

# Regulation and Efficiency: An Empirical Analysis of the United Kingdom Continental Shelf Petroleum Industry

## **Abstract**

The petroleum industry of the United Kingdom Continental Shelf (UKCS) has been subject to various degrees of regulation. Self-sufficiency, security of supply and developing offshore supply industry triggered government regulations that were seen as interventionary and protectionist. This study tests the extent to which regulations targeting involvement of British offshore supply industry in the UKCS activity created inefficiencies. A unique data set was collected and Data envelopment analysis (DEA), stochastic frontier analysis (SFA), Malmquist Indices, and standard regression analysis are used to measure the amount and address the source of inefficiencies. We will show that such inefficiencies could not be ruled out. The results provide an important insight into the UKCS production techniques and, more generally, into governments' abilities to influence private sector behaviour through contracts and tendering.

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