and Technology](#) are:

- Professor Sir Mark Walport, FRS, FMedSci – Government Chief Scientific Adviser (Co-chair of CST)
- Professor Dame Nancy Rothwell, FRS, FMedSci – President and Vice-Chancellor of Manchester University
- Professor Philip Bond, BSc, DEA, FIMA, FInstP – visiting fellow at the Oxford Centre for Industrial and Applied Mathematics and visiting professor at the University of Bristol
- Professor Sir Keith Burnett, CBE, FRS – Vice-Chancellor of Sheffield University
- Professor Dame Ann Dowling, DBE, FREng, FRS – President of the Royal Academy of Engineering (ex-officio member)
- Anne Glover, CBE – Chief Executive of Amadeus Capital Partners Ltd
- Dr Paul Golby, CBE, FREng – Chair of the Engineering and Physical Sciences Research Council (EPSRC) and Chair of NATS
- Professor Dame Julia Goodfellow, FMedSci – ex-Vice-Chancellor of the University of Kent
- John Kingman – Chair of UK Research and Innovation (UKRI) (ex-officio member)
- Professor Sir Robert Lechler, FMedSci – President of the Academy of Medical Sciences (ex-officio member)
- Dr Michael Lynch, OBE, FREng – Founder of Invoke Capital
- Dervilla Mitchell, CBE, FIEI, FREng – Director of Arup
- Professor Fiona Murray, CBE – Professor of Entrepreneurship at MIT Sloan School of Management
- Professor Sir Venki Ramakrishnan, FRS – President of the Royal Society (ex-officio member)
- Colin Smith, CBE, FREng – ex-Director of Engineering and Technology at Rolls-Royce
- Lord Stern of Brentford – Chair of the Grantham Research Institute at the London School of Economics

4) CST reports directly to the Prime Minister. Its terms of reference are to advise the Prime Minister and government on the implications of science and research, engineering and technology. CST works across the remits of individual departments. Areas of advice include:

- the opportunities and risks that science, technology and disruptive innovation present; using horizon scanning to highlight issues about:
 - research and science capability
 - innovation and the economy
 - health and quality of life within the UK
 - sustainable development and resilience
 - how science, engineering, technology and mathematics (STEM) can be developed and sustained in the UK; this can be through education and skills, and the promotion of international co-operation
 - what the government's high-level priorities for science and technology should be
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News story: Surveillance Camera Commissioner and Information Commissioner sign MoU

Tony Porter, Surveillance Camera Commissioner, and Elizabeth Denham, Information Commissioner, have published a revised memorandum of understanding.

The memorandum is a statement of intent that has at its heart, the protection of the fundamental rights and freedoms of citizens in respect of their privacy, the protection of their personal information and also the public interest which arises when balancing those considerations against a legitimate duty to protect communities, where it is necessary to do so.

It clearly sets out a framework for cooperation, coordination and information sharing between the Surveillance Camera Commissioner and the Information Commissioner in connection with the sharing of relevant information and the delivery of their statutory functions where it is considered by the commissioners to be in the public interest for them to do so.

Surveillance Camera Commissioner, Tony Porter, said:

I'm delighted to publish this revised memorandum of understanding with Elizabeth which sees another deliverable of the national surveillance camera strategy for England and Wales met.

It sets out the roles of each of our offices and practical working level arrangements between us. Given the way that surveillance cameras can now collect and manipulate personal data it's extremely important that we have a framework in place to bolster our excellent working relationship. With the changes in data protection legislation coming in next year this is something that is very much in the public interest.

Speech: Transcript of speech given by the Prime Minister

Shinzō Abe

Good afternoon. My name is Shinzō Abe. With Prime Minister May today we are

able to make this address at this Business Forum between JETRO and DTI of – DIT of UK are to sign this memorandum of cooperation. We're very happy to be able to witness this.

For Japan, the UK is freedom, democracy, and human rights and rule of law. We share these universal values with the United Kingdom. We are global strategic partners. Security and economy are the two wheels supporting this relationship. Active trade and investment relationship between the two countries is the solid foundation of our relationship.

This time around, Prime Minister May, out of her very busy schedule, has come to Japan, and we are very, very pleased to receive her. Yesterday, we met in Kyoto. We had a chance to familiarise Prime Minister May with the tea ceremony, and we had dined in Kyoto, and we had a discussion on a number of issues in front of us.

Normally, we could have asked her to stay in Kyoto for one night, and I could have had more time – relaxing time in Kyoto, but Prime Minister May took a bullet train back to Tokyo, and this morning, a vessel – Japanese Maritime Self-Defence Force vessel Izumo, she went aboard. Initial Izumo was built in the United Kingdom, this vessel, so from the olden times, Japan and the UK had this bond in the area of security. This is something that I want to make mention of here.

For Japanese businesses, the UK, for manufacturing and sales and R&D in Europe, this is a very important base, this country United Kingdom. And currently in the UK, about one thousand Japanese companies have outlets, and more than 160,000 people are being employed. These activities by Japanese companies with leading-edge technology, innovation is being created, and through technological transfer, domestic skill base is being enhanced and productivity – and export capability is being strengthened. And with the vitalisation of local economies, Japanese businesses are making great contribution to the UK economy, supporting UK systems or society through provision of various systems, including, in the manufacturing sector, annual auto production units. There is by 1.7 million and three Japanese companies' share is about 50% of this total production.

