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6th September 2010

Migration Advisory Committee
1st Floor
Green Park House
29 Wellesley Road
Croydon
CR0 2AJ

Dear Sir / Madam,

Oil & Gas UK / SCDI Submission to the Migration Advisory Committee regarding Consultation on Annual Limits to Skilled Migration in the UK Oil and Gas Industry

Please find enclosed a submission on behalf of Oil & Gas UK and the Scottish Council for Development and Industry (SCDI) regarding the ongoing MAC consultation on the level of an annual limit on economic migration to the UK.

Although this submission outlines in summary the supporting evidence for our position and the views expressed by the wider oil and gas industry, we have avoided referencing individual company names whenever an example is given (see appendix for list of those who contributed in detail to the submission). We are however happy to clarify any points or provide further detail should you require. We would also be more than happy to facilitate a meeting between representatives from the Migration Advisory Committee and the oil and gas industry if you feel this would be helpful.

Oil & Gas UK is also preparing a submission in response to the UKBA and Home Affairs Committee consultations which are running alongside this one.

Please contact Jessica Burton (Oil & Gas UK) on 01224 577277 or jburton@oilandgasuk.co.uk should you have any further questions or wish to arrange such a meeting.

We look forward to hearing from you soon.

Best Regards,

Malcolm Webb
Chief Executive
Oil & Gas UK

Dr. Lesley Sawers
Chief Executive
SCDI

Migration Advisory Committee Consultation on the Level of an Annual Limit on Economic Migration to the UK

Oil & Gas UK Submission

Introduction

Oil & Gas UK is the leading representative body for the UK offshore oil and gas industry. It is a not-for-profit organisation, established in April 2007 on the foundations of the UK Offshore Operators Association (UKOOA).

Membership is open to all companies active on the UK continental shelf, and currently consists of 108 companies - from super majors to large contractor businesses and from independent oil companies to SMEs working in the supply chain.

Over the last four decades the UK oil and gas industry has contributed over £276 billion to the Exchequer in tax revenues. The industry continues to be of great importance to the UK economy, and is expected to pay £9.3 billion in 2010/11, over 20% of total corporation taxes. The industry also continues to support well paid employment for 440,000 people across the UK in 2010, with 32,000 of those directly employed by oil and gas companies and major contractors, 207,000 in the wider supply chain and some 100,000 in jobs induced by the economic activity of employees. Another 100,000 jobs are supported by the export of oilfield related goods and services to provinces around the world, generating billion of pounds in export revenues for the UK. Each £ billion expended on goods and services within the sector supports around 20,000 jobs within the UK.

Given the ongoing economic difficulties across the UK, the sector's continued strength has become even more vital, not just in terms of the UK's security of energy supply but also in the significant direct and indirect taxation it provides to the Exchequer and the hundreds of thousands of UK jobs. As the UK struggles to recover from the recent economic recession this contribution cannot be underestimated.

The oil and gas industry is a global one, made up primarily of multinational companies who operate in provinces around the world, including the UK Continental Shelf (UKCS). The UKCS is now a mature, relatively high cost province, well regarded globally for its technological expertise. The free flow of the highly skilled personnel this industry requires is vital for the success of the UKCS and the multinationals which have chosen to base their operations in the UK; it helps the UK to remain competitive within this global market, as it goes some way to offset the disadvantage of the UK's comparatively high cost base.

It is therefore with extreme concern that the industry notes the recent interim cap on skilled immigrants to the UK, and the proposals for such a cap being made permanent. The interim cap on skilled workers being brought into the UK via Tiers 1 and 2 of the Points Based System (PBS) is already having a significant negative impact on companies and key projects within the sector. Should this be made a permanent cap (particularly to Tier 2) the indication from Oil & Gas UK's membership is that this could have a damaging effect on the UK's competitiveness in this global industry, threatening investment and, ultimately, UK jobs.

Oil & Gas UK is therefore responding to the Migration Advisory Committee's consultation on this proposed permanent annual limit on economic migration, and will also be responding to the UKBA's consultation on the same issue. In order to do this, a number of discussions were held with its wider membership, and a questionnaire circulated. Specific information was provided by a total of 31 companies to this questionnaire.

