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INTERNATIONAL SEMINAR

"NEW WAYS TO SAVE ENERGY"

OPENING ADDRESS

Dr. Guido Brunner

Member of the Commission of the European Communities

Mr. Chairman, Ladies and Gentlemen,

I am delighted to take part in this gathering today. I am glad to see so many people here, and on behalf of the Commission I extend to you all a most hearty welcome.

It may be helpful if I make a few remarks of a general nature, to put your work on energy saving into its broader context.

Energy, unfortunately, remains a headline subject. Last winter and spring, we had to cope with supply interruptions, which led to oil price rises equal in dollar terms to the rises from 1973 to 1978. But our difficulties did not end there. We are still in the middle of a changing attitude in OPEC; there is great uncertainty about their approach to price and production. And uncertainty is everyone's second worst enemy.

Now, it seems that OPEC, as an organization, is losing its uniform control over prices. Instead, actual prices always seem to be one step ahead of OPEC decisions. The upper 'official' limit of 23.5 dollar per barrel has been broken. And spot sales by producers are attracting prices of up to 40 dollar per barrel. This is certainly a reflection of tight market conditions. But we shouldn't be so surprised by all this. The writing has been on the wall since 1973 - when we had to re-learn the hard way that secure energy supplies were vital to the functioning of our economy.

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Faced with this situation, we in the Community have two main policy priorities : first, action to reduce energy demand, particularly demand for oil. Second, action to increase energy production, including oil, both in the Community and outside.

I firmly believe that our top priority must be in the reduction of energy demand. This is the subject of our conference. It is clear to me that energy saving can make a larger (and cheaper) contribution to our needs than can action on supply. Of course, we must make the correct decisions on long-term investments for production. But the scale and glamour of new oil production or advanced nuclear engineering sometimes detract from what is more important now : By this I mean energy saving. This is the key to our problems. It should be given priority at all levels - Community and local, political and technical.

Let me try to illustrate this by some facts. By 1973, we had allowed ourselves to become dependent on oil for 61 % of our total energy consumption. Almost all of this oil was imported. It was an unbalanced and dangerous position to get into. Since then we have been trying to reduce demand, to reduce import dependence, to increase domestic production and to diversify our sources of supply. But last winter showed us that we had not gone far enough. We had not moved sufficiently away from oil. The result ? Our energy system was thrown out of joint by an interruption of production by only one producer and by the effects of a very hard winter.

I draw two main conclusions from this.

First, it is clear that the world oil market is now very fragile and sensitive to the slightest imbalance. The margin of flexibility is small. We are much closer to the "moment of truth" - when world demand overtakes production capacity. We have far less time to change our living patterns and levels of energy use. We have far less time to carry out the necessary investments in alternative fuel sources.

Second, it is clear that we are still too dependent on oil. Last year, oil accounted for 55 % of our energy consumption. This is better than the 61 % in 1973 - but we must go further. The European Council in Strasbourg has decided to limit oil imports to the 1978 level between 1980 and 1985. This will give fresh impetus to our efforts. At the Tokyo Summit the other major consumers followed our lead.

I should like to stress another point. There is also a very important economic and financial aspect in all this.

Let me explain: Last year, oil imports of 470 million tonnes cost the Community about 50 billion dollars. This year they could cost 70 billion. These figures compare with 15 billion dollars in 1973 for imports of 580 m tonnes.

Expenditure at this new level is a heavy drain on our financial resources. In addition we have to bear the rising cost of investment in domestic energy production and in energy saving. These investments could run at about 50 billion dollars per year throughout the 1980's. Expenditure on energy imports and investment will account for about 5 % of Community GNP. This is more than double the figure of the sixties and early seventies. We cannot use too large a share of our GNP for energy. So if we must invest that heavily we must try to limit our energy production and our imports. The more we save, the less we need to produce and to import. It is as simple as that - and it is prime motive for energy saving.

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To get these savings, we need new investments. This depends to a large part on economic growth. But we must avoid that this growth causes a surge in energy demand. We must break the link and 'dissociate' economic growth from energy consumption. The ratio between the two is about 0.9 now. We aim to bring it down to 0.7. I am sure it can be done. We have already achieved quite a lot. Last year, the Community's GNP was 12 % higher in real terms than in 1973 - yet we consumed less energy. We saved 7 - 8 % per annum.

Yet much remains to be done. Recently a study carried ^{out} for us by a team under Prof. St. Geours showed that there is still tremendous scope for longer term energy saving. We might save about 15 % of our present consumption in industry, about 30 % in transportation and almost 50 % in the household and service sector.

Now why doesn't the market look after all this ? Why should governments have to intervene ? There are two main reasons. First, research into new energy saving techniques is long term by nature : It needs backing before it can get to the market place. This is why we are expanding our role in energy research and in demonstration projects. 70 % of our research funds are now devoted to energy. We have just decided on a 35 % increase in our energy research and demonstration programme. It now totals about 2 billion dollars over the next four years. The second problem is that sometimes prices are wrong. When prices are artificially low, people waste energy. And they are certainly not encouraged to invest. This we must get right.

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At this Conference, we shall be discussing the results of the first R and D programme. We shall be looking at more than one hundred projects. I am sure that this will be a very valuable experience. We should do everything to spread our findings. We can thus help to promote the wider use of new techniques.

Because our resources^{are} limited, we need to evaluate our results with special care. This is an expert task. We have just set up a team of six scientists from different countries to help us in this - particularly with our energy conservation and solar projects. I am sure that we shall be able to extend this exercise later.

750 participants at this seminar are a striking proof that we are moving along on the right lines. If Europe's energy salvation is really in our own hands, you can be confident that your commitment and your effort are serving this cause in one of its most vital areas.

I wish you a fruitful meeting and a pleasant stay in Brussels.

I herewith declare the Conference open.