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Development and Industry

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Oil & Gas UK Warns Against Jeopardising Investment By Limiting Migration

Issued by Oil & Gas UK, SCDI and OPITO

21 September 2010

On 28 June 2010 the Government launched a consultation on how the limits on economic migration by nationals of countries outside the European Union, through Tiers 1 and 2 of the points-based system, should be implemented. Oil & Gas UK, with support from the Scottish Council for Development and Industry (SCDI) and OPITO, the industry's skills body, has issued a strong response to both agencies tasked with consulting on this issue, the Migration Advisory Committee and UK Border Agency.

Jessica Burton, Oil & Gas UK's manager, special projects, commented:

"It is with extreme concern that the UK oil and gas industry notes the recent interim cap on skilled migrants to the UK and the proposals for such a cap being made permanent. This is an international industry, dominated by multinational companies who require a highly skilled, global workforce. The industry has a significant role to play in driving the economy out of recession and just when capital expenditure is rebounding the interim cap is increasing the threat of delays in the progress of major projects, which are linked to hundreds of jobs for UK employees."

Ms Burton said:

"A permanent cap would have a damaging effect on companies, projects and employment within the oil and gas sector. Migrants brought into the industry through the points based system are highly skilled and have unique experience in specific disciplines, for example subsea engineering, decommissioning or deepwater technology. Such skills are developed over decades and are not readily available in the resident labour market. It is essential for the industry to retain the flexibility to bring in personnel as and when the need occurs, especially



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when projects can experience unscheduled requirements for specialist expertise at short notice.“

Given the dominance of multinational companies in the industry, headquartered in the UK, EU or outside the EU, the Intra-Company Transfer (ICT) route is particularly crucial to the successful operation of this sector. Without the ability to move staff between offices around the world, the option of the UK as a location for their business becomes significantly less attractive to these companies who support thousands of jobs for resident UK employees.

The industry continues to be of great importance to the UK economy and has contributed over £276 billion to the Exchequer in tax revenues in the past 40 years. In the face of continuing challenges elsewhere in the UK economy, the industry has remained strong. It is expected to pay £9.2 billion in 2010/11, representing 20% of total corporation taxes and continues to support well paid employment for 440,000 people across the UK.

In areas where the industry is prominent, such as the North East of Scotland, the industry helps support a strong housing and retail market and high employment rates.

Ian Armstrong, North East Scotland manager, Scottish Council for Development and Industry (SCDI), said:

"North East Scotland accounts for 40,000 or two-fifths of UK oil and gas workers and tens of thousands more jobs in the wider supply chain. Unemployment is well below the UK average and it has the third highest Gross Value Added (GVA) of any UK region. Skilled migrant workers contribute positively not only to this area's economic success but also through their taxes to local public services."



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Mr Armstrong added:

"Annual surveys by SCDI and Scottish Enterprise indicate that the world class oil and gas supply chain in Scotland has achieved rapid growth and internationalisation over the last decade. Scottish exports of oil and gas goods and services have risen in value by over 150% since 2001, worth £2.46 billion in 2008 or 17.5% of the HMRC estimated 2008 Scottish total of £14 billion."

Gillian Black, policy affairs director of the industry's skills body, OPITO, said:

"Over the next five years increases in both domestic activity and foreign oil and gas business will place significant pressure on the skills market. Whilst OPITO is working to develop skills and support this growth in demand, the UK education system will struggle to supply the quality or volume of skills for this short term peak. The migration of skilled personnel will be critical to ensuring that important projects are not delayed and in preventing cost inflation from making those projects economically unviable."

Ms Burton concluded:

"Given the huge benefit the highly skilled migrants within the oil and gas sector bring to the UK's economy and wider society, and the negligible demands they place on public services, a limit on these types of migrants is misplaced and damaging to a still recovering UK business environment. We would therefore urge the Government to consider the evidence in our submissions and avoid imposing any limit which will impede the ability of this sector to continue driving the UK's recovering economy."

- Ends -

For further information, please contact Lucy Gordon on 01224 577331

Notes for Editors



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1. Oil & Gas UK is the leading representative organisation for the UK offshore oil and gas industry. Its members are companies licensed by the Government to explore for and produce oil and gas in UK waters and those who form any part of the industry's supply chain.
2. OPITO - [The Oil & Gas Academy](#) is the oil and gas industry's focal point for skills, learning and workforce development. The Academy is an industry funded, employer-led organisation committed to developing the oil and gas industry's workforce capability now and in the future.
3. SCDI is an independent membership network which strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity, with offices in Aberdeen, Inverness and Glasgow. Our membership is drawn from Scottish business, trade unions, public agencies, educational institutions, local authorities, and the voluntary sector.