These companies represent the majority of the large oil and gas companies currently operating in the UK, along with a number of the major contractors. A total of 30 out of the 31 are multinational companies who operate in the UK as part of much wider global activities. Of these companies, 13 have their headquarters in the UK; of the remainder 11 have headquarters outside of the EU. Between them, these companies directly employ tens of thousands of people within the UK, and hundreds of thousands globally.

Multinationals such as these are vital to the UK's recovering economy and provide UK workers with access to well paid jobs and significant training and development opportunities across the globe. The knowledge and skills which are transferred across regions within these organisations ultimately provide huge benefits to the UK sector and rely on the ability of organisations to bring in highly skilled immigrants with very specific experience and knowledge. Given the huge benefit these skilled immigrants bring to the UK's economy and wider society, and the negligible demands they place on public services, a limit on these types of immigrants seems misplaced and damaging to a still-recovering UK business environment.

Summary of the UK Oil and Gas Industry's Position

- When contemplating a limit on the number of skilled workers which can be brought into the UK on an annual basis, it is important that the highly skilled and very specific nature of the personnel brought into the UK oil and gas industry is considered.
- The oil and gas industry is a global industry – for the UK to remain a competitive part of this industry the free flow of skilled people is essential. One of the industry's greatest strengths is the diversity of its workforce and the global transfer of knowledge.
- A large number of multinational oil and gas companies are currently based within the UK – as well as providing a significant corporate tax benefit to the Treasury, these companies also support a large number of well paid jobs for UK workers. The average salary within the oil and gas industry is around three times that of the UK-wide average. These jobs are all dependent on multinationals continuing to be able to choose to run headquarters within the UK
- The Intra-Company transfer route is **absolutely vital** for the successful operation of a multinational company – our membership is unanimous in its assertion that this important route be excluded from any permanent cap introduced. It should also be noted that ICT is a two way process. Most of the companies who responded to the questionnaire have a larger number of UK workers transferred overseas than immigrant workers based in the UK. If the ICT route was limited for these multinationals, UK workers are likely to see opportunities for overseas development placements severely limited.
- ICT migrants are not taking UK resident jobs – on the contrary they allow multinationals and projects to thrive and increase resident employment. In the Aberdeen region, where much UK oil and gas activity is based, the

unemployment rate is currently 2%, much lower than the UK-wide rate of 4.1% or the Scotland-wide rate of 4.3%.

- The immigrants brought into the UK oil and gas industry, for the large part through Tier 2, are all highly skilled and are brought in for the unique experience and skills they have, rather than to fill a certain job function. Due to the technical nature of this industry, we require specialised skills, experience, competencies and knowledge which are sometimes not readily available within the UK labour market. This experience (e.g. 25 years plus in a specific offshore environment) is not something which can simply be taught or dealt with by up-skilling UK workers. By its very definition, Tier 2 migrants are brought in by an employer to fill a certain important need which cannot be met by the resident labour market – limiting the number of skilled workers which can be brought in via this route therefore seems illogical.
- These migrant workers are also used to transfer valuable skills and knowledge to UK workers. Likewise, the UK is recognised in many areas of the industry as a global centre of excellence for training and research. Several global training and research centres are based in the Aberdeen area. These centres support UK jobs and investment in the local area, but will be unable to operate if migrants cannot be brought into these centres from other parts of the global business. It is likely that these centres would therefore be relocated to other regions with more flexible immigration policies – leading to a loss of jobs and investment in a UK region.
- Any limit set should take into account the economic importance of the specific industry to the UK economy and the benefits the migrant will bring to the UK business sector and wider society. For example, the highly skilled migrants brought in to the UK oil and gas industry help sustain this valuable sector within the UK; allow the transfer of knowledge and skills to UK workers and the completion of important projects. They also positively impact on local areas; in Aberdeen, for example, the presence of the oil and gas industry and its large ex-pat community has meant a strong retail and private housing market which has remained largely protected from the recent difficulties, the support of a number of private schools (therefore avoiding any undue pressure on local authority schools) and significant council tax receipts for the local Councils.
- In addition, all companies based in the area provide private healthcare insurance for immigrant workers, so there has been no undue impact on the local NHS, and generally provide additional support for any dependents brought in with the skilled migrant. These migrants can therefore support their dependents without claiming any benefits from the State. Indeed, the unemployment rate in Aberdeen City and Shire remains significantly below the UK and Scotland averages. With this in mind, it is recommended that the annual limit be higher for these migrants then for those in sectors where the direct contribution to the UK and local economy is lower.
- Given the economic downturn over the last year, any limit set should also not be based on a company's previous activity. This is particularly important in the oil and gas industry where much work has lead times measured in years and is project based – and therefore may see a rise and fall in the demand for skilled immigrants depending on certain projects and their stages of completion. Given the importance of many of these projects to the UK economy and security of supply, it is imperative that companies retain the flexibility to bring in necessary

personnel as and when the need arrives – something which is not always possible to plan at the start of a year or even quarter.

