



## The Politics of Oil In Scotland

Posted by [Euan Mearns](#) on May 1, 2013 - 10:20am

On 18th September 2014 the Scottish People will have a [referendum](#) on their future within the United Kingdom where they will be asked the simple question: Should Scotland be an Independent Country? Yes or No.

Should the people say yes then this will not only have far reaching political and socio-economic consequences for Scotland and the rest of the UK but it will also leave the rest of the UK's energy security in a parlous state since the bulk of the remaining oil and gas reserves of the North Sea and Atlantic margin lie in Scottish waters. Or is it that simple?

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*UK crude oil + condensate + natural gas liquid production. Accelerated declines in recent years are the result of inept changes to the taxation regime, increased scheduled maintenance in the wake of Macondo and increasing numbers of unscheduled platform shutdowns attributed to ageing infrastructure. Data from the US Energy Information Agency (EIA).*

The University of Aberdeen will host a two day conference / debate on [The Politics of Oil and Gas in a Changing UK](#) on the 8th and 9th of May 2013. Entrance is free for all those who wish to attend.

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In order to understand the events leading up to the current situation it is necessary to go back to 1707 when the [current Union between Scotland and England](#) was established. This came in the wake of a disastrous investment enterprise undertaken in the new world of Panama called the [Darien Scheme](#) where many Scottish nobles lost significant portions of their wealth leaving Scotland impoverished.

However, not all were in agreement and come 1745 the second Jacobite rebellion against The Union culminated in the battle of Culloden where the Jacobites were slaughtered and a period of military occupation followed accompanied by clearing farmers from the land to make way for Nobles from the South. Many fled to the colonies of Canada, America, Australia and New Zealand.

Since 1745 Scotland has been part of one of the most successful political and monetary unions in history and was part of the global super power that conquered the world. Despite this there has always been discontentment and those who saw a brighter future as an independent Scotland. In 1934 [The Scottish National Party](#) (SNP) was born with sole purpose of lobbying for independence via the ballot box.

The success of the SNP has fluctuated with time but on an ever upward trajectory. In 1999, a large number of executive powers were transferred from Westminster to the new Scottish Parliament, a move that had very broad cross party support. However significant powers remained with the UK, mainly fiscal powers, foreign policy and energy policy. The proportional

voting system for the Scottish Parliament was designed specifically to not enable any single party to gain an overall majority.

The SNP were naturally in favour of devolution of power from Westminster to Edinburgh even though this did not go far enough for their cause. Under the leadership of [Alex Salmond](#), one of the UK's most astute politicians, the SNP fared well in Scottish parliamentary elections.

The last election took place in May 2011. In March of that year, in an act of political ineptitude, UK Finance Minister George Osborne launched a [£2billion tax raid on North Sea oil and gas profits](#) which in some measure determined the outcome of the election. Come May, the SNP won a resounding landslide victory winning an overall majority in the Scottish Parliament, an event that was never supposed to happen. Whilst there was no constitutional case for doing so, the UK government could quite clearly not deny the SNP and the Scottish people a referendum vote on their political destiny. Osborne has since learned the error of his ways with sweeping reforms to the North Sea taxation system in order to encourage investment in marginal fields.

The SNP face an uphill struggle to convince the Scottish electorate to vote yes. Looking towards Europe, we can all see how difficult it is to form a successful political and monetary union. I do not want to go into the many facets of the political debate, but energy security will form a central plank. With control over North Sea oil and gas, Scotland would be an exporting nation. Not on the scale of Norway, but not far behind. England and Wales would be left in a situation similar to France, with very little indigenous oil and gas production and heavily dependent upon imports. This is the ace up the sleeve of the SNP.

But it is not that simple. Much of the remaining oil and gas reserves lie to the east and west of the Orkney and Shetland islands that are both strongly opposed to severing links with The Union. Should the Scottish people vote yes, and the Islands vote no, Salmond may be deprived of The Prize he has fought so long and hard to win.

*Editor's note added 14:25 British Summer time.* I received via email a fairly assertive comment pointing out that status of the Orkney and Shetland Islands may be rather different to that described above. [The A to Z of Independence - Sorting myth from fact](#)

If Scotland becomes independent Westminster won't be able to hang on to Shetland, Orkney, Rockall or any other part of Scotland (see: Shetland and Orkney).

However, even under the hypothetical circumstance that this occurred, Westminster wouldn't be able to retain control of the oil fields anyway, so ya boo sux. These matters are regulated by the UN Convention on the Law of the Sea, to which the UK is a signatory. International law specifies that a state controls the continental shelf and associated mineral and fishing rights up to 200 nautical miles (230 miles or 370 km) off its shores. When another state possesses an island within the continental shelf of this state, special rules apply.

The continental shelf off the Atlantic coast is Scotland's to exploit and develop, even if Westminster clung on to Rockall like a plook on the face of an adolescent sociopath. According to the Law of the Sea: "rocks which could not sustain human habitation or economic life of their own would have no economic zone or continental shelf." Westminster could pauchle its way to keeping Rockall, but as far as oil and fishing exploitation rights are concerned, they'd be entitled to rockall.

Neither would Westminster gain much by holding onto Shetland and Orkney. When an island belonging to one state sits on the continental shelf of another state, the islands are treated as enclaves. This matter was discussed in detail in a legal paper published by the European Journal of International Law: Prospective Anglo-Scottish Maritime Boundary Revisited

Most of the rights to the continental shelf would remain Scottish, Map 2 on page 29 of the legal paper shows the most likely sea boundaries. Westminster would be entitled only to a small zone around the islands, and the waters between Orkney and Shetland. This area contains no oil fields. If Shetland and Orkney were to remain under Westminster's control, Shetland would no longer have an oil fund. The map is reproduced here, so you can do a reverse Jeremy Paxman and sneer derisively at Westminster's pretensions.

Westminster's Shetland threat is a bluff. Westminster knows it's a bluff. They just don't want us to know too.



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