

Drill baby drill

The USA and Saudi Arabia have high GDP per head in part because they are the world's two largest producers of oil and gas. The UK has inflicted harm on itself by running down its North Sea oil and gas fields prematurely, and refusing to explore and produce onshore gas in significant quantities. The main political parties have conspired against the oil and gas industry in the name of net zero. They have failed to grasp that keeping our own gas in the ground means we simply import a lot more in the form of LNG which generates a lot more CO₂ in its production than piped gas from local sources.

If we are serious about growth we need a major reversal of policy. President Trump saved the West worse outcomes by insisting on greatly increasing US output of gas and oil when he was in office. As a result the US could sell plenty more gas into Europe when the Russian invasion of Ukraine led to the cancellation of much Russia supply. President Biden said he would take net zero seriously, but went on adding to the drilling and production licences so US output continued to rise, though at a slower pace. It is part of the reason the US is richer than we are, and helpful to the US now they are pursuing an active policy of onshoring more industrial production.

The quickest way to boost the UK economy is to get rid of the windfall taxes on oil and gas, leaving in place the double corporation tax on profits, grant many more exploration licences and speed up production licences for the established fields. Where there are discovered reserves but no plans to produce government should discuss with the industry what it would take to get it into production.