Answers to Consultation Questions

Question 1: What factors should the MAC take into account, in order to inform its recommendations for Tiers 1 and 2 in 2011/12, when assessing the impacts of migration on:

The economy
Skilled migration in support of the oil and gas industry also ensures that multinational companies can continue to thrive within the UK business environment. In terms of wider society, this not only results in well paid jobs for UK workers who are employed directly by these companies, but also in over 100,000 jobs induced by the economic activity of these employees (e.g. in retail, restaurant or transport sectors). Multinational oil and gas companies also sponsor UK universities and schools, encourage the uptake of sciences, support local community projects and charities.

Provision and use of public services; and
MAC and the UKBA should take into account the economic and social importance of this sector when considering any annual limit for skilled migration. Given the fact that skilled migrants brought into the UK by the oil and gas industry are well paid, given private health care and often use private education for any dependents, they have little use for and therefore little impact on the provision of public services. Indeed, the economic benefits these immigrants bring to the local area via supporting strong retail and private housing markets and paying relatively high taxes inevitably has a positive impact on the local area.

Wider society
It should also be noted that, particularly for multinationals with their headquarters based in the UK, the ability to transfer migrant workers to the UK has helped secure significant contracts for work in non European Economic Area countries (e.g. China, Iraq, and Ghana). These contracts are valued at £ millions each (for example a recent £5 million contract) and are often linked to offers of support and training for nationals within these countries back at UK training centres. Without the ability to accommodate non-EEA nationals from joint venture partners within UK headquarters during a project, or to provide training for personnel from these locations, UK-based multinationals may not have been able to make as favourable a business partner. The ability to assist non-EEA nationals in places such as West Africa and Iraq to develop their own knowledge and take valuable skills back to the developing industries in these regions is also a vital corporate social responsibility.

Question 2: How should MAC measure or assess these impacts?
In terms of the UK oil and gas industry, the economic benefits the sector (and vital migration related to the industry) brings to the UK can be measured in terms of:

- Taxation – As previously highlighted, in 2009/10 the UK oil and gas industry paid £6.4 billion in corporate taxes to the Exchequer and as such was the single biggest industrial contributor. This is expected to rise to £9.3 billion in 2010/11. The wider supply chain is estimated to have contributed another £5 – 6billion in corporation and payroll taxes last year.

- Security of Energy Supply – Currently oil and gas provides some 75% of the UK's total primary energy. Last year, the UKCS satisfied 94% of the UK's oil demand and 68% of its gas demand. In 2020, the Government estimates that 70% of the UK's primary energy will still come from oil and gas; if investment is sustained and the UK remains an attractive place to do business the UKCS has the potential to satisfy half of this demand.
- Economic Contribution – The UKCS remained the largest investor and the largest contributor to national gross value added (GVA) among the industrial sectors of the economy in 2009/10.
- Employment – As previously stated, the UK's oil and gas industry supports employment for 440,000 people across the UK, with 45% of these jobs based in Scotland and 21% in the South East of England. Each £ billion invested on oil and gas industry goods and services typically sustains 20,000 jobs across the country. Recent projections by OPITO the Oil & Gas Academy indicate an increase in demand for skilled personnel within the UK oil and gas sector over the next five years as several major projects are started.
- Social benefits – skilled migration into the UK's oil and gas industry supports company investment, the transfer of skills and knowledge; movement of UK workers abroad also provides resident workers with the opportunity to develop their own skills across the global oil and gas industry. This includes hundreds of well paid graduates recruited onto multinational graduate training schemes who are rotated across the different business regions. These schemes are a reciprocal arrangement, with UK graduates benefiting from being able to 'swap places' with non-EEA graduates recruited in different regions. In the Aberdeen City and Shire region, the strength of the oil and gas industry has helped to contribute to an unemployment rate (2%) which has remained significantly below the UK (4.1%) and Scotland (4.3%) averages, despite the recession.

Question 3: How should MAC trade off, prioritise, and balance the economic, public service and social impacts of migration?

Given the importance of a strong business sector to the recovery of the UK economy, priority must be given to those sectors which bring the greatest economic benefits to the UK. The UK oil and gas industry is the largest investor and corporate tax contributor among the industrial sectors of the economy. The industry is also fundamentally a global one, with highly technical, specialist skills required to support it. In order to allow this sector and the multinational companies so crucial to its success to thrive, the free flow of necessary skilled migrants must not be limited. The interim cap has already demonstrated that limiting the number of skilled migrants companies within this sector are able to bring to the UK, particularly under Tier 2 of the PBS, is already negatively impacting their ability to operate within the UK. Any permanent cap risks damaging investment and economic growth within the UK and could ultimately jeopardise UK employment.

As outlined above, the impact on public services from migrants in this industry is negligible, while the social benefits, as demonstrated in places such as Aberdeen, are clear. Therefore it would seem sensible that a higher weighting or priority be given to the migrants being brought in to support sectors or employers who contribute to the UK in this manner and can demonstrate that, through aspects like private healthcare and support for dependants, the impact of the migrant on public services would be low.

Question 4a: To what extent and how quickly can alternatives to employing Tier 1 and Tier 2 migrants, including training and up-skilling of UK resident workers, reduce reliance on such migration?

Put simply – in the oil and gas sector they can't. As previously outlined, the unique skills and expertise migrants brought into the UK oil and gas sector are required to have is not something that can be replicated through training or upskilling of UK resident workers. This could include experience in different environments (for example deeper water in West Africa ahead of a UK deeper water development worth £3 billion in the west of Shetlands), experience in a certain process or area (for example bringing in ICT's with decommissioning experience as a UK based operation prepares to decommission one of its assets in the North Sea) or bringing in senior management on rotation to share best practices around the world.

Bringing in migrant workers is not a decision taken lightly by oil and gas related companies; the costs of hiring in a non-EEA worker is on average at least three times more than hiring a UK worker. Wherever possible, companies within the sector seek to fill vacancies with resident labour. To this end, a huge amount of effort and funding is expended on UK based advertising campaigns and on links with the education sector to encourage UK-based talent.

The industry has also collectively invested around £6 million to set up OPITO- The Oil & Gas Skills Academy, an organisation which is industry owned and run and is working on identifying and tackling key skills gaps, as well as providing cross-industry training programmes and working with UK schools and universities to ensure a constant feed of new entrants to the industry. The Upstream Oil and Gas Industry Technician Training Scheme is another industry founded initiative which has seen over 1100 apprentices recruited onto a four year training scheme to become offshore technicians. This programme is supported by a large number of companies across the sector, has seen £65 million invested in it by industry over the last 10 years, and exhibits an impressive retention rate of 91% compared with the UK average of 55%. In the last year, OPITO also ran a successful 16-week transformation programme adapting the skills of engineers recently made redundant from the car manufacturing industry to the offshore oil and gas sector.

In addition to the relatively small number of skilled migrant workers within the sector, the industry supports thousands of jobs for UK workers. All companies are committed to continuing personal development of their existing UK workforce, which can take the form of anything from training days or courses, sponsored further degrees, international assignments and tailored career development plans. Individual companies across the sector have also established links and scholarships with universities (particularly in areas of difficulty such as engineering and geoscience) and local schools, established successful work placement and graduate development schemes and accreditation with professional institutions.

The migrant workers transferred into the UK industry, particularly those under Tier 2, are brought in to fulfil a specific task or function relating to their knowledge and skills. As stated, this is an international industry and we require an international workforce to ensure it is as competitive and successful as possible.

Question 4b: What can Government and other bodies do to facilitate this?

When asked what the Government could do to facilitate this, the vast majority of our membership stated that the Government needs to work harder to increase the uptake of science and engineering amongst UK students, and to encourage universities/Government to work in partnership with British-based businesses in order to address skills shortages by tailoring education courses to better meet industry needs.