In June of this year, Queen Elizabeth – 175 years ago, Queen Victoria for the first time in the royal family took a train trip between Slough and Paddington. High-speed rail, new rolling stock was used for her travel, and that rolling stock was produced by a Japanese company. In 2014, when I visited the UK, Japanese companies manufactured high-speed rail, I took a ride on that high-speed rail, and I was able to appreciate that Japanese companies' technology into the daily lives of the British people. I witnessed that with great pleasure.

With the UK leaving the European Union, the UK is in the midst of change, great change. UK's departure from the EU has to be successful for UK, European Union and global economy. This is going to be quite important that this exit is going to be a successful one. After Brexit, the UK economy, I have trust in the UK economy after Brexit. Many Japanese companies, even after the Brexit vote, they have decided on new investments into the United

Kingdom. This is testimony of Japanese companies' expectation for the United Kingdom.

From the UK, in the EU exit negotiation, there has to be transparency and predictivity, to minimise any damage on the businesses. We have received that commitment, and we value this greatly. Even after Brexit, the UK, for business people, it will continue to be an attractive place, a compelling place. I am convinced of that.

So today, in this Business Forum, there are many people attending this Business Forum from businesses both from Japan and the UK. This is a reflection of the high level of interest and expectation in each other. I do hope that this is going to be a great opportunity, under the participation and attendance of Secretary of State Fox. I do hope that there is going to be further development for trade and investment between the two countries, and I do hope that there's going to be a lot of discussion today in this forum. There's going to be a summit meeting with Prime Minister May this evening, and I do hope that there's going to be a strengthened economic relationship between the two countries. We will talk about some concrete matters about such cooperation between the two countries. I look forward to that meeting. Thank you very much.

Prime Minister

Thank you. And I am delighted to be here today, together with so many leading Japanese and British businesses whose trade and investment is fundamental to the jobs and growth that underpin our shared prosperity. And I want to thank the Japan External Trade Organization for co-hosting this event, and Prime Minister Abe for his speech and for the deep and continued commitment that he is showing to the partnership between our two countries.

This is a formative period in shaping the future of my country and as we leave the European Union, so I am determined that we will seize the opportunity to become an ever more outward-looking Global Britain, deepening our trade relations with old friends and new allies around the world. And there are few places where the opportunities of doing so are greater than Japan, the third-largest economy in the world.

Japanese companies already invest over £40 billion in the United Kingdom, making the UK second only to America as Japan's top investment destination, while over 1,000 Japanese companies already employ over 140,000 people in Britain. And, as Secretary of State Fox said, the last 12 months have seen our bilateral trade increase by more than 12% and I very much welcome the commitment from Japanese companies – such as Nissan, Toyota, SoftBank and Hitachi – whose investments over the last year represent a powerful vote of confidence in the long-term strength of the UK economy.

And on Hitachi, I'm very pleased that the Chairman, Mr Nakanishi, is delivering a speech here today. Hitachi's relationship with the UK, in particular their investments into rail, nuclear and a range of other sectors, are truly impressive.

So, I am here together with a business delegation representing some of Britain's biggest investors in Japan because we want to build on that momentum and because I believe that this is a good moment for like-minded partners such as Britain and Japan to be doing more together. For as we become a Global Britain – a European nation still, but one that is outside the European Union – so we will be free to engage more actively and independently, particularly in key Asian markets like Japan. And against the backdrop of a more uncertain world, it is dependable and like-minded partners such as the United Kingdom who will stand with Japan in defending the rules-based international system and the open markets on which so much of our business is based.

So, I come to this forum today seeking to lay the foundations to take our trade and investment relationship to a whole new level as we leave the European Union, and I've agreed with Prime Minister Abe that we will develop an ambitious programme of joint working to help achieve this.

So, we're instructing our ministers responsible for trade, investment and business to develop a new framework, to realise our shared long-term vision, to deepen our bilateral prosperity relationship. This will be supported by business-to-government engagement to ensure it serves the needs of businesses like yours, and it will include a new Trade and Investment Working Group to deliver across our trade and innovation relationships.

Government dialogues will be established on a range of key industrial policies where we share great strengths, such as aviation, space, life sciences and advanced manufacturing. And the UK is also providing £700,000 of new funding to promote opportunities for UK businesses around Japan. And we will continue to collaborate on research and development, deepening our cooperation in this vital area and seeking to spread jobs and prosperity across all regions of our countries.

During the period before we leave the European Union, the UK will continue to champion the early signature and implementation of the Japan-EU Economic Partnership Agreement. This will be our immediate priority, but as we leave the EU, so we will also work quickly to establish a new economic partnership between the UK and Japan based on the terms of this EU agreement.

We will also seek to ensure the freest and most frictionless trade possible between the UK and the EU, and this includes the imperative of a smooth and orderly transition for people and businesses in the UK and in Japan, in the remaining 27 Member States and for all our partners around the world.

Through all these steps, we will ensure the greatest possible confidence in our economy and we will build the closest, freest trading relationship between our two countries for when the UK leaves the European Union; that is the magnitude of our ambition and the scale of our commitment to it. And Prime Minister Abe and I look forward to working with you in the months and years ahead as we strive to achieve it, and with it to secure the jobs and investments that will bring prosperity to our peoples for generations to come.

Thank you.