

The financing of North Sea oil

The following tables bring up to date the figures in Tables D and E in the article 'The financing of North Sea oil 1975-1980' in the March 1979 Bulletin (page 31). Total loans outstanding rose in sterling terms by 21% over the year to mid-August 1981, but most of this apparent increase arises from the effect of the sharp fall in sterling on the value of lending denominated in foreign currencies. Additional commitments showed a marked increase, with those denominated in sterling rising by 25%, and those denominated in foreign currencies by almost 60% (in foreign currency terms). The latest Bank estimate of the outstanding North Sea financing requirement is £9.0 billion for 1981 and £9.3 billion for 1982.

Loans and commitments by banks in the United Kingdom for North Sea oil development^(a)

£ millions

Sector	Loans outstanding			Additional firm commitments ^(b)		
	Sterling	Foreign currencies	Total	Sterling	Foreign currencies	Total
London clearing bank groups:						
16 August 1978	263	231	494	152	102	254
15 August 1979	348	225	573	113	139	252
20 August 1980	315	300	615	177	126	303
19 August 1981	326	459	785	174	260	434
Scottish clearing bank groups:						
16 August 1978	18	51	69	6	10	16
15 August 1979	15	46	61	24	31	55
20 August 1980	52	45	97	59	53	112
19 August 1981	49	85	134	148	26	174
Accepting houses, other British banks and consortium banks (excluding clearing banks' subsidiaries):						
16 August 1978	42	89	131	42	8	50
15 August 1979	56	109	165	7	66	73
20 August 1980	38	157	195	10	12	22
19 August 1981	18	218	236	18	42	60
American banks:						
16 August 1978	289	381	670	53	216	269
15 August 1979	305	353	658	94	216	310
20 August 1980	306	424	730	199	290	489
19 August 1981	314	607	921	207	574	781
Other overseas banks:						
16 August 1978	184	268	452	47	65	112
15 August 1979	169	208	377	41	26	67
20 August 1980	118	188	306	68	30	98
19 August 1981	110	160	270	97	139	236
Total						
16 August 1978	796	1,020	1,816	300	401	701
15 August 1979	893	941	1,834	279	478	757
20 August 1980	830	1,114	1,944	513	511	1,024
19 August 1981	817	1,529	2,346	644	1,041	1,685

(a) Loans and commitments are included where lending is for an identifiable project or where it is reasonable to assume that the purpose of the borrower is to finance North Sea commitments. They include bill finance and loans to finance companies interposed between lenders and the ultimate borrowers.

(b) Firm commitments, in addition to actual loans outstanding, based on the existence of an agreed facility or of a loan not yet fully drawn down.

North Sea lending as a share of total advances to UK residents

£ millions; percentage in italics

Sector	Banks in the United Kingdom			North Sea lending as a proportion of total advances ^(a)		
	Sterling	Foreign currencies	Total	Sterling	Foreign currencies	Total
Total advances to UK residents as at 19 August 1981						
London clearing bank groups	36,095	3,011	39,106	1	17	2
Scottish clearing bank groups	3,866	270	4,136	—	—	—
Accepting houses etc.(b)	6,200	1,433	7,633	—	15	3
American banks	4,828	3,112	7,940	7	20	12
Other overseas banks	4,339	4,734	9,073	3	3	3
All banks	55,328	12,560	67,888	1	12	3

(a) Excluding bill finance and loans to non-resident finance companies.

(b) See table above for full description.