Some multinational companies responding to the questionnaire reported that there appeared to be an increasing gap between the knowledge and skills UK university leavers possess versus that of their non-EU counterparts. These issues are obviously something which will have to be tackled over a period of years or decades and this should be taken into account when considering cuts to skilled migration. Concerns have also been expressed regarding recent cuts to university places, particularly in shortage areas such as engineering and geoscience.

The Government should also look to revise the shortage occupation list through which Tier 2 migrants can enter the UK. The list is currently not reflective of the needs of the oil and gas sector, and should be more focussed on technical and engineering roles which are essential to the oil and gas industry and therefore the UK economy. The technical, experienced roles in shortage within this sector require years of development and as such cannot be addressed by short term up-skilling of the UK labour market. However, a number of non-technical occupations currently on the shortage occupation list could arguably be addressed via shorter term up-skilling (for example chefs or home care assistants) and therefore allow the reduction of migration through these routes.

Question 5: What trends do you expect to see over the lifetime of the Parliament in non-PBS migration, including of British and EEA citizens? Will limits on non-EEA migration affect this?

As outlined above, companies within the oil and gas sector are already committed to recruiting UK resident workers wherever possible; however in the cases where the PBS is utilised this is usually not possible. The requirement for skilled global talent within the oil and gas sector over the coming years will not be affected by a limit on non-EEA migration nor will a limit change the multinational nature of the business. This is a requirement that cannot be addressed via up-skilling of the resident labour market so we would therefore expect to see little increase in non-PBS migration in light of any introduced annual limit on skilled non-EEA migration. As described, an unfortunate trend which could appear as a result of a limit on skilled migration is a gradual reduction in UK jobs within the sector as multinationals choose to focus on other areas where operation of an international business is easier.

Question 6: The stock of main (non-dependent) migrant workers under Tiers 1 and 2 is determined by (i) new migration from outside the UK and (ii) extensions to and switching between routes by migrants within the UK. If migration is to be reduced, do you most favour achieving this via cuts in (i) or (ii)?

The key priority for the UK oil and gas industry is the protection of the Tier 2 route for skilled migrants, **particularly via the ICT and shortage occupation route**. These options remain vital for the operation of our sector and the multinationals based in the UK. The industry is also against inclusion of existing migrant workers in any annual limit. The interim cap has demonstrated that this creates significant difficulties for organisations when a number of migrants require permit renewal in the same year; several Oil & Gas UK members are, as a result of the interim cap, having to cancel or postpone projects for which non-EEA personnel had already been recruited in order to renew permits for vital existing staff, or in some cases even face having to lose these personnel all together as they have not been allocated enough permits to renew their visas. This situation will result in vital company staff leaving before a project has been completed, and further exacerbate the industry's skills shortages, which is detrimental to the UK business environment.

As stated previously, the industry believes that any annual limits should be sector-specific and based on the economic importance of the industry. It also believes that Tier 2 skilled migrants should not be included in any limit as they are, by definition, brought in to address a key skills shortage which cannot be addressed via the resident labour market. The shortage occupation list should also be amended to allow greater focus on technical roles which cannot be quickly increased via upskilling of the UK workforce.

Question 7: To what extent should reductions in flows through Tier 1 and Tier 2 be met through reduced migration of dependants? Should dependant numbers be reduced by proportionately more than those of main migrants?

An annual limit should not include permits for dependents. As the average rotation for a skilled migrant brought into the UK oil and gas industry is 2 – 5 years, it is highly unlikely that these migrants would agree to take the UK placement if their families were not able to travel with them. All companies who responded to this question confirmed that, in their experience, the majority of ICT migrants bring their families with them for placements lasting longer than 12 months. It should be noted again that these dependents would be covered by company-funded private healthcare and would be fully supported by the skilled migrant. Most of the companies who responded confirmed that, as well as fluent English being required for the skilled migrant, they also offered English lessons to dependents if needed (any English-language requirement for dependents should include a period of time to allow them to take such lessons). Therefore, dependents brought with skilled migrants coming to the UK oil and gas industry will have a negligible impact on public services and will not require support from the State, so should not be prevented from living in the UK.

Question 8: What would be the likely impact on your organisation, sector or local area of reducing (from 2010) the number of main migrants through Tier 1 general route in 2011/12?

Migrants entering the UK via Tier 1 are by definition highly skilled and therefore of benefit to the UK economy. The reduction of migrants permitted to enter the UK oil and gas industry would impact the sector by reducing the potential skills pool available to fill vacancies. This could be most problematic for larger scale project work. Companies also reported concerns that a limit on Tier 1 migrants would have the largest impact on subcontractors – so although not directly impacting their planned employment the knock on effect through the supply chain could mean that contractors are unable to supply the necessary workforce for large scale oil company-led projects. Because of ongoing skills shortages across the industry (which are not yet fully reflected in the Shortage Occupation List) there is concern that a limit to Tier 1 could make it difficult or impossible to recruit some much needed positions.

Another area of concern related to limiting Tier 1 entrants would be the impact on international graduates joining company graduate development schemes. As mentioned, many schemes rotate graduates internationally and not all graduates would qualify under Tier 2 (either due to wage level or length of time with the organisation). Any annual limit to Tier 1 (or 2) should avoid prohibiting the entry of graduates for these schemes – not least because these schemes are often reciprocal with UK graduates, and could risk limiting the opportunities available to resident graduates. This element is particularly concerning as a recent survey of new recruits to the oil and gas industry (conducted at Oil & Gas UK's 2009 Next Generation Conference) revealed that the opportunity for international travel was a key attraction for graduates joining the oil and gas industry.

Although both Tier 1 and Tier 2 routes are used by the oil and gas sector and both are important, it is agreed that protecting Tier 2 entry routes is the key priority for the oil and gas sector. If a reduction in either Tier 1 or 2 had to be made, although by no means ideal it would be preferable to introduce a sensible limit to Tier 1 rather than cut Tier 2 for the oil and gas industry.

Question 9: What would be the impact on your organisation, sector or local area of reducing the number of main migrants through the Tier 2 shortage, Resident Labour Market Test and intra-company transfer routes?
The impact of limiting Tier 2 migrants would be huge to the oil and gas industry. This route, particularly via shortage occupation and ICT, is **essential** to the continued strength and competitiveness of the sector. Given the predominance of multinationals and the global nature of the industry, the ability to move personnel between regions is critical to companies' business models. It enables the transfer of key knowledge and skills, ensures the safe delivery of projects important to the UK's energy security and economy by competent and experienced personnel and allows UK resident workers to develop and share their own expertise across the globe. The ICT is a two way process which brings great benefit to UK workers, thousands of whom are currently working overseas in other oil and gas provinces. If the ICT route were stifled in the UK, these UK expats could in some cases have to be brought back to the UK to redress the balance across the organisation as non-EEA migrants were denied entry to the UK.

The transfer of international skilled migrants also allows the UK to flourish as a global centre of training and research excellence, with several important training and geoscience research centres based in Aberdeen alone. These centres will play a vital role in establishing the UK as a continued centre of excellence for the wider energy industry as new technologies are developed for alternative energy sources. In order for North East Scotland to retain its role as a global energy hub it must remain actively connected to the global energy industry and be able to freely share knowledge and expertise. As mentioned previously, several companies associated with these centres have indicated that the interim cap on skilled migration is already damaging their ability to conduct training for international operations within the UK – if this cap is made permanent there is a real risk that such centres will be moved out of the UK to more accommodating regions.

The recent incident in the Gulf of Mexico has also highlighted the importance of quickly being able to transfer skilled personnel to another part of the industry in order to allow the sharing of knowledge and expertise. From a safety perspective, the training and increased competencies that the transfer of skilled personnel brings is essential for the safe delivery of key projects.

The interim cap has already impacted some planned projects across the sector. If this were made permanent there is a significant risk to several major field developments which are currently in their early stages. These projects are of enormous importance to the UK economy and security of energy supply over coming decades and rely on key positions being filled by non-EEA migrants with essential skills and knowledge.

Tier 2 migrants include graduates and senior management as well as important technical personnel. All these roles enhance the operation of a successful multinational company and have a positive impact on the UK resident workers who are either employed directly by the industry or indirectly due to the significant economic activity associated with the industry's employees. Skilled migrants brought into this industry via Tier 2 are not replacing UK resident workers – they are fulfilling specific and highly skilled roles which cannot be carried out by the existing workforce and could not be addressed by up-skilling of the UK labour market in the next decade.

This industry cannot stress enough how vital Tier 2, and particularly the shortage occupation and intra-company transfer route, is to the success of this sector and would urge the MAC to recommend that this route be excluded from any annual limit in order to aid the continued growth of the UK business sector and the nation's economic recovery.

Question 10: The Government's objective is to lower net migration overall. If you are proposing small or zero reductions in migration through a particular tier or route, through which Tier 1 or 2 routes do you think migration should be reduced instead?

As stated above, the industry strongly believes that Tier 2 should be excluded from any annual limit.

Any annual limit to either of the Tiers should give priority to sectors which provide the greatest economic benefit to the UK, which in the case of the oil and gas industry is hugely significant as outlined in the answer Question 3. Inclusion of non-technical occupations on the Shortage Occupation List should be reconsidered if it is feasible that these shortages could be met by shorter term up-skilling of the UK resident labour market. The list should also be adjusted to reflect the global shortage of technical roles required within the oil and gas sector.

When considering an annual limit, precedence should also be given to sectors and/or employers that can demonstrate the societal and economic benefits skilled migrants in that sector would bring – as outlined for the oil and gas industry migrants will be able to fully support any dependents, will be required to speak English and will have full private healthcare funded by the employing company – thereby minimising any impact on public services. The generally high salary of these migrants will also mean that they will have a positive impact on local retail and housing markets, as already demonstrated in the Aberdeen area, and contribute significant local and national taxes. The industry has also demonstrated its commitment to developing UK skills at school and university level, and the development of existing UK resident employees.

Finally, although Tier 1 is an important way of increasing the available pool of skilled workers, and is used frequently by the sector, if a choice between the two routes had to be made a sensible limit should be imposed on Tier 1 migration rather than any such limit being imposed on Tier 2.

Conclusion

The UK oil and gas industry is the largest industrial contributor of corporate taxation to the UK Exchequer and supports hundreds of thousands of jobs across the country.

Multinationals such as those in the UK oil and gas industry are therefore vital to the UK's recovering economy and provide UK workers with access to well paid jobs and significant training and development opportunities across the globe.

The industry is also fundamentally an international one. The knowledge and skills which are transferred across regions within these organisations ultimately provide huge benefits to the UK sector and rely on the ability of companies to bring in highly skilled immigrants with very specific experience and knowledge. Given the huge benefit these skilled immigrants bring to the UK its economy and wider society, a limit on these types of immigrants seems misplaced and damaging to a still-recovering UK business environment.

Skilled migration is vital for the continued success of the UK oil and gas industry, and ensures skilled migrants with specific expertise and knowledge are able to meet a specific demand which cannot be resolved by the UK resident labour market. Tier 2 and the Intra-Company Transfer route is particularly important to this industry, as is a revised Shortage Occupation list which better reflects the technical roles required by this important sector.

ICT migrants are not taking UK resident jobs – on the contrary they allow multinationals and projects to thrive and as a result, increase resident employment. The ICT route is also a two way process which allows UK employees to gain valuable skills overseas – this is threatened if an annual limit stifles the ability of multinationals to rotate personnel in this way.

Oil & Gas UK
6th September 2010

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Appendix – Participating Companies

In addition to a number of wider industry discussions, the following companies submitted detailed responses to Oil & Gas UK in order to allow this submission to be put together:

Company	Operations	HQ
1. Amec	Multinational	UK
2. Apache	Multinational	USA
3. BG Group	Multinational	UK
4. BHP Billiton	Multinational	Australia
5. BP	Multinational	UK
6. Cape	Multinational	UK
7. Chevron	Multinational	USA
8. ConocoPhillips	Multinational	USA
9. Enquest	Multinational	UK
10. Fairfield	National	UK
11. Fugro	Multinational	EU
12. Halliburton	Multinational	USA
13. Hess	Multinational	USA
14. Imes Group	Multinational	UK
15. Maersk Oil	Multinational	EU
16. Marathon	Multinational	USA
17. Oceaneering	Multinational	USA
18. OMV	Multinational	EU
19. Petrofac	Multinational	Middle East
20. PSN	Multinational	UK
21. QServ	Multinational	UK
22. CTC Marine	Multinational	UK
23. RWE	Multinational	EU
24. Schlumberger	Multinational	USA
25. Seawell	Multinational	EU
26. Senergy	Multinational	UK
27. Subsea7	Multinational	UK
28. Talisman	Multinational	Canada
29. Technip	Multinational	EU
30. Total	Multinational	EU
31. Tullow Oil	Multinational